

Propositions

- I The degree of wage indexation exhibits a substantial time and cross-country variation. A simple state-space methodology can be used to measure the time-varying degree of wage indexation. (Chapter 2)
- II Time variations in trend inflation significantly explain the variations in the degree of wage indexation. Time variations in the volatility of productivity shocks can influence the degree of wage indexation. (Chapter 2)
- III Time-varying degree of wage indexation can explain the heavy-tailed distributions of the output gap, interest rate, and inflation. (Chapter 3 and Chapter 4)
- IV In the presence of a time-varying degree of wage indexation, a Taylor rule targeting current inflation outperforms the one targeting the lag of inflation. (Chapter 4)
- V Time variations in labour market institutional factors can explain the variance of the degree of wage indexation and the volatility of inflation. An increase in the number of independent wage indexation negotiations decreases the volatility of inflation. (Chapter 5)
- VI Unions find their *raison d'être* in a political atmosphere characterized by protracted economic uncertainty. This might explain why unions are more active in southern European countries than northern European countries.
- VII A decentralized system for independent labour negotiations is better for macroeconomic stability. In order to ensure macroeconomic stability, policy makers should actively participate in labour negotiations, especially if such negotiations take place at a centralized level.
- VIII Normal distribution and reasonableness are indicative of the assumption makers' biases towards willful ignorance.
- IX Due to Murphy's law, extreme realizations of macroeconomic variables are observed more frequently than what the normal distribution implies.
- X The difference between chamber music and orchestral music no longer lies in the venue where the music is performed. Similarly, the difference between microeconomics and macroeconomics no longer lies in the methodology adopted in the study of these fields of economics.
- XI When one faces an onslaught of critical questions during their PhD defense, the silver bullet is to repeat the following sentence in any of its various guises: 'This is a very good topic for further research'.