Joint Vienna Institute

Course on Macroeconomic Policies in Times of High Capital Mobility

Vienna, Austria

March 23-27, 2015

READING LIST*

Session	Topic
L–1	**Capital Flows: Stylized Facts, Determinants, and Policy Challenges** *IMF, 2013, "The Yin and Yang of Capital Flow Management: Balancing Capital Inflows With Capital Outflows," IMF World Economic Outlook, October, (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/weo/2013/02/pdf/c4.pdf *IMF, 2013, "Guidance Note for the Liberalization and Management of Capital Flows," April 25 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2013/042513.pdf *IMF, 2012, "The Liberalization and Management of Capital Flows: An Institutional View," IMF Policy Paper, November 14 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2012/111412.pdf Dell'Ariccia, G., J. Di Giovanni, A. Faria, A. Kose, P. Mauro, J. Ostry, M. Schindler, and M. Terrones, 2008, "Reaping the Benefits of Financial Globalization," IMF Occasional Paper No. 264 (Washington, DC: International Monetary Fund). http://www.imf.org/external/np/res/docs/2007/0607.pdf Nier, E, T Saadi Sedik, and T Mondino (2014), "Gross Private Capital Flows To Emerging Markets: Can the Global Financial Cycle Be Tamed?" IMF Working Paper 14/196, (Washington International Monetary Fund). http://www.imf.org/external/pubs/ft/wp/2014/wp14196.pdf Committee on the Global Financial System, 2009, "Capital Flows and Emerging Market Economies," CGFS Paper No. 33 (Basel: Bank for International Settlements), January. http://www.bis.org/publ/cgfs33.pdf Lipschitz, Leslie, Timothy Lane, and Alex Mourmouras, 2002, "Capital Flows to Transition Economies: Master or Servant?" IMF Working Paper No. 02/11 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/wp/2002/wp0211.pdf

* Readings marked with an asterisk are essential.

L-2	**Models of External Sector Risks and Vulnerabilities** * International Monetary Fund, 2010, "The IMF-FSB Early Warning Exercise - Design and Methodological Toolkit," IMF Policy Paper, August 26 (Washington: International Monetary Fund) http://www.imf.org/external/pp/longres.aspx?id=4479 IMF-FSB Early Warning Exercise Factsheet: http://www.imf.org/external/np/exr/facts/ewe.htm Frankel, Jeffrey A. and George Saravelos, 2010, "Are Leading Indicators of Financial Crises Useful for Assessing Country Vulnerability? Evidence from the 2008-09 Global Crisis" NBER Working Papers 16047, National Bureau of Economic Research, Inc. http://www.nber.org/papers/w16047.pdf Catão, Luis and Gian-Maria Milesi-Ferretti, 2013, "External Liabilities and Crises," IMF Working Paper no. 13/113 (Washington: International Monetary Fund). http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2276348
W-1	**Early Warning Systems for Financial Crises** *Kaminsky, Graciela, 1999, "Currency and Banking Crises: The Early Warnings of Distress," IMF Working Paper No. 99/178, December (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/wp/1999/wp99178.pdf Kaminsky, Graciela and Carmen Reinhart, 1999, "The Twin Crises: The Causes of Banking and Balance-of-Payments Problems," *The American Economic Review*, June, pp. 473-500. http://www.econ.uchile.cl/uploads/documento/7d5ce3d5eb3b2d4aa22077fb65a03225e520bcf2.pdf Berg, Andrew and Catherine Pattillo, 1999, "Are Currency Crises Predictable? A Test," IMF Staff Papers, Volume 46, Number 2, June (Washington: International Monetary Fund). https://www.imf.org/external/Pubs/FT/staffp/1999/06-99/pdf/berg.pdf
L-3	**Foreign Exchange Reserves Accumulation** *IMF Strategy, Policy and Review Department, 2010, "Reserve Accumulation and International Monetary Stability," IMF Policy Paper, April 13 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2010/041310.pdf ______________, Supplementary Information, IMF Policy Paper http://www.imf.org/external/pp/longres.aspx?id=4457 *Jeanne, Olivier and Romain Rancière, 2011, "The Optimal Level of International Reserves For Emerging Market Countries: A New Formula and Some Applications," *The Economic Journal*, No. 121, pp. 905–930. Available on eCampus. *(for publicly available older version see http://www.econ2.jhu.edu/people/jeanne/JeanneRanciere_Feb09.pdf)* Ghosh, Atish, Ostry, Jonathan, and Tsangarides, Charalambos, 2012, "Shifting Motives: Explaining the Buildup in Official Reserves in Emerging Markets since the 1980s," IMF Working Paper No. 12/34, January (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/wp/2012/wp1234.pdf

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W-2	**The Optimal Level of Forex Reserves** *IMF Monetary and Capital Markets, Research, and Strategy, Policy, and Review Departments, 2011, "Assessing Reserve Adequacy," IMF Policy Paper, February 14 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2011/021411b.pdf Assessing Reserve Adequacy - Supplementary Information http://www.imf.org/external/pp/longres.aspx?id=4549 Assessing Reserve Adequacy – Further Considerations, November 2013 http://www.imf.org/external/np/pp/eng/2013/111313d.pdf Assessing Reserve Adequacy – Further Considerations – Supplementary Information November 2013 http://www.imf.org/external/np/pp/eng/2013/111313e.pdf IMF Research Department, 2006, "Country Insurance: The Role of Domestic Policies," IMF Policy Paper, June 19 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2006/061906.pdf
L-4	**Dealing with Capital Flows (1): The Role of Macroeconomic Policies** *IMF, 2013, "Guidance Note for the Liberalization and Management of Capital Flows, April 25 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2013/042513.pdf *IMF, 2012, "The Liberalization and Management of Capital Flows: An Institutional View," IMF Policy Paper, November 14 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2012/111412.pdf *Ostry J., A. Ghosh, K. Habermeier, L. Laeven, M. Chamon, M. S. Qureshi, and A. Kokenyne, 2011, "Managing Capital Inflows: What Tools to Use?" IMF Staff Discussion Note No. 11/06 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/sdn/2011/sdn1106.pdf
L-5	**Dealing with Capital Flows (2): The Role of Macroprudential Policy** *Claessens, S., 2014, "An Overview of Macroprudential Policy Tools," IMF Working Paper No. 14/214 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/wp/2014/wp14214.pdf *IMF, 2013, "Key Aspects of Macroprudential Policy," IMF Policy Paper, June 2013 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2013/061013b.pdf Lim, C., F. Columba, A. Costa, P. Kongsamut, A. Otani, M. Saiyid, T. Wezel, and X. Wu, 2011, "Macroprudential Policy: What Instruments and How to Use Them? Lessons from Country Experiences," IMF Working Paper No. 11/238 (Washington: International Monetary

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L-6	**Dealing with Capital Flows: The Role of Capital Controls** *IMF, 2012, "The Liberalization and Management of Capital Flows: An Institutional View," IMF Policy Paper, November 14 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2012/111412.pdf *IMF, 2013, "Guidance Note for the Liberalization and Management of Capital Flows, April 25 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2013/042513.pdf *Ostry J., A. Ghosh, K. Habermeier, M. Chamon, M.S. Qureshi, and D. B.S. Reinhardt, 2010, "Capital Inflows: The Role of Controls," IMF Staff Position Note No. 10/04 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/spn/2010/spn1004.pdf Ostry J., A. Ghosh, K. Habermeier, L. Laeven, M. Chamon, M. S. Qureshi, and A. Kokenyne, 2011, "Managing Capital Inflows: What Tools to Use?" IMF Staff Discussion Note No. 11/06 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/sdn/2011/sdn1106.pdf IMF, 2012, "Liberalizing Capital Flows and Managing Outflows," IMF Policy Paper, March 13 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2012/031312.pdf
L-7	**Balance of Payments Crises** * Claessens, Stijn and Kose, M., 2013, "Financial Crises Explanations, Types, and Implications," IMF Working Paper No. 13/28, January (Washington: International Monetary Fund). http://www.imf.org/external/pubs/cat/longres.aspx?sk=40283.0 Krugman, Paul, 2014, "Currency Regimes, Capital Flows, and Crises," IMF Economic Review, Vol. 62, No. 4, August (Washington: International Monetary Fund). http://www.imf.org/external/np/res/seminars/2013/arc/pdf/Krugman.pdf Ghosh, Atish, 2006, "Capital Account Crises: Lessons for Crisis Prevention," prepared for the High Level Seminar on Crisis Prevention, Singapore, July 10-11 http://www.imf.org/external/np/seminars/eng/2006/cpem/pdf/overvi.pdf Lorenzoni, Guido, 2013, "International Financial Crises," forthcoming, Handbook of International Economics, eds. G. Gopinath, E. Helpman, K. Rogoff. http://faculty.wcas.northwestern.edu/~glo682/WP/International%20Crises.pdf
L-8	**Sudden Stops and Policy Responses** * IMF, 2012, "Liberalizing Capital Flows and Managing Outflows," IMF Policy Paper, March 13 (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2012/031312.pdf ______________, 2012, Background Paper, March 16

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L-9	**Equilibrium Assessment Methodologies** *Lee, J. et al., 2008, "Exchange Rate Assessments: CGER Methodologies," IMF Occasional Paper No. 261 (Washington: International Monetary Fund). (on Moodle). Phillips, S. et al, 2013, "External Balance Assessment (EBA) Methodology," IMF Working Paper No. 13/272 (Washington: International Monetary Fund). http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2387536 IMF, 2012, "External Balance Assessment: Technical Background of Pilot Methodology" https://www.imf.org/external/np/res/eba/pdf/080312.pdf Bems, Rudolfs and Carvalho Filho, Irineu, 2009, "Exchange Rate Assessments: Methodologies for Oil Exporting Countries," IMF Working paper No. 09/281 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/wp/2009/wp09281.pdf Prati, Alessandro, et al., 2011, "External Balance in Low Income Countries," IMF Occasional Paper No. 272 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/nft/op/272/op272.pdf
W-3	**The EBA Approach in Practice** IMF, 2012, "Pilot External Sector Report," IMF Policy Paper, July 2. http://www.imf.org/external/np/pp/eng/2012/070212.pdf IMF, 2012, "External Balance Assessment (EBA): Technical Background of the Pilot Methodology," August 3. http://www.imf.org/external/np/res/eba/pdf/080312.pdf IMF, 2013 Pilot External Sector Report, IMF Policy Paper, June 20, 2013 http://www.imf.org/external/pp/longres.aspx?id=4789 IMF, 2013 Pilot External Sector Report - Individual Economy Assessments, June 20, 2013 http://www.imf.org/external/pp/longres.aspx?id=4790

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