

INTERNATIONAL MONETARY FUND

Joint Vienna Institute / Institute for Capacity Development Course on Monetary and Exchange Rate Policies (JV14.29)

Vienna, Austria

November 3-14, 2014

Selected Readings¹

| Session | Topic |
|---------|--|
| L-1 | Monetary Policy Frameworks and Exchange Rate Regimes |
| | <p>Recommended reading:</p> <p>Ghosh, Atish and Ostry, Jonathan, “Choosing an Exchange Rate Regime, Finance and Development, December 2009, Volume 46, Number 4, http://www.imf.org/external/pubs/ft/fandd/2009/12/ghosh.htm.</p> <p>Frankel, Jeffrey A. “Monetary Policy in Emerging Markets: A Survey”, <i>NBER Working Paper 16125</i>, National Bureau of Economic Research, Inc. www.nber.org/papers/w16125</p> <p>Blanchard, Olivier, 2011, “<i>The Future of Macroeconomic Policy: Nine Tentative Conclusions</i>,” IMFdirect online blog, March 2011. http://blog-imfdirect.imf.org/2011/03/13/future-of-macroeconomic-policy/</p> <p>Dell’Ariccia, Giovanni and Habermeier, Karl, 2014, “<i>The Evolution of Monetary Policy: More Art and Less Science</i>,” IMF direct online blog, March 2014. http://blog-imfdirect.imf.org/2014/04/07/the-evolution-of-monetary-policy-more-art-and-less-science/</p> <p>Additional reading:</p> <p>Beetsma, Roel, and Massimo Giuliodori, 2010, “The Macroeconomic Costs and Benefits of the EMU and Other Monetary Unions: An Overview of Recent Research,” <i>Journal of Economic Literature</i>, Vol. 48, No. 3, pp. 603–41. http://www.aeaweb.org/atypon.php?return_to=/doi/pdfplus/10.1257/jel.48.3.603</p> <p>Reinhart, Carmen, and Kenneth Rogoff, 2002, “The Modern History of Exchange Rate Arrangements: A Reinterpretation,” NBER Working Paper No. 8963 (Cambridge, MA: National Bureau of Economic Research). http://www.nber.org/papers/w8963</p> <p>Ostry, D. Jonathan, Atish R. Ghosh, and Marcos Chamon, 2012, “<i>Two Targets, Two Instruments: Monetary and Exchange Rate Policies in Emerging Market Economies</i>,” IMF Staff Discussion Note (Washington: International Monetary Fund).</p> |

¹ Some readings are also available in Russian as indicated.

| Session | Topic |
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| L-2 | <p>Concepts, Measurement, and Determinants of Inflation</p> <p>IMF Institute, 2007, “The Price Level, Inflation, and Exchange Rates,” Chapter 3 in <i>Financial Programming and Policies</i>, (unpublished; Washington: IMF). <i>(Available on Moodle in English and Russian)</i></p> <p>Clark, Todd E., 2001, “Comparing Measures of Core Inflation,” <i>Economic Review</i>, Federal Reserve Bank of Kansas City, Second Quarter, pp. 5–31. Available via: www.kc.frb.org/publicat/econrev/pdf/2q01clar.pdf</p> <p>Motley, Brian, 1997, “Bias in the CPI: Roughly Right or Persistently Wrong,” <i>Economic Letters</i>, Federal Reserve Bank of San Francisco, No. 1997-16. Available via: http://www.frbsf.org/economic-research/publications/economic-letter/1997/may/bias-in-the-cpi-roughly-right-or-precisely-wrong/</p> <p>Wu, Tao, 2003, “Improving the Way We Measure Consumer Prices,” FRBSF <i>Economic Letter</i>, Federal Reserve Bank of San Francisco, 2003–24. Available via: http://www.frbsf.org/publications/economics/letter/2003/el2003-24.html</p> |
| L-3 | <p>Exchange Rates: Concepts, Measurement and Assessment of the Equilibrium Exchange Rate</p> |
| | <p>Lee, Jaewoo, and others, 2008, “<i>Exchange Rate Assessments: CGER Methodologies</i>,” IMF Occasional Paper No. 261 (Washington: International Monetary Fund). <i>(English version is available on Moodle)</i></p> <p>Catão, Luis, 2012, “Real Exchange Rates: What Money Can Buy”, <i>Finance & Development</i>. Available via: http://www.imf.org/external/pubs/ft/fandd/basics/realex.htm</p> <p><u>Phillips, S. et all, “<i>The External Balance Assessment (EBA) Methodology</i>,” IMF Working Paper No. 13/80 (Washington: International Monetary Fund).</u></p> |
| L-4 | <p>The Monetary Policy Transmission Mechanism</p> |
| | <p>Recommended reading:</p> <p>IMF Institute, 2007, “The Monetary Transmission Mechanism” (Chapter 12.4) in <i>Financial Programming and Policies</i> (Washington: International Monetary Fund, <i>available on Moodle in English and Russian</i>).</p> <p>Mohanty, M.S., and Philip Turner, 2008, “Monetary Policy Transmission in Emerging Market Economies: What is New?” BIS Papers No. 35 (Basel: Bank for International Settlements). http://www.bis.org/publ/bppdf/bispap35a.pdf</p> |

| Session | Topic |
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| | <p>Additional reading:</p> <p>Blinder, Alan, 2006, “Monetary Policy Today: Sixteen Questions and about Twelve Answers,” paper presented at the Banco de España Conference on Central Banks in the 21st Century, Madrid, June. http://www.princeton.edu/~ceps/workingpapers/129blinder.pdf</p> <p>Ireland, Peter N., 2005, “<i>The Monetary Transmission Mechanism</i>,” Working Papers No. 06–1 (Federal Reserve Bank of Boston). Available via: http://www.bos.frb.org/economic/wp/wp2006/wp0601.pdf <i>(Russian version is available on Moodle)</i></p> <p>Hilbers, Paul, and others, 2006, “Going Too Fast?” <i>Finance & Development</i>, Vol. 43 (March), pp. 42–45. Available via: www.imf.org/external/pubs/ft/fandd/2006/03/hilbers.htm</p> |
| L–5 | Monetary Policy Instruments |
| | <p>Alexander, William, and others, 1996, “Adopting Indirect Instruments of Monetary Policy,” <i>Finance & Development</i>, Vol. 33 (March), pp. 14–17. Available via: www.imf.org/external/pubs/ft/fandd/1996/03/pdf/alexande.pdf</p> <p>Disyat, Piti, 2008, “<i>Monetary Policy Implementation: Misconceptions and Their Consequences</i>,” BIS Working Paper, No. 269 (Basel: Bank for International Settlements). Available via: www.bis.org/publ/work269.pdf</p> |
| L–6 | Forward Looking Monetary Policy Frameworks |
| | <p>Recommended Reading:</p> <p>Hammond, Gill “<i>State of the art of inflation targeting—2012</i>,” Centre for Central Banking Studies, Bank of England. http://www.bankofengland.co.uk/education/ccbs/handbooks/pdf/ccbshb29.pdf</p> <p>Sarwat Jahan, 2012, Inflation Targeting: Holding the Line,” <i>Finance and Development</i>. http://www.imf.org/external/pubs/ft/fandd/basics/target.htm</p> <p>Reichlin, Lucrezia and Baldwin, Richard (Editors), “Is Inflation Targeting Dead? Central Banking After the Crisis,” VoxEu.org book, April 2013 http://www.voxeu.org/sites/default/files/file/P248%20inflation%20targeting(2).pdf</p> <p>Additional Reading:</p> <p>Ostry, Jonathan D., Atish R. Ghosh, and Marcos Shamon, 2012, “Two Targets, Two Instruments: Monetary and Exchange Rate Policies in Emerging Market Economies,” IMF Staff Position Note 12/01 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/sdn/2012/sdn1201.pdf</p> <p>Mishkin, Frederic, and Klaus Schmidt-Hebbel, “Does Inflation Targeting Make a Difference?” NBER Working Paper No. 12876, January 2007, http://www.nber.org/papers/w12876.pdf</p> |

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| L-7 | Introduction to a Small Macro Model |
| | <p>IMF Institute, 2013, “<i>Handout for the Modeling Workshop</i>” (unpublished; Washington: IMF Institute). (<i>Available on Moodle in English and Russian</i>)</p> <p>Additional reading:</p> <p>Berg, Andrew, and others, 2006, “<i>Practical Model-Based Monetary Policy Analysis—A How-To Guide</i>,” IMF Working Paper 06/81 (Washington: IMF). Available via: http://www.imf.org/external/pubs/ft/wp/2006/wp0681.pdf</p> <p>Laxton D., A. Scott and D. Rose, 2009, “Developing a Structured Forecasting and Policy Analysis System to Support Inflation-Forecast Targeting”, <i>IMF Working Paper</i>, No. WP/09/65. Available via: https://www.imf.org/external/pubs/ft/wp/2009/wp0965.pdf</p> |
| L-8 | <p>Capital Flows: Macroeconomic Implications and Policy Responses</p> <p>Ostry, Jonathan, and others, 2011, “<i>Managing Capital Inflows: What Tools to Use?</i>” IMF Staff Position Note 11/06, (Washington: International Monetary Fund). Available via: www.imf.org/external/pubs/ft/sdn/2011/sdn1106.pdf</p> <p>International Monetary Fund, 2011, “Recent Experiences in Managing Capital Inflows—Cross-Cutting Themes and Possible Policy Framework,” IMF Policy Papers, February (Washington). Available via: http://www.imf.org/external/np/pp/eng/2011/021411a.pdf</p> <p>Ostry, Jonathan, and others, 2010, “<i>Capital Flows: The Role of Controls</i>,” IMF Staff Position Note 10/04, (Washington: International Monetary Fund). Available via: www.imf.org/external/pubs/ft/spn/2010/spn1004.pdf</p> |
| L-9 | Lessons for Monetary and Macprudential Policies from the Recent Crisis |
| | <p>Mishkin, Frederic S., 2011, “<i>Monetary Policy Strategy: Lessons from the Crisis</i>,” Available via: http://www.ecb.int/events/conferences/html/cbc6/3mishkin6cbc.pdf</p> <p>Claessens, Stijn, and Fabian Valencia, 2013, “<i>The Interaction of Monetary and Macprudential Policies</i>”. Available via: http://www.voxeu.org/article/interaction-between-monetary-and-macprudential-policies</p> |

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| | <p>Additional reading:</p> <p>Blanchard, Olivier, Giovanni Dell’Ariccia, and Paolo Mauro, 2013, “<i>Rethinking Macro Policy II: Getting Granual</i>,” IMF Staff Position Note 13/03. (Washington: International Monetary Fund).</p> <p>Available via: http://www.imf.org/external/pubs/ft/sdn/2013/sdn1303.pdf</p> <p>Blanchard, Olivier, Giovanni Dell’Ariccia, and Paolo Mauro, 2010, “<i>Rethinking Macroeconomic Policy</i>,” IMF Staff Position Note 10/03. (Washington: International Monetary Fund). Available via: www.imf.org/external/pubs/ft/spn/2010/spn1003.pdf <i>(Russian version is available on Moodle)</i></p> <p>Haldane, Andrew G. and Vasileios Madouros, 2012, “The Dog and the Frisbee,” presented at the Jackson Hole Symposium: “The Changing Policy Landscape,” Federal Reserve Bank of Kansas City</p> <p>Available via: http://www.kc.frb.org/publicat/sympos/2012/Haldane_final.pdf</p> <p>Stiglitz, Joseph E., 2013, “The Lessons of the North Atlantic Crisis for Economic Theory and Policy,” IMF Blog on “Rethinking Macro Policy II: First Steps and Early Lessons”</p> <p>Available via: http://blog-imfdirect.imf.org/2013/05/03/the-lessons-of-the-north-atlantic-crisis-for-economic-theory-and-policy/ or in Russian: http://www.imf.org/external/russian/np/blog/2013/050313r.pdf</p> |
| <p>L–10</p> | <p>Consistency of Exchange Rate and Monetary Policy Objectives</p> <p>International Monetary Fund, 2008, “Box 1.3. Measuring Output Gaps,” in <i>World Economic Outlook</i>, October 2008, Chapter 4: “Financial Stress, Downturns, and Recoveries,” (Washington: International Monetary Fund).</p> <p>Available via: http://www.imf.org/external/pubs/ft/weo/2008/02/</p> |

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| <p>L-11</p> | <p>Establishing a Structured System for Monetary Analysis</p> <p>Laxton, Douglas, David Rose, and Alasdair Scott, 2009, “<i>Developing a Structured Forecasting and Policy Analysis System to Support Inflation-Forecast Targeting (IFT)</i>,” IMF Working Paper 09/65 (Washington: International Monetary Fund). Available via: http://www.imf.org/external/pubs/ft/wp/2009/wp0965.pdf (<i>Russian version is available on Moodle</i>)</p> <p>Canales-Kriljenko, Jorge, and others, 2006, “<i>Setting the Operational Framework for Producing Inflation Forecasts</i>,” IMF Working Paper 06/122 (Washington: International Monetary Fund). Available via: www.imf.org/external/pubs/ft/wp/2006/wp06122.pdf</p> |
| <p>L-12</p> | <p>Credibility, Expectations, and Central Bank Communication Policy</p> <p>Recommended reading</p> <p>Kang, Youngjoo Kang, Ayhan, Koc and others, “<i>Central Bank Communication Policy, A Comparative Study</i>,” April 2013, The Federal Reserve Bank of New York. https://sipa.columbia.edu/sites/default/files/AY13_FederalReserveBank_FinalReport.pdf.</p> <p>Blinder, Alan S., Michael Ehrmann, Marcel Fratzscher, Jakob de Haan, and David-Jan Jansen, 2008, “<i>What we know and what we would like to know about central bank communication</i>”. Available via: http://www.voxeu.org/article/central-bank-communication</p> <p>Yellen, Janet L., 2012, “<i>Revolution and Evolution in Central Bank Communications</i>”, Available via: http://www.federalreserve.gov/newsevents/speech/yellen20121113a.htm</p> <p>Additional reading</p> <p>Blinder, Alan, 2009, "Talking about Monetary Policy: The Virtues (and Vices?) of Central Bank Communication," BIS Working Papers No. 274, (Basel: Bank for International Settlements). http://www.princeton.edu/~ceps/workingpapers/164blinder.pdf</p> <p>Bulíř, Aleř, Martin Cihák and, David-Jan Jansen, 2013, “<i>Measuring the clarity of central-bank communication</i>”. Available via: http://www.voxeu.org/article/measuring-clarity-central-bank-communication</p> <p>Dabla-Norris, Era ; Kim, Daehaeng ; Zermeno Livas, Mayra Rebecca ; Billmeier, Andreas ; Kramarenko, V. “<i>Modalities of Moving to Inflation Targeting in Armenia and Georgia</i>”. https://www.imf.org/external/pubs/cat/longres.aspx?sk=20979.0</p> |