

# INTERNATIONAL MONETARY FUND

Institute for Capacity Development/Joint Vienna Institute

Course on Economic Policies for Financial Stability

March 14 – 25, 2016

## Reading List

	Topic
L-1	<p><b>Overview: Systemic Risk and Financial Stability</b></p> <p>Crockett, Andrew, 2011, <i>What Financial System for the 21<sup>st</sup> Century?</i> Per Jacobsson Lecture, Basel, June 26. <a href="http://www.bis.org/events/agm2011/sp110626.pdf">http://www.bis.org/events/agm2011/sp110626.pdf</a></p> <p>Shin, Hyun Song, 2010, “Nature of Financial Risk,” Chapter 1 in <i>Risk and Liquidity</i>, 2008 Clarendon Lectures in Finance, Oxford University Press. <a href="http://www.princeton.edu/~hsshin/www/clarendonchapter1.pdf">http://www.princeton.edu/~hsshin/www/clarendonchapter1.pdf</a></p> <p>Yellen, Janet L., 2013, “Interconnectedness and Systemic Risk: Lessons from the Financial Crisis and Policy Implications,” speech at the Meeting of the American Economic Association, San Diego, January 4. <a href="http://www.federalreserve.gov/newsevents/speech/yellen20130104a.htm">http://www.federalreserve.gov/newsevents/speech/yellen20130104a.htm</a></p> <p>Borio, Claudio, 2012, “The Financial Cycle and Macroeconomics: What Have We Learnt?” BIS Working Paper No 395, December. <a href="http://www.bis.org/publ/work395.pdf">http://www.bis.org/publ/work395.pdf</a></p>
L-2	<p><b>Banking Crises</b></p> <p>Calomiris, Charles W., 2008, “Banking Crises,” NBER Reporter: Research Summary, No. 4. Available via: <a href="http://www.nber.org/reporter/2008number4/2008number4.pdf">http://www.nber.org/reporter/2008number4/2008number4.pdf</a></p> <p>Claessens, Stijn, and M. Ayhan Kose, 2013, “Financial Crises: Explanations, Types, and Implications,” IMF Working Paper 13/28 (Washington: International Monetary Fund). Available via: <a href="http://www.imf.org/external/pubs/ft/wp/2013/wp1328.pdf">http://www.imf.org/external/pubs/ft/wp/2013/wp1328.pdf</a></p> <p>Laeven, Luc, and Fabian Valencia, 2012, “Systemic Banking Crises Database: An Update,” IMF Working Paper 12/163 (Washington: International Monetary Fund). Available via: <a href="http://www.imf.org/external/pubs/ft/wp/2012/wp12163.pdf">http://www.imf.org/external/pubs/ft/wp/2012/wp12163.pdf</a></p> <p>Laeven, Luc, and Fabian Valencia, 2010, “Resolution of Banking Crises: The Good, the Bad, and the Ugly,” IMF Working Paper 10/146 (Washington: International Monetary Fund). Available via: <a href="http://www.imf.org/external/pubs/ft/wp/2010/wp10146.pdf">http://www.imf.org/external/pubs/ft/wp/2010/wp10146.pdf</a></p> <p>Reinhart, Carmen M., and Rogoff, Kenneth S., 2008, “Banking Crises: An Equal Opportunity Menace,” NBER working paper No. 14587 (Cambridge, Massachusetts: National Bureau of Economic Research). Available via: <a href="http://www.nber.org/papers/w14587.pdf">http://www.nber.org/papers/w14587.pdf</a></p>

	<b>Topic</b>
<b>L-3</b>	<p><b>Currency/ Balance of Payments Crises</b></p> <p>Burnside, Craig, Martin Eichenbaum, and Sergio Rebelo, 2007, “Currency Crisis Models,” <i>The New Palgrave: A Dictionary of Economics</i>, 2<sup>nd</sup> Edition.  <a href="http://www.kellogg.northwestern.edu/faculty/rebelo/html/currency%20crisis%20models%20Ed.pdf">www.kellogg.northwestern.edu/faculty/rebelo/html/currency%20crisis%20models%20Ed.pdf</a></p> <p>Kaminsky, Graciela, and Carmen Reinhart, 1999, “The Twin Crises: The Causes of Banking and Balance of Payments Problems,” <i>American Economic Review</i>, Vol. 89, No. 3, pp. 473–500.  <a href="http://www.aeaweb.org/atypon.php?return_to=/doi/pdfplus/10.1257/aer.89.3.473">http://www.aeaweb.org/atypon.php?return_to=/doi/pdfplus/10.1257/aer.89.3.473</a></p> <p>Blanchard, Olivier J., Mark Griffiths, and Bertrand Gruss, 2013, “Boom, Bust, Recovery: Forensics of the Latvia Crisis,” <i>Brookings Papers on Economic Activity</i>, Fall 2013.  <a href="http://www.brookings.edu/~media/projects/bpea/fall%202013/2013b_blanchard_latvia_crisis.pdf">http://www.brookings.edu/~media/projects/bpea/fall%202013/2013b_blanchard_latvia_crisis.pdf</a></p>
<b>L-4</b>	<p><b>Sovereign Debt Crises</b></p> <p>Bianca De Paoli, Glenn Hoggarth and Victoria Saporta, 2009, Output costs of sovereign crises: some empirical estimates. Bank of England Working Paper No. 362.  <a href="http://www.bankofengland.co.uk/research/Documents/workingpapers/2009/wp362.pdf">http://www.bankofengland.co.uk/research/Documents/workingpapers/2009/wp362.pdf</a></p> <p>Balteanu, Irina and Aitor Erce, 2014, “Banking Crises and Sovereign Defaults in Emerging Markets: Exploring the Links”, Banco de Espana Working Paper No. 1414.  <a href="http://www.bde.es/f/webbde/SES/Secciones/Publicaciones/PublicacionesSerias/DocumentosTrabajo/14/Fich/dt1414e.pdf">http://www.bde.es/f/webbde/SES/Secciones/Publicaciones/PublicacionesSerias/DocumentosTrabajo/14/Fich/dt1414e.pdf</a></p> <p>Lane, Philip R., 2012, “The European Sovereign Debt Crisis,” <i>Journal of Economic Perspectives</i> Vol 26, No 3, Summer 2012, pp. 49–68  <a href="http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.26.3.49">http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.26.3.49</a></p> <p>Reinhart, Carmen M., Rogoff, Kenneth S., 2011, “From Financial Crash to Debt Crisis,” <i>American Economic Review</i> 101 (August 2011), pp. 1676–1706  <a href="http://scholar.harvard.edu/files/rogoff/files/from_financial_crash.pdf">http://scholar.harvard.edu/files/rogoff/files/from_financial_crash.pdf</a></p>
<b>L-5</b>	<p><b>Macro-Financial Linkages</b></p> <p>Adrian, Tobias, and Hyun Shin, 2008, “Liquidity, Monetary Policy, and Financial Cycles,” in <i>Current Issues in Economic and Finance</i>, Vol. 14 No. 1, January/February (New York: Federal Reserve Bank of New York). Available via:  <a href="http://www.newyorkfed.org/research/current_issues/ci14-1.html">http://www.newyorkfed.org/research/current_issues/ci14-1.html</a></p> <p>Bernanke, Ben, 2007, “The Financial Accelerator and the Credit Channel,” speech delivered at The Credit Channel of Monetary Policy in the Twenty-first Century Conference, Atlanta, Georgia (June 15). Available via:  <a href="http://www.federalreserve.gov/newsevents/speech/bernanke20070615a.htm">http://www.federalreserve.gov/newsevents/speech/bernanke20070615a.htm</a></p>

	<b>Topic</b>
<b>L-5</b>	<p><b>Macro-Financial Linkages (<i>continued</i>)</b></p> <p>White, William, 2009, “Modern Macroeconomics Is on the Wrong Track,” <i>Finance and Development</i>, Vol. 46 (December), pp. 15–18. Available via: <a href="http://www.imf.org/external/pubs/ft/fandd/2009/12/pdf/white.pdf">http://www.imf.org/external/pubs/ft/fandd/2009/12/pdf/white.pdf</a></p> <p><i>Supplementary:</i> Bernanke, Ben S., Mark Gertler, and Simon Gilchrist, 1999, “The Financial Accelerator in a Quantitative Business Cycle Framework,” in <i>Handbook of Macroeconomics</i>, Vol. I, ed. by J.B. Taylor and M. Woodford (Holland: Elsevier). Available via: <a href="http://www.econ.nyu.edu/user/gertlerm/BGGHandbook.pdf">http://www.econ.nyu.edu/user/gertlerm/BGGHandbook.pdf</a></p> <p><i>Supplementary:</i> Gertler, Mark, Simon Gilchrist, and Fabio Natalucci, 2007, “External Constraints on Monetary Policy and the Financial Accelerator,” <i>Journal of Money, Credit, and Banking</i>, Vol. 39 (March-April), pp. 295–330. Available via: <a href="http://onlinelibrary.wiley.com/doi/10.1111/j.0022-2879.2007.00027.x/abstract">http://onlinelibrary.wiley.com/doi/10.1111/j.0022-2879.2007.00027.x/abstract</a></p> <p><i>Supplementary:</i> Gertler, Mark, and Nobuhiro Kiyotaki, 2010, “Financial Intermediation and Credit Policy in Business Cycle Analysis,” forthcoming in <i>Handbook of Monetary Economics</i>. Available via: <a href="http://www.econ.nyu.edu/user/gertlerm/gertlerkiyotakiapril6d.pdf">http://www.econ.nyu.edu/user/gertlerm/gertlerkiyotakiapril6d.pdf</a></p>
<b>L-6</b>	<p><b>Detecting Financial Fragilities</b></p> <p>Ghosh, Atish, Jonathan D. Ostry, and Natalia Tamirisa, 2009, “Anticipating the Next Crisis,” <i>Finance &amp; Development</i>, Vol. 46 (September), pp. 35–37. <a href="http://www.imf.org/external/pubs/ft/fandd/2009/09/pdf/ghosh.pdf">http://www.imf.org/external/pubs/ft/fandd/2009/09/pdf/ghosh.pdf</a></p> <p>Bernanke, Ben, 2007, “The Financial Accelerator and the Credit Channel,” speech delivered at The Credit Channel of Monetary Policy in the Twenty-first Century Conference, Atlanta, Georgia (June 15). Available via: <a href="http://www.federalreserve.gov/newsevents/speech/bernanke20070615a.htm">http://www.federalreserve.gov/newsevents/speech/bernanke20070615a.htm</a></p> <p>International Monetary Fund, 2010, “The IMF-FSB Early Warning Exercise: Design and Methodological Toolkit,” (Washington). <a href="http://www.imf.org/external/np/pp/eng/2010/090110.pdf">http://www.imf.org/external/np/pp/eng/2010/090110.pdf</a></p>
<b>L-7</b>	<p><b>Financial Risk Management</b></p> <p>Crouhy, Michael, Dan Galai, and Robert Mark, 2006, “New Approaches to Measuring Credit Risk,” Chapter 11 in <i>The Essentials of Risk Management</i> (New York: McGraw-Hill).</p> <p>Hull, John C., 2009, <i>Risk Management and Financial Institutions</i> (Upper Saddle River, NJ: Prentice Hall, 2<sup>nd</sup> International Edition)</p> <p>Jorion, Philippe, 2001, “Computing Value at Risk,” in <i>Value at Risk</i> (New York: McGraw-Hill), 2<sup>nd</sup> edition, Chapter 5.</p>

	<b>Topic</b>
<b>L-7</b>	<p><b>Financial Risk Management (<i>continued</i>)</b></p> <p><i>Supplementary:</i> Allen, Linda, 2002, “Credit Risk Modeling of Middle Markets,” paper presented at the Credit Risk Modeling and Decisioning Conference, Philadelphia, PA, May. Available via: <a href="http://fic.wharton.upenn.edu/fic/allenpaper.pdf">http://fic.wharton.upenn.edu/fic/allenpaper.pdf</a></p>
<b>L-8</b>	<p><b>Credit Risk in the Economy</b></p> <p>Barisitz, S., 2013, “Nonperforming Loans in CESEE – An Even Deeper Definitional Comparison,” OeNB Focus on European Economic Integration Q3/13, Vienna  <a href="https://www.oenb.at/dam/jcr:07a8cd6f-9be6-4472-8ecf-51a5336c5977/feei_2013_q3_studies_barisitz_tcm16-257381.pdf">https://www.oenb.at/dam/jcr:07a8cd6f-9be6-4472-8ecf-51a5336c5977/feei_2013_q3_studies_barisitz_tcm16-257381.pdf</a></p> <p>Report of the Working Group on NPLs in Central, Eastern and Southeastern Europe, European Banking Coordination “Vienna” Initiative, March 2012  <a href="http://vienna-initiative.com/wp-content/uploads/2012/08/Working-Group-on-NPLs-in-Central-Eastern-and-Southeastern-Europe.pdf">http://vienna-initiative.com/wp-content/uploads/2012/08/Working-Group-on-NPLs-in-Central-Eastern-and-Southeastern-Europe.pdf</a></p> <p>D'Hulster, Katia; Salomao-Garcia, Valeria; Letelier, Raquel, 2014, Loan classification and provisioning : current practices in 26 ECA countries - overview paper. World Bank FinSAC Working Paper 1/2014.  <a href="http://documents.worldbank.org/curated/en/2014/08/20453047/loan-classification-provisioning-current-practices-26-eca-countries-overview-paper">http://documents.worldbank.org/curated/en/2014/08/20453047/loan-classification-provisioning-current-practices-26-eca-countries-overview-paper</a></p>
<b>L-9</b>	<p><b>Financial Innovations and Leverage</b></p> <p>Coval, Joshua, and others, 2009, “The Economics of Structured Finance,” <i>Journal of Economic Perspectives</i>, Vol. 23, No. 1, pp. 3–25. Available via: <a href="http://www.hbs.edu/research/pdf/09-060.pdf">http://www.hbs.edu/research/pdf/09-060.pdf</a></p> <p>Mengle, David, 2007, “Credit Derivatives: An Overview,” <i>Federal Reserve Bank of Atlanta Economic Review</i>, Vol. 92, No. 4. Available via: <a href="https://www.frbatlanta.org/research/publications/economic-review/2007/q4/vol92no4_credit-derivatives-an-overview.aspx">https://www.frbatlanta.org/research/publications/economic-review/2007/q4/vol92no4_credit-derivatives-an-overview.aspx</a></p> <p>Stulz, René M., 2010, “Credit Default Swaps and the Credit Crisis,” <i>Journal of Economic Perspectives</i>, Vol. 24 No. 1, pp. 73–92. Available via: <a href="http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.24.1.73">http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.24.1.73</a></p> <p><i>Supplementary:</i> Adrian, Tobias, and Hyun Song Shin, 2008, “Liquidity and Leverage,” Federal Reserve Bank of New York Staff Report No. 328 (May) (New York, NY: Federal Reserve Bank of New York). Available via: <a href="http://www.newyorkfed.org/research/staff_reports/sr328.pdf">http://www.newyorkfed.org/research/staff_reports/sr328.pdf</a></p> <p><i>Supplementary:</i> Ashcraft, Adam B., and Til Schuermann, 2008, “Understanding the Securitization of Subprime Mortgage Credit,” Federal Reserve Bank of New York Staff Report No. 318 (New York, NY: Federal Reserve Bank of New York). Available via: <a href="http://www.newyorkfed.org/research/staff_reports/sr318.html">http://www.newyorkfed.org/research/staff_reports/sr318.html</a></p>

	<b>Topic</b>
<b>L-9</b>	<p><b>Financial Innovations and Leverage (<i>continued</i>)</b></p> <p><i>Supplementary:</i> Gorton, Gary B., 2008, “The Subprime Panic,” NBER Working Paper No. 14398 (Cambridge, Massachusetts: National Bureau of Economic Research). Available via:  <a href="http://www.nber.org/papers/w14398">http://www.nber.org/papers/w14398</a></p> <p><i>Supplementary:</i> Jobst, Andreas, 2008, “What is Securitization?” <i>Finance &amp; Development</i>, Vol. 45 (September), pp. 48–49. Available via:  <a href="http://www.imf.org/external/pubs/ft/fandd/2008/09/pdf/basics.pdf">http://www.imf.org/external/pubs/ft/fandd/2008/09/pdf/basics.pdf</a></p>
<b>L-10</b>	<p><b>Stress Testing of Financial Systems</b></p> <p>Borio, Claudio, and others, 2012, “Stress-Testing Macro Stress Testing: Does It Live Up to Expectations?” BIS Working Paper No. 369, January.  <a href="http://www.bis.org/publ/work369.pdf">http://www.bis.org/publ/work369.pdf</a></p> <p>Haldane, Andrew G., 2009, “Why Banks Failed the Stress Test,” speech given at the Marcus-Evans Conference on Stress Testing, February, (London: Bank of England).  <a href="http://www.bis.org/review/r090219d.pdf">http://www.bis.org/review/r090219d.pdf</a></p> <p>Schmieder, Christian, and others, 2011, “Next Generation Balance Sheet Stress Testing,” IMF Working Paper WP/11/83, April  <a href="http://www.imf.org/external/pubs/ft/wp/2011/wp1183.pdf">http://www.imf.org/external/pubs/ft/wp/2011/wp1183.pdf</a></p> <p>Cihak, Martin and Ong, Li Lian, 2010, “Of Runes and Sagas: Perspectives on Liquidity Stress Testing Using an Island Example,” IMF WP 10/156  <a href="http://www.imf.org/external/pubs/ft/wp/2010/wp10156.pdf">http://www.imf.org/external/pubs/ft/wp/2010/wp10156.pdf</a></p>
<b>L-11</b>	<p><b>Microprudential Regulation</b></p> <p>Haldane, Andrew G., 2012, “The Dog and the Frisbee,” speech at the Kansas City Fed Jackson Hole Conference, August.  <a href="http://www.bis.org/review/r120905a.pdf">http://www.bis.org/review/r120905a.pdf</a></p> <p>Basel Committee for Banking Supervision, 2011, “Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems,” June.  <a href="http://www.bis.org/publ/bcbs189.pdf">http://www.bis.org/publ/bcbs189.pdf</a></p> <p>Admati, Anat R., and others, 2013, “Fallacies, Irrelevant Facts, and Myths in the Discussion of Capital Regulation: Why Bank Equity is <i>Not</i> Expensive,” Graduate School of Business, Stanford University, research paper.  <a href="https://www.gsb.stanford.edu/faculty-research/working-papers/fallacies-irrelevant-facts-myths-discussion-capital-regulation-why">https://www.gsb.stanford.edu/faculty-research/working-papers/fallacies-irrelevant-facts-myths-discussion-capital-regulation-why</a></p> <p>Bank of England, 2014, Financial Policy Committee, Leverage Ratio Review.  <a href="http://www.bankofengland.co.uk/financialstability/Pages/fpc/fscp.aspx">http://www.bankofengland.co.uk/financialstability/Pages/fpc/fscp.aspx</a></p>

	<b>Topic</b>
<b>L-12</b>	<p><b>Macroprudential Regulation</b></p> <p>IMF, 2011, Macroprudential Policy: An Organizing Framework.  <a href="https://www.imf.org/external/np/pp/eng/2011/031411.pdf">https://www.imf.org/external/np/pp/eng/2011/031411.pdf</a></p> <p>IMF, 2013, Key Aspects of Macroprudential Policy.  <a href="http://www.imf.org/external/np/pp/eng/2013/061013b.pdf">http://www.imf.org/external/np/pp/eng/2013/061013b.pdf</a></p> <p>Claessens, Stijn, 2014, “An Overview of Macroprudential Policy Tools”, IMF WP 14/214.  <a href="http://www.imf.org/external/pubs/ft/wp/2014/wp14214.pdf">http://www.imf.org/external/pubs/ft/wp/2014/wp14214.pdf</a></p> <p>Basel Committee on Banking Supervision, 2010, “Guidance for National Authorities Operating the Countercyclical Capital Buffer,” December.  <a href="http://www.bis.org/publ/bcbs187.pdf">http://www.bis.org/publ/bcbs187.pdf</a></p>
<b>L-13</b>	<p><b>Financial Contagion</b></p> <p>Adrian, Tobias, and Hyun Song Shin, 2008, “Liquidity and Financial Contagion,” Banque de France, <i>Financial Stability Review – Special Issue on Liquidity</i>, No. 11 (February).  <a href="https://www.banque-france.fr/uploads/tx_bdfgrandesdates/rsf_0208_01.pdf">https://www.banque-france.fr/uploads/tx_bdfgrandesdates/rsf_0208_01.pdf</a></p> <p>Claessens, Stijn, and Kristin Forbes, 2004, “International Financial Contagion: An Overview of the Issues and the Book,” Introductory Chapter of <i>International Financial Contagion</i>, edited by Stijn Claessens and Kristin Forbes, Kluwer Academic Publishers, pp. 3–17.  <a href="http://web.mit.edu/kjforbes/www/Papers/ContagionBook-Overview.pdf">http://web.mit.edu/kjforbes/www/Papers/ContagionBook-Overview.pdf</a></p> <p>Forbes, Kristin, and Roberto Rigobon, 2001, “Measuring Contagion: Conceptual and Empirical Issues,” Chapter 3 in <i>International Financial Contagion</i>, edited by Stijn Claessens and Kristin Forbes, Kluwer Academic Publishers, pp. 43–66.  <a href="http://web.mit.edu/kjforbes/www/Papers/MeasuringContagion.pdf">http://web.mit.edu/kjforbes/www/Papers/MeasuringContagion.pdf</a></p> <p>Kaminsky, Graciela L., Carmen M. Reinhart and Carlos A. Vegh, 2003, "The Unholy Trinity of Financial Contagion," <i>Journal of Economic Perspectives</i>, Vol. 17 No. 4, pp. 51–74.  <a href="http://pubs.aeaweb.org/doi/pdfplus/10.1257/089533003772034899">http://pubs.aeaweb.org/doi/pdfplus/10.1257/089533003772034899</a></p>