

INTERNATIONAL MONETARY FUND

Joint Vienna Institute / Institute for Capacity Development Course on Monetary and Exchange Rate Policies (JV16.30)

Vienna, Austria

November 7-18, 2016

Selected Readings¹

Session	Topic
L-1	Monetary and Exchange Rate Policy Frameworks and Strategies
	<p><u>Recommended reading:</u></p> <p>Ghosh, Atish and Ostry, Jonathan, “Choosing an Exchange Rate Regime, <i>Finance and Development</i>, December 2009, Volume 46, Number 4. http://www.imf.org/external/pubs/ft/fandd/2009/12/ghosh.htm <i>(Russian version is available on Moodle)</i></p> <p>Frankel, Jeffrey A. “Monetary Policy in Emerging Markets: A Survey”, NBER Working Paper 16125, National Bureau of Economic Research, Inc., 2010. http://www.nber.org/papers/w16125 <i>(Russian version is available on Moodle)</i></p> <p>Dell’Ariccia, Giovanni and Habermeier, Karl, 2014, “The Evolution of Monetary Policy: More Art and Less Science” IMF direct online blog, March 2014. http://blog-imfdirect.imf.org/2014/04/07/the-evolution-of-monetary-policy-more-art-and-less-science/ <i>(Russian version is available on Moodle)</i></p> <p><u>Additional reading:</u></p> <p>IMF Survey September 2015, “Monetary Policy Should Focus on Price Stability” http://www.imf.org/external/pubs/ft/survey/so/2015/pol092115a.htm <i>(Russian version is available on Moodle)</i></p> <p>Svensson Lars E. O. “What Have Economists Learned about Monetary Policy over the past 50 Years?,” in Herrman, Heinz, ed., <i>Monetary Policy Over Fifty Years: Experiences and Lessons</i>, Routledge, 2009.: http://www.riksbank.se/en/Press-and-published/Press-Releases/2007/Svensson-What-have-economists-learned-about-monetary-policy-over-the-past-50-years/</p> <p>IMF, 2015, “Evolving Monetary Policy Frameworks in Low-Income and Other Developing Countries”, Board Paper 15/172 https://www.imf.org/external/np/pp/eng/2015/102315.pdf</p> <p>Jacker, Jeffrey, 2015, “What Monetary Policy Can and Can’t Do,”: https://www.richmondfed.org/press_room/speeches/president_jeff_lacker/2015/lacker_speech_2_0151112</p> <p>Ostry, D. Jonathan, Atish R. Ghosh, and Marcos Chamon, 2012, “Two Targets, Two Instruments: Monetary and Exchange Rate Policies in Emerging Market Economies,” IMF Staff Discussion Note (Washington: International Monetary Fund). https://www.imf.org/external/pubs/ft/sdn/2012/sdn1201.pdf</p>

¹ Some readings are also available in Russian as indicated.

L-2	Concepts, Measurement, and Determinants of Inflation
	<p><u>Recommended reading:</u></p> <p>IMF Institute, 2007, “The Price Level, Inflation, and Exchange Rates,” Chapter 3 in <i>Financial Programming and Policies</i>, (Washington: IMF). <i>(On Moodle in English and Russian)</i></p> <p><u>Additional reading:</u></p> <p>International Monetary Fund, 2013, <i>The Dog that Did not Bark: Has Inflation Been Muzzled or Was it just Sleeping,</i>” <i>World Economic Outlook</i>, Chapter 3, pp. 79-96 (Washington: April). http://www.imf.org/external/pubs/ft/weo/2013/01/</p> <p>Lansing, Kevin, 2015, “Assessing the Recent Behavior of Inflation,” Federal Reserve Bank of San Francisco <i>Economic Letter</i>, No 2014-24. http://www.frbsf.org/economic-research/publications/economic-letter/2015/july/assessing-recent-inflation-behavior-phillips-curve/</p>
L-3	The Monetary Policy Transmission Mechanism
	<p><u>Recommended reading:</u></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> <p><u>Additional reading:</u></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). http://www.bostonfed.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.: http://www.imf.org/external/pubs/ft/fandd/2006/03/hilbers.htm <i>(Russian version is available on Moodle)</i></p> <p>Sami Ben Naceur, Amr Hosny, and Gregory Hadjian, “How to De-Dollarize Financial Systems in the Caucasus and Central Asia?”, IMF Working Paper No. 15/203, September 2015. https://www.imf.org/external/pubs/ft/wp/2015/wp15203.pdf</p>

L-4	Exchange Rates: Concepts, Measurement and Assessment of the Equilibrium Exchange Rate
	<p><u>Recommended reading:</u></p> <p>Phillips, S. et al, “<i>The External Balance Assessment (EBA) Methodology</i>,” IMF Working Paper No. 13/80 (Washington: International Monetary Fund). https://www.imf.org/external/pubs/ft/wp/2013/wp13272.pdf</p> <p>Catão, Luis, 2012, “Real Exchange Rates: What Money Can Buy”, <i>Finance & Development</i>. http://www.imf.org/external/pubs/ft/fandd/basics/realex.htm <i>(Russian version is available on Moodle)</i></p> <p><u>Additional reading:</u></p> <p>IMF, 2016, “2016 External Sector Report”, Washington: IMF. http://www.imf.org/external/np/pp/eng/2016/072716.pdf</p>
L-5	Inflation Forecast Targeting
	<p><u>Recommended Reading:</u></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/Documents/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 <i>(Russian version is available on Moodle)</i></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><u>Additional Reading:</u></p> <p>Bernard J. Laurens, Kelly Eckhold, Darryl King, Nils Maehle, Abdul Naseer, and Alain Durré, “The Journey to Inflation Targeting: Easier Said than Done The Case for Transitional Arrangements along the Road,” IMF Working Paper No. WP/15/136, June 2015. http://www.imf.org/external/pubs/ft/wp/2015/wp15136.pdf</p> <p>Clinton, Kevin and others, 2015, “Inflation Forecasting Targeting: Applying the Principle of Transparency,” IMF Working Paper No. 15/132 http://www.imf.org/external/pubs/cat/longres.aspx?sk=43023.0</p>

L-6	Monetary Policy Instruments
	<p><u>Recommended reading:</u></p> <p>Alexander, William, and others, 1996, “Adopting Indirect Instruments of Monetary Policy,” <i>Finance & Development</i>, Vol. 33 (March), pp. 14–17. http://www.imf.org/external/pubs/ft/fandd/1996/03/pdf/alexande.pdf <i>(Russian version is available on Moodle)</i></p> <p>Disyatat, Piti, 2008, “<i>Monetary Policy Implementation: Misconceptions and Their Consequences</i>,” BIS Working Paper, No. 269 (Basel: Bank for International Settlements). http://www.bis.org/publ/work269.pdf</p> <p><u>Additional Reading:</u></p> <p>Ostry, Jonathan David, and others, “Two Targets, Two Instruments: Monetary and Exchange Rate Policies in Emerging Market Economies” http://www.imf.org/external/pubs/ft/sdn/2012/sdn1201.pdf</p>
L-7	Introduction to a Small Macro Model
	<p><u>Recommended reading:</u></p> <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><u>Additional reading:</u></p> <p>Laxton D., A. Scott and D. Rose, 2009, “Developing a Structured Forecasting and Policy Analysis System to Support Inflation-Forecast Targeting”, IMF Working Paper, No. WP/09/65.: https://www.imf.org/external/pubs/ft/wp/2009/wp0965.pdf</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). https://www.imf.org/external/pubs/ft/wp/2006/wp0681.pdf <i>(Russian version is available on Moodle)</i></p>

L-8	Managing Capital Flows
	<p><u>Recommended reading:</u></p> <p>IMF, 2012, “The Liberalization and Management of Capital Flows: An Institutional View” Executive Board Paper (Washington). https://www.imf.org/external/np/pp/eng/2012/111412.pdf</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). http://www.imf.org/external/pubs/ft/sdn/2011/sdn1106.pdf</p> <p>Ghosh, Atish and others, 2016 “When Do Capital Inflows End in Tears?”, 2016, American Economic Review. https://www.aeaweb.org/articles?id=10.1257/aer.p20161015</p> <p><u>Additional reading:</u></p> <p>International Monetary Fund, 2011, “Recent Experiences in Managing Capital Inflows—Cross-Cutting Themes and Possible Policy Framework,” IMF Policy Papers, February (Washington). http://www.imf.org/external/np/pp/eng/2011/021411a.pdf</p> <p>Ghosh, Atish and others (2016) “What’s in a Name? That Which We Call Capital Controls (IMF WP/16/25, Washington). https://www.imf.org/external/pubs/ft/wp/2016/wp1625.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). http://www.imf.org/external/pubs/ft/spn/2010/spn1004.pdf</p>
L-9	Lessons for Monetary and Macprudential Policies from the Recent Crisis
	<p><u>Recommended reading:</u></p> <p>“Monetary Policy and Financial Stability”, IMF Staff Report, September 2015. www.imf.org/external/np/pp/eng/2015/082815a.pdf</p> <p>Mishkin, Frederic S., 2011, “Monetary Policy Strategy: Lessons from the Crisis,” https://www0.gsb.columbia.edu/faculty/fmishkin/papers/10ecb.pdf</p> <p><u>Additional reading:</u></p> <p>“Another year of monetary policy accommodation,” Chapter IV in BIS 85th Annual Report, pp.66-80. http://www.bis.org/publ/arpdf/ar2015e4.htm</p> <p>Borio C., 2014, “Monetary Policy and financial stability: What Role in Prevention and Recovery?”, BIS Working Paper No.440.: www.bis.org/publ/work440.pdf</p> <p>Stiglitz J, 2015, “Towards a General Theory of Deep Downturns,” NBER Working Paper No.21444. http://papers.nber.org/papers/W21444?utm_campaign=ntw&utm_medium=email&utm_source=ntw</p>

L-10	Consistency of Exchange Rate and Monetary Policy Objectives
	<p><u>Recommended reading:</u></p> <p>International Monetary Fund, 2008, “Box 1.3. Measuring Output Gaps,” in World Economic Outlook, October 2008, Chapter 4: “Financial Stress, Downturns, and Recoveries,” (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/weo/2008/02/</p> <p><u>Additional reading:</u></p> <p>Beneš, J., J. Hurník and D. Vávra , 2008, “Exchange Rate Management and Inflation Targeting: Modeling the Exchange Rate in Reduced-Form New Keynesian Models”, Czech Journal of Economics and Finance, 58 (3–4), pp. 166–194 (See relevant section). http://www.academia.edu/4310564/Exchange_Rate_Management_and_Inflation_Targeting_Modeling_the_Exchange_Rate_in_Reduced-Form_New_Keynesian_Models</p> <p>Holub, T., “Price Convergence to the EU: Some Challenges for Monetary Policy,” CNB Economic Research Bulletin, No. 1, Vol. 1, December 2003, pp.4-5. http://www.cnb.cz/miranda2/export/sites/www.cnb.cz/en/research/research_publications/erb/download/ERB_No1_2003.pdf</p>
L-11	Role of Central Bank Communications
	<p><u>Recommended reading</u></p> <p>Kang, Youngjoo Kang, Ayhan, Koc and others, “Central Bank Communication Policy, A Comparative Study,” April 2013, The Federal Reserve Bank of New York. http://new.sipa.columbia.edu/sites/default/files/AY13_FederalReserveBank_FinalReport.pdf</p> <p>Yellen, Janet L., 2012, “<i>Revolution and Evolution in Central Bank Communications</i>”, http://www.federalreserve.gov/newsevents/speech/yellen20121113a.htm</p> <p><u>Additional reading</u></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>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>