

Freie Universität, Berlin

Macroeconomic Policy Seminar

Fall Semester 2008-2009

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The seminar covers a wide range of topics in international macroeconomic policy, including monetary policy. Participants will be required to do critical research in a variety of policy related areas. The aim of the seminar is to produce a seminar paper (in English), act as a discussant for a paper (again, in English) that is assigned to them by the instructor, and participate in the general discussion.

Topics

All items, except books, are available on the Internet.

The items below are meant to provide a STARTING POINT for the seminar paper. Students are expected to find additional articles and cite them in their final paper.

1. Central Bank Independence: The International Experience

Andreas Fischer (1996), "Central Bank Independence and Sacrifice Ratios", *Open Economic Review* 7: 5-18.

Alex Cukierman, Bilin Neyapti, and Steven Webb (1992), "Measuring the Independence of Central Banks and Its Effects on Policy Outcomes", *World Bank Economic Review* 6(3): 353-398.

James Forder (1999), "Central Bank Independence: Reassessing the Measurements", *Journal of Economic Issues* 33: 23-40.

2. Inflation Persistence

Stephen Cecchetti, Peter Hooper, Bruce Kasman, Kermit Schoenholtz, and Mark Watson (2007), "Understanding the Evolving Inflation Process", working paper, Brandeis University, July.

Markus Hyvonen (2004), "Inflation Convergence Across Countries", Reserve Bank of Australia Discussion Paper 2004-03, June.

Pierre Siklos (1999), "Inflation-Target Design: Changing Inflation Performance and Persistence in Industrial Countries", *Review of the Federal Reserve Bank of St. Louis* 81 (March/April): 47-58.

3. Central Bank Governance

Christopher Crowe and Ellen Meade (2007), "The Evolution of Central Bank Governance Around the World", *Journal of Economic Perspectives* 21 (Fall): 69-90.

Alan Blinder and John Morgan (2005), "Are Two Heads Better than One? Monetary Policy By Committee", *Journal of Money, Credit and Banking* (October): 789-812.

Pierre L. Siklos (2008), "Institutional Rules and the Conduct of Monetary Policy: Does a Central Bank Need Governing Principles?", working paper, Wilfrid Laurier University.

4. Pass-Through Effects of Monetary Policy

Joseph Gagnon, and Jane Ihrig (2004), "Monetary Policy and Exchange Rate pass-Through", *International Journal of Finance and Economics* 9 (4): 315-38.

Jeffery D. Amato et.al. (2005), "Research on Exchange Rates and Monetary Policy: An Overview", BIS working paper 178, June.

Hafedh Bouakez, and Nooman Rebei (2005), "Has Exchange Rate Pass-Through Really Declined in Canada?", Bank of Canada working paper 2005-29, October.

5. The Phillips Curve After 50 Years

C.W.J. Granger, and Y. Jeon (2008), "The Evolution of the Phillips Curve: A Modern Time Series Viewpoint", working paper, May.

R.G. King and M.W. Watson (1994), "The Post-War U.S. Phillips Curve: A Revisionist Econometric History", *Carnegie-Rochester Conference Series on Public Policy* 41: 157-219.

J. Rudd and K. Whelan (2005), "New Tests of the New Keynesian Phillips Curve", *Journal of Monetary Economics* 52 (September): 1167-81.

6. The International Performance of Inflation Targeting

Michael Dueker and Andreas Fischer (2006), “Do Inflation Targeters Outperform Non-Targeters?” *Review of the Federal Reserve Bank of St. Louis* 88 (September/October): 431-50.

Lars Heikensten and Anders Vredin (2002), “The Art of Inflation Targeting”, *Economic Review Sveriges Riksbank* 4, 5-34.

Laurence Meyer (2004), “Practical Problems and Obstacles to Inflation Targeting”, *Review of the Federal Reserve Bank of St. Louis* 86 (July/August): 151-60.

7. Optimum Currency Areas

Barry Eichengreen (2007), “Sui Genesis EMU”, working paper, UC Berkeley, November.

J. Frankel and A. Rose (2002), “The Endogeneity of Optimum Currency Area Criteria”, *Economic Journal* (July): 1009-25.

A. Alesina, R.J. Barro, and S. Tenreyro (2002), “Optimal Currency Areas”, NBER working paper 9072.

8. Fiscal Policy Councils and Rules

Charles Wyplosz (2007b), “Fiscal Policy Councils: Unlovable or Just Unloved?”, working paper, Graduate Institute of International Studies, Geneva, December.

Willem Buiter (2001), “A Case for Fiscal Stability”, *Oxford Economic Papers* 53 (January): 1-19.

Jürgen von Hagen and Guntram Wolff (2006), “What Do Deficits Tell Us About Debts? Empirical Evidence on Creative Accounting with Fiscal Rules in the EU”, Discussion paper 148, Governance and Efficiency of Economic Systems.

Schedule (all classes Tuesdays 12-2 pm)

Date	Class Location	Task
October 20, 2008 16:00-18:00		General Introduction, Organizational issues
October 28, 2008 16:00-18:00		An Overview of the Topics and Paper preparation questions
January 26, 2008 FULL DAY: SCHEDULE TO BE PROVIDED AT A LATER DATE		Seminar, discussion

Grading and Deadlines

Topic Selection	October 29, 2008	No Grade
January 19, 2009	Final paper due	60%
January 26, 2009	Full day seminar	20% presentation + 20% discussion

Students are free to select any topic. However, once a topic is chosen students will not be able to change topics. A maximum of 2 papers can be written on a particular topic. Therefore, topic choice is on a first come, first serve basis. I must be informed via e-mail no later than 18:00 October 29, 2008 about the chosen topic. Papers cannot exceed 30 pages, **double-spaced**, including all materials (i.e., charts, tables, references, appendices)

Completed papers and discussant's comments (**MAXIMUM: 5 pages, double-spaced**) MUST be sent in electronic format to psiklos@wlu.ca NO LATER than 18:00 January 19, 2009. I will assign discussants by that day and circulate a list of papers and discussants for the full day block seminar on January 26, 2009.