

## **1) Deposit Insurance Schemes and Moral Hazard**

Diamond, D. W. and P. H. Dybvig (1983) *Bank Runs, Deposit Insurance, and Liquidity*, Journal of Political Economy, 91, 401-19

Keeley, M. C. (1990) *Deposit Insurance, Risk, and Market Power in Banking*, American Economic Review, 80(5), 1183-1200

## **2) Banking Regulation and Supervision in Europe - Who should be in Charge?**

Dermine, J. (2005) *European Banking Integration: Don't Put the Cart before the Horse*, Financial Markets, Institutions & Instruments 15 (2), 57

Gulde, A.-M. and H. Wolf (2005) *Financial Stability Arrangements in Europe: A Review*, in: A Constitutional Treaty for an Enlarged Europe: Institutional and Economic Implications for Economic and Monetary Union, Proceedings of OeNB Workshops, No. 4, 50-67

Goodhart, C. and D. Schoenmaker (1995) *Should the Functions of Monetary Policy and Banking Supervision Be Separated?*, Oxford Economic Papers 47 , 539-560

## **3) Who should act as a Lender of Last Resort?**

Repullo, R. (2000) *Who should act as lender of last resort? An incomplete contracts model*, Journal of Money, Credit, & Banking, 32(3), 580-605.

Kahn, C. M. and J. A. C. Santos (2005) *Allocating bank regulatory powers: Lender of last resort, deposit insurance and supervision*, European Economic Review, 49(8), 2107-2136.

## **4) Credit Default Swaps and the Stability of the Banking Sector**

Heyde, F. and U. Neyer (2007) *The Stability of the Banking Sector and Credit Default Swaps*, Martin-Luther-Universität Halle-Wittenberg, Volkswirtschaftliche Diskussionsbeiträge, Diskussions-papier Nr. 51.

Allen, F. and D. Gale (2000) *Financial contagion*, Journal of Political Economy, 108, 1-33.

Deutsche Bundesbank (2004) *Credit risk transfer instruments: their use by German banks and aspects of financial stability*, Monthly Report, April, 27-44.

## **5) Competition in the Banking Sector and Financial Stability**

De Nicolò, G., J. Boyd, and A. Jalal (2007) *Bank Risk Taking and Competition Revisited: New Theory and New Evidence*, IMF Working Paper No. 06/297.

Boyd, J., and G. De Nicolò (2005) *The Theory of Bank Risk Taking and Competition Revisited*, *Journal of Finance*, 60(3), 1329-343.

Allen, F. and D. Gale (2004) *Competition and Financial Stability*. *Journal of Money, Credit, and Banking*, 36(3), 453-480.

## **6) Monetary Policy and Bank Balance Sheets**

Stein, J. (1998), *An Adverse Selection Model of Bank Asset and Liability Management with Implications for the Transmission of Monetary Policy*, *Rand Journal of Economics*, 29(3), 466-486.

Kashyap, A.K. and J. C. Stein (1994), *The Impact of Monetary Policy on Bank Balance Sheets*, NBER Working Paper 4821.

## **7) The Credit Channel of Monetary Policy Transmission**

Bernanke, B. S. and A. S. Blinder (1988), *Credit, Money and Aggregate Demand*, *American Economic Review*, 78, 435-439.

Bernanke, B.S. and M. Gertler (1995), *Inside the Black Box: The Credit Channel of Monetary Policy Transmission*, *Journal of Economic Perspectives*, 9(4), 27-48.

Bernanke, B. S. and A. S. Blinder (1988), *Credit, Money and Aggregate Demand*, NBER Working Paper 2534.

## **8) What is the Optimal Monetary Policy Instrument?**

Walsh, C. E. (2003), *Monetary Theory and Policy*, MIT Press, Cambridge Mass., Chapter 9.3

Poole, W. (1970), *Optimal Choice of Monetary Policy Instrument in a Simple Stochastic Macro Model*, *Quarterly Journal of Economics*, 84(2), 197-216

## **9) What should the central bank do when asset prices move?**

Mishkin, Frederik S. (2001), *The transmission mechanism and the role of asset prices in monetary policy*, NBER Working Paper 8617.

Cecchetti, Stephen G. (2003), *What the FOMC Says and Does When the Stock Market Booms*, Paper for the Reserve Bank of Australia's annual research conference on asset prices and monetary policy in Sydney, 18.-19. August 2003.

Gertler, M., Goodfriend, M., Issing, O., Spaventa, L. (1998), *Asset Prices and Monetary Policy: Four Views*, Centre for Economic Policy Research, London.

## **10) Real Wage Rigidities and the New Keynesian Model (technically advanced)**

Blanchard, O. and J. Gali (2007) *Real Wage Rigidities and the New Keynesian Model*, Journal of Money, Credit and Banking, 39(1), 35-65.

Gali, J (2008) *Monetary Policy, Inflation, and the Business Cycle: An Introduction to the New Keynesian Framework*, Princeton University Press, Princeton.

## **11) How to measure inflation?**

Wynne, Mark A. and Diego Rodriguez –Palenzuela (2004) *Measurement bias in the HICP: What do we know, and what do we need to know?*, Journal of Economic Surveys, 18 (1), 79-112.

Mankiw, G. N. and R. Reis (2003) *What Measure of Inflation Should a Central Bank Target?*, Journal of the European Economic Association, 1 (5), 1058-1086.

The Boskin Report (<http://www.ssa.gov/history/reports/boskinrpt.html#dpi8>).