

Martin Flodén
Spring 2017

PhD Course in Monetary Economics

Lectures 11-12: Practical Monetary Policy

The list below is a non-exhaustive guide to the literature, with a particular emphasis on policy relevant and non-technical papers that give a broad perspective on subjects. Focus in particular on items marked with * or **.

Money and Operational Frameworks

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Henckel Timo, Alain Ize, and Arto Kovanen (1999), "[Central banking without central bank money](#)", IMF Working Paper 99/92

Ihrig, Jane, Ellen Meade, and Gretchen Weinbach (2015), "[Rewriting monetary policy 101: What's the Fed's preferred approach to raising interest rates?](#)", *Journal of Economic Perspectives* 29, 177-198

Meulendyke, Ann-Marie (1998), [U.S. Monetary Policy and Financial Markets](#), Federal Reserve Bank of New York

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Unconventional Policies

Agarwal, Ruchir and Miles Kimball (2015), "[Breaking through the zero lower bound](#)", IMF Working Paper WP/15/224

Alsterlind, Jan, Henrik Eriksson, Maria Sandström, and David Vestin (2015), "[How can government bond purchases make monetary policy more expansionary?](#)", Economic Commentaries No. 12, Sveriges Riksbank

Armelius, Hanna, David Forsman, Björn Jönsson, and Anna-Lena Wretman (2015), "[How far can the repo rate be cut?](#)", Economic Commentaries No. 10, Sveriges Riksbank

Bank of England (2013), "[Monetary policy trade-offs and forward guidance](#)", August 2013

- Bech, Morten and Aytek Malkhozov (2016), "[How have central banks implemented negative policy rates?](#)", BIS Quarterly Review, March
- Benigno, Pierpaolo and Salvatore Nistico (2015), "[Non-neutrality of open-market operations](#)", CEPR Working Paper 10594
- *Bernanke, Ben (2002), "[Deflation: Making sure 'it' doesn't happen here](#)", Federal Reserve Board of Governors, speech, November 21
- Bernanke, Ben (2003), "[Some thought on monetary policy in Japan](#)", Federal Reserve Board of Governors, speech, May 31
- **Bernanke, Ben (2012), "[Monetary policy since the onset of the crisis](#)", Federal Reserve Board of Governors, speech, August 31
- Bernanke, Ben (2016), "[What tools does the Fed have left? Part 1: Negative interest rates](#)", Blog post, March 18, Brookings
- Bernanke, Ben (2016), "[What tools does the Fed have left? Part 2: Targeting longer-term interest rates](#)", Blog post, March 24, Brookings
- Bernanke, Ben (2016), "[What tools does the Fed have left? Part 3: Helicopter money](#)", Blog post, April 11, Brookings
- *Buiter, Willem (2014), "[The simple analytics of helicopter money: Why it works – always](#)", CEPR Discussion Paper 9998
- Curdia, Vasco and Michael Woodford (2011), "[The central-bank balance sheet as an instrument of monetary policy](#)", *Journal of Monetary Economics* 58(1), 54-79
- D'Amico, Stefania, William English, David Lopez-Salido, and Edward Nelson (2012), "[The Federal Reserve's large-scale asset purchase programs: Rationale and effects](#)", *Economic Journal* 122(564), F415-F446
- D'Amico, Stefania and Thomas King (2013), "[Flow and stock effects of large-scale treasury purchases: Evidence on the importance of local supply](#)", *Journal of Financial Economics* 108(2), 425-448
- De Grauwe, Paul and Yuemei Ji (2015), "[Quantitative easing in the Eurozone: It's possible without fiscal transfers](#)", voxEU.org, January 15
- De Rezende, Rafael, David Kjellberg, and Oskar Tysklind (2015), "[Effects of the Riksbank's government bond purchases on financial prices](#)", Economic Commentaries No. 13, Sveriges Riksbank
- Eggertsson, Gauti (2006), "[The deflation bias and committing to being irresponsible](#)", *Journal of Money, Credit, and Banking* 36(2)
- *Eggertsson, Gauti (2008), "[Liquidity trap](#)", Palgrave Dictionary of Economics, 2nd edition

- **Eggertsson, Gauti and Michael Woodford (2003), "[The zero bound on interest rates and optimal monetary policy](#)", *Brookings Papers on Economic Activity* 34(1), 139-211
- Engen, Eric, Thomas Laubach, and David Reifschneider (2015), "[The macroeconomic effects of the Federal Reserve's unconventional monetary policies](#)", Federal Reserve Board of Governors, Finance and Economics Discussion Series, 2015-005
- Friedman, Benjamin (2015), "[Has the financial crisis permanently changed the practice of monetary policy? Has it changed the theory of monetary policy?](#)", NBER Working Paper No. 20128
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- IMF (2013b), "[Unconventional monetary policies – recent experience and prospects – background paper](#)", April 18
- Jobst, Andreas and Huidan Lin (2016), "[Negative interest rate policy \(NIRP\): Implications for monetary transmission and bank profitability in the euro area](#)", IMF Working Paper WP/16/172
- *Leeper, Eric (2016), "[Should central banks care about fiscal rules?](#)", NBER Working Paper 22800
- *Praet, Peter (2017), "[Calibrating unconventional monetary policy](#)", European Central Bank, speech, April 6
- Reis, Ricardo (2017a), "[QE in the future: The central bank's balance sheet in a fiscal crisis](#)", *IMF Economic Review* 65, 71-112
- **Reis, Ricardo (2017b), "[Can the central bank alleviate fiscal burdens?](#)", NBER Working Paper 23014
- Rogoff, Kenneth (2014), "[Costs and benefits of phasing out paper currency](#)", NBER Macroeconomics Annual
- Sargent, Thomas and Neil Wallace (1981), "[Some unpleasant monetarist arithmetic](#)", Federal Reserve Bank of Minneapolis, *Quarterly Review* Fall 1981, 1-18
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- *Sims, Christopher (2016), "[Fiscal policy, monetary policy and central bank independence](#)", Jackson Hole Symposium, Federal Reserve Bank of Kansas City
- Sveriges Riksbank (2017), [Account of Monetary Policy 2016](#)
- Vinals, Jose, Simon Gray, and Kelly Eckhold (2016), "[The broader view: The positive effects of negative nominal interest rates](#)", iMFDirect, April 10

Wallace, Neil (1981), "[A Modigliani-Miller theorem for open-market operations](#)", *American Economic Review* 71(3), 267-274

*Woodford, Michael (2013), "[Forward guidance by inflation-targeting central banks](#)", Sveriges Riksbank, *Economic Review* 2013(3), 81-120

Central Bank Tools and Objectives

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Blanchard, Olivier, Giovanni Dell'Ariccia, and Paolo Mauro (2012), "[Rethinking macroeconomic policy](#)", *Journal of Money, Credit, and Banking* 42(S1), 199-215

Blanchard, Olivier, Giovanni Dell'Ariccia, and Paolo Mauro (2013), "[Rethinking macro policy II: Getting granular](#)", IMF Staff Discussion Note 13/3

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Kryvtsov, Oleksiy and Rhys Mendes (2015), "[The optimal level of the inflation target: A selective review of the literature and outstanding issues](#)", Discussion Paper 2015-8, Bank of Canada

Svensson, Lars E.O. (1999), "[Price-level targeting versus inflation targeting: A free lunch?](#)", *Journal of Money, Credit, and Banking* 31(3), 277-295

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The Long-Run and Natural Rates of Interest

Del Negro, Marco, Domenico Giannone, Marc Giannoni, and Andrea Tambalotti (2017), "[Safety, liquidity, and the natural rate of interest](#)", Brookings Papers on Economic Activity, forthcoming

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*Rachel, Lukasz and Thomas Smith (2015), "[Secular drivers of the global real interest rate](#)", Staff Working Paper No. 571, Bank of England

Central Bank Communication

Bernanke, Ben (2013), "[Communication and monetary policy](#)", Federal Reserve Board, speech, November 19

Dincer, Nergiz and Barry Eichengreen (2014), "[Central bank transparency and independence: Updates and new measures](#)", *International Journal of Central Banking* 10(1), 189-253

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Central Bank Finances, Independence, and Accountability

*Archer, David and Paul Moser-Boehm (2013), "[Central bank finances](#)", BIS Papers No 71

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Carpenter, Seth, Jane Ihrig, Elizabeth Klee, Daniel Quinn, and Alexander Boote (2013), "[The Federal reserve's balance sheet and earnings: A primer and projections](#)", Federal Reserve Board, Finance and Economics Discussion Series, 2013-01

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Powell, Jerome (2015), "[Audit the Fed' and other proposals](#)", Federal Reserve Board, speech, February 9

Stella, Peter (1997), "[Do central banks need capital?](#)", IMF Working Paper 97/83

*Stella, Peter and Åke Lönnerberg (2008), "[Issues in central bank finance and independence](#)", IMF Working Paper WP/08/37

Turner, Philip (2014), "[The exit from non-conventional monetary policy: What challenges?](#)", BIS Working Papers 448

Monetary Policy and Financial Stability

Bank for International Settlements (2014), "[Re-thinking the Lender of Last Resort](#)", BIS Papers No 79

Benes, Jaromir and Michael Kumhof (2012), "[The Chicago Plan revisited](#)", IMF Working Paper 12/202

Rajan, Raghuram (2006), "[Has financial development made the world riskier?](#)", *European Financial Management* 12(4), 499-533

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Stein, Jeremy (2013), "[Overheating in credit markets: Origins, measurement, and policy responses](#)", Federal Reserve Board of Governors, speech, February 7

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