

Monetary and Fiscal Policy in the EU

Part I: Fiscal Policy

Professor Willem Buiter

The Kiel Institute for the World Economy

Advanced Studies Program

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Fiscal Policy in the European Union

Professor Willem Buiter

Lecture 1: Patching Up the Pact

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Giancarlo Corsetti's webpage:

<http://www.iue.it/RSCAS/Research/Eurohomepage/FiscalPolicy/>

Lecture 2: Monetary and Fiscal Policy Coordination

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Lecture 3 **Fiscal Policy Coordination**

Buiter, W. and A. Sibert (2005), "Cross-Border Tax Externalities: Are Budget Deficits Too Small?"

Buiter, W. and K. Kletzer (1991), "The Welfare Economics of Cooperative and Non-cooperative Fiscal Policy," *Journal of Economic Dynamics and Control* 15.

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Coutinho, Leonor (2002), "Fiscal Policy in the New Open Economy Macroeconomics and Prospects for Fiscal Policy Coordination," unpublished paper

Frenkel, J. A. and A. Razin (1985), "Government Spending, Debt, and International Economics Interdependence," *Economics Journal* 95, 619-636.

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Part II: Monetary Policy

Professor Anne Sibert

The Kiel Institute for the World Economy

Advanced Studies Program

September 2006

Monetary Policy in the European Union

Professor Anne Sibert

Lecture 1: **Some Historical Background on Inflation Targetting**

- The Failure of Keynesianism
- The Monetarist Controversy
- The Rational Expectations Revolution
- Time Inconsistency

Friedman, M. (1968)., "The Role of Monetary Policy," *American Economic Review* 58, Mar. 1968, 1-17.

Phelps, Edmund S. (1968), "Money-Wage Dynamics and Labor-Market Equilibrium," *Journal of Political Economy* 76, 678-711.

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Lecture 2: **The Pros and Cons of Monetary Union**

- alternative exchange rate regimes
- optimum currency areas
- exchange rates and trade
- monetary union and reform

Obstfeld, Maurice and Kenneth Rogoff (1995), "The Mirage of Fixed Exchange Rates," *Journal of Economic Perspectives* 9, 73-96.

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Sibert, A. and A. Sutherland (2000), "Monetary Union and Labour Market Reform," *Journal of International Economics* 51, 421-435.

Lecture 3: **Monetary Policy Making by Committees**

- A Social Psychology Perspective
- Costly Information Gathering
- Reputation in Committees
- The ECB Compared to the Other Central Banks

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Li. H., Rosen, S. and W. Suen (2001), "Conflicts and Common Interests in Committees," *American Economic Review* 91, 1478-1498.

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Lecture 4: **Current Issues in Euroland I**

- The Ins and the Outs
- Asset Price Bubbles

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Lecture 5: **Current Issues in Euroland II**

- A One-Size-Fits-All Monetary Policy
- foreign exchange intervention
- Global Imbalances

Alesina, A. and V. Grilli (1992), "The European Central Bank: Reshaping Monetary Policies in Europe," in M. Canzoneri, V. Grilli and P. Masson, eds., *Establishing a Central Bank, Issues in Europe and Lessons from the U.S.*, Cambridge, Cambridge University Press

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