

Summary of Activities 2010

Since we began our research program on globalization and monetary policy, we have believed that a reputation for excellence in this area will be built on a foundation of solid, peer-reviewed academic research. To that end, during 2010 the Globalization and Monetary Policy Institute staff and research associates circulated 27 new working papers (of which seven were contributed by the institute's core permanent staff), bringing to 67 the total number of working papers issued since the institute was created in 2007. Through mid-December, the 67 items that had appeared in the working paper series had received a total of 5,550 abstract views and 2,903 file downloads.

Academic Research

Of course, working papers are just an intermediate product: The real measure of success is the extent to which these papers appear in quality journals and, in particular, the extent to which the permanent staff is successful in publishing in top journals.

Anthony Landry's paper on "The Quantitative Role of Capital-Goods Imports" (coauthored with Michele Cavallo and circulated as institute Working Paper no. 47 in 2010) was published in the *American Economic Review Papers and Proceedings* issue in May, and his paper on "State-Dependent Pricing, Local-Currency Pricing and Exchange Rate Pass-Through" (which previously appeared as institute Working Paper no. 39 in 2009) was published in the *Journal of Economic Dynamics and Control* in October. Jian Wang's paper "International Trade in Durable Goods: Understanding Volatility, Cyclical-ity, and Elasticities" (coauthored with institute senior fellow Charles Engel and previously circulated as institute Working Paper no. 3 in 2007) was accepted for publication and appeared in the *Journal of International Economics*. Enrique Martínez-García's paper "A Model of the Exchange Rate with Infor-

mational Frictions," (which previously circulated as institute Working Paper no. 2) was published in the *B.E. Journal of Macroeconomics* in January 2010. A variety of other papers by institute staff are at various stages of the review process at journals such as the *Journal of Political Economy*, the *Journal of International Economics*, the *Journal of Money, Credit and Banking* and *Macroeconomic Dynamics*.

Conferences

Institute staff members continue to be active organizing sessions and presenting at the leading professional conferences. Anthony Landry organized and chaired a session on "Open Economy Economic Growth" at the January meetings of the American Economic Association in Atlanta. The papers from this session, including Landry's paper, were published in the *American Economic Review Papers and Proceedings* in May. Staff gave a number of seminars at universities during the year and were active in the major conferences, including the World Congress of the Econometric Society, the Society for Economic Dynamics, the Canadian Economics Association annual meeting, the 16th International Conference on Computing in Economics and Finance, and the Western Economic Association annual meeting, among others.

In March the institute organized and hosted a conference with the Peterson Institute for International Economics in Washington, D.C., and the Brussels-based think tank Bruegel to mark the 10th anniversary of the euro. The conference included presentations by speakers from the International Monetary Fund, European Central Bank, European Commission, Bank of England and Bank of Portugal and was very well attended. (See related article on page 4.) The day after the euro conference, the institute hosted a one-day meeting of the Economics Interest Section of the European

Union Studies Association. We also organized a conference on “Microeconomic Sources of Real Exchange Rate Behavior” with the Center for International Price Research at Vanderbilt University on Sept. 24–25. (See the conference program on page 38.)

Bank Publications

Institute staff contributed a number of articles to Bank publications during the year. Two articles appeared in the Bank’s *Economic Letter* during the first quarter: “A Historical Look at the Labor Market During Recessions” by Enrique Martínez-García and Janet Koech in January, and “Durable Goods and the Collapse of Global Trade” by Jian Wang in February. Ananth Ramanarayanan’s *Economic Letter* on “Sovereign Debt: A Matter of Willingness, Not Ability, to Pay” appeared in September, as did Enrique Martínez-García and Mark Wynne’s *Staff Paper* on “The Global Slack Hypothesis” (which was based on their presentation to the Federal Open Market Committee in 2009). Simona Cociuba’s *Economic Letter* on “Financial Crisis Revives Interest in Special Drawing Rights” appeared in October. Anthony Landry’s *Economic Letter* on “The Globalization of Ideas” appeared in November.

Visitors to the institute also contributed to Bank publications: Andrew Cassey’s *Staff Paper* on “Analyzing the Export Flow from Texas to Mexico” appeared in October. Shalah Mostashari’s *Economic Letters* on “When Tariff Cuts Don’t Boost Import Variety” and “Expanding Variety of Goods Under-scores Battle for Competitive Advantage” both appeared in December.

Visitors and Research Associates

We continue to add to our roster of research associates. Joining our network in 2010 were Pierpaolo Benigno (LUISS), Martin Berka (Massey

University), Ester Faia (Goethe University), Rasmus Fatum (University of Alberta), Christoph Fischer (Deutsche Bundesbank), Ippei Fujiwara (Bank of Japan), Kathryn Russ (University of California–Davis), Raphael Schoenle (Brandeis University), Etsuro Shioji (Hitotsubashi University), Ina Simonovska (University of California–Davis) and Kozo Ueda (Bank of Japan).

Andrew Cassey from Washington State University began a month-long visit in June to work on the determinants of Texas–Mexico trade. Erasmus Kersting of Villanova University visited several days a week in June to work on a project on credit market imperfections and endogenous growth with Enrique Martínez-García. Greg Johnson, a PhD student at SMU, worked for the institute as a summer intern, examining the relationship between financial globalization, risk sharing and contagion. Joaquín López, a PhD student at the University of Chicago, also worked as a summer intern at the institute, looking at modeling real exchange rate dynamics. Russell Cooper, a professor at the European University Institute in Florence, Italy, visited for a week in June and began a project with Mark Wynne on monetary unions, fiscal rules and bailouts that will seek to develop a more formal understanding of the factors leading to the recent (and not yet fully resolved) crisis in Greece and the European Monetary Union. In the fall, two institute staff members (Simona Cociuba and Ananth Ramanarayanan) went on leave as visiting associate professors to the University of Western Ontario in Canada. Shalah Mostashari, a recent PhD from the University of Texas at Austin, visited the institute for the fall 2010 semester and worked on issues related to international trade. Mostashari also contributed a paper to the institute’s working paper series.

—Mark Wynne