

**NEW COURSE OFFERING IN THE 2013 EARLY SUMMER (MAY-JUNE) TERM****ECON 5/4880 R/B – SPECIAL TOPICS IN ECONOMICS:  
CENTRAL BANKING: THEORY, PRACTICE, AND RECENT CHALLENGES****Course description**

This course will cover issues related to the formulation and implementation of monetary policy in Canada and other countries. While it will include some theoretical elements needed for the understanding of these issues, its primary focus will be on the ways in which policymakers have addressed practical issues of policy making over the years. The course is aimed at how monetary policy actually gets made and at current policy issues, and it will be less theoretical and more practical than the standard graduate course in monetary economics.

It will be taught by three retired senior policymakers at the Bank of Canada, each of whom had more than 30 years experience working at the Bank.

The topics to be covered are the following:

- the principal frameworks used for monetary policy formulation in the postwar period (exchange rate targeting, monetary aggregates targeting, and inflation targeting);
- inflation targeting versus price level targeting;
- technical elements related to the implementation of monetary policy;
- inputs into decision-making;
- communications;
- governance and accountability;
- central bank independence;
- international monetary system—design and functioning;
- central bank balance sheets;
- what we know about financial crises;
- central bank liquidity policy (lender of last resort policy);
- the effective lower bound on nominal interest rates;
- unconventional monetary policy during financial crises;
- macroprudential policy to deal with procyclicality and interconnectedness;
- relationship between monetary policy and financial stability policy (including asset prices).

Throughout the course, illustrations and empirical evidence will be provided from the Bank of Canada, other inflation targeting countries, the Federal Reserve System, and the European Central Bank.

**To whom the course is directed**

There are several audiences for this course. These include: (i) graduate students in Economics for whom the course would be complementary to the graduate macroeconomics and monetary economics courses; (ii) graduate students in other academic units at Carleton (such as NPSIA

and SPPA) who have already taken the master's-level macroeconomics course required for their program; (iii) graduate students newly admitted to either the M.A. or Ph.D. Economics program at Carleton or graduate students in economics at other universities who are visiting Ottawa in May and June; (v) upper-year Honours Economics and Applied Economics students who have earned a grade of C+ or higher in each of ECON 2030 and ECON 2103; and (vi) qualifying-year students with advanced-level undergraduate macroeconomics training.

### **The instructors**

Charles Freedman is currently Scholar in Residence in the Department of Economics and Co-director of the Centre for Monetary and Financial Economics at Carleton University. He worked at the Bank of Canada from 1974 to 2003, serving as Deputy Governor from 1988 to 2003. As Deputy Governor his principal concerns were matters related to the design of monetary policy and issues regarding financial institutions and clearing and settlement systems. As a member of the Governing Council and the Executive Management Committee he shared responsibility for formulating and implementing monetary policy and for dealing with broad organizational and strategic issues at the Bank. Since his retirement, Freedman has served as a consultant for a number of central banks, in many cases as part of IMF technical assistance missions, and has focused on both monetary policy questions and issues surrounding the organization and structure of central banks.

Paul Jenkins is currently Senior Distinguished Fellow in the Faculty of Public Affairs at Carleton University. He worked at the Bank of Canada from 1972 to 2010, serving as Deputy Governor from 1992 to 2003 and Senior Deputy Governor from 2003 to 2010. During the latter period he was the Bank's Chief Operating Officer and a member of the Board of Directors of the Bank. His duties included acting for the Governor, overseeing strategic planning and coordinating all the Bank's operations, sharing responsibility for the conduct of monetary policy as a member of the Bank's Governing Council, and participating in fulfilling the Bank's responsibilities for promoting financial stability.

David Longworth is currently Adjunct Research Professor (Economics and Public Policy and Administration) at Carleton University. He worked at the Bank of Canada from 1974 to 2010, serving as Deputy Governor from 2003 to 2010. In this capacity, he was one of two deputy governors responsible for issues related to financial stability and financial markets. As a member of the Bank's Governing Council, he shared responsibility for decisions with respect to monetary policy and financial system stability and for setting the strategic direction of the Bank.

### **Queries**

If you have any questions related to course content, feel free to contact the instructors at [charles\\_freedman@carleton.ca](mailto:charles_freedman@carleton.ca), [pjenkins@jenp.ca](mailto:pjenkins@jenp.ca), or [david\\_longworth@carleton.ca](mailto:david_longworth@carleton.ca).

Questions related to graduate-student registration in the course (ECON 5880 R) should be directed to the Department of Economics Graduate Administrator, Marge Brooks, at [marge\\_brooks@carleton.ca](mailto:marge_brooks@carleton.ca).

Questions related to undergraduate-student registration in the course (ECON 4880 B) should be directed to the Dept. of Economics Undergraduate Advisor, Amanda Wright, at [amanda\\_wright@carleton.ca](mailto:amanda_wright@carleton.ca).