

**Call for Papers - Deadline 31 March 2007**

## **Third Banca d'Italia-CEPR Conference on Money, Banking and Finance**

### **Monetary Policy Design and Communication**

**Rome, 27-28 September 2007**

Communication has become an integral part of the strategy of modern central banks. Over the past two decades central banks have generally become more transparent in communicating their objectives, explaining their strategy for setting the policy rate, providing their views regarding the economic outlook and, in some instances, their forecasts on short-term interest rates. Communication can enhance policy effectiveness and help attain the central bank's ultimate objectives: it facilitates learning by the public, affects expectations and reduces informational frictions. However, what constitutes best practice in this area is lively debated. In an environment of imperfect knowledge, communication may prove misleading and counterproductive. For instance, steering expectations might reduce their information content, thereby worsening the ability of the central bank to correctly gauge the true state of the economy. Moreover, communication of the diversity of views that might be present in committees poses several challenges. This conference aims to cast light on the above issues, both on theoretical and empirical grounds. Examples of questions we would like the contributions to focus on are:

- What information should a central bank disclose to the public and what are the most efficient channels for doing so? In particular, should the central bank construct and announce a forecast path for its policy rate or should it, instead, communicate its analysis and forecasts regarding inflation and economic activity?
- How does best practice differ with institutional factors, such as the mandate and independence of the central bank and the size and structure of a policy committee? More generally, what factors explain differences in transparency and communications practices across CBs?
- How does communication interact with learning and the formation of expectations by the public in environments with imperfect knowledge?
- Is there a trade-off between influencing expectations through communication and extracting information about the economy from them?
- What is the role of communication complexity in the selection and design of robust policy rules?
- Under what circumstances are simple, easy to communicate policy rules preferable to policy approaches whose success requires more complex policy communications?
- How can the central bank's communications strategy reflect its own uncertainty about data or about models?
- How should possible diversity of views and disagreement be communicated when policy decisions are made by committee?
- How can the effects of increased transparency be measured and evaluated?
- Have central banks become more predictable? And if so, to what extent can this be attributed to changes in central bank communication?

Those interested in presenting work at this conference should send a detailed abstract or a draft of their paper to [alessandra.piccinini@bancaditalia.it](mailto:alessandra.piccinini@bancaditalia.it). **The deadline for submissions is 31 March 2007.** The organizers will finalize the programme and the list of participants by mid-June.

Transportation and accommodation expenses for presenters and discussants will be reimbursed in accordance with standard CEPR guidelines (<http://www.cepr.org/meets/WKCN/misc/trp.pdf>). If you have any difficulties registering for this meeting, please contact the CEPR Meetings Team at [meets@cepr.org](mailto:meets@cepr.org) or +44 20 7878 2900.

We look forward to receiving your application.

#### **The Organizing Committee:**

Francesco Lippi (University of Sassari and CEPR); Athanasios Orphanides (Federal Reserve Board and CEPR); Massimo Sbracia (Bank of Italy); Giuseppe Ferrero (Bank of Italy); Daniele Terlizzese (Bank of Italy).