

Economics 216, Fall 2020

Bates College

Homework Assignment #2

The purpose of this assignment is to familiarize yourself with the challenges facing different Central Banks around the world. A few concise paragraphs are appropriate for each question. You are encouraged to incorporate relevant data in your answers when appropriate.

The due date for this assignment is September 21.

1. This [article](#) describes how the President of Zambia fired the head of the country's Central Bank. As the Central Bank of a small developing economy, how do the Bank of Zambia's current challenges compare to those of the Federal Reserve.
2. This [academic paper](#) discusses the evidence surrounding central bank independence. [Note: I do not expect most students to follow all of the econometric discussion. But I do think that most students should be able to grasp the paper's main arguments.] Considering the results of this paper, why were many observers concerned about the firing of the Bank of Zambia's governor?
3. Here is a CNBC [article](#) on the recent European Central bank meeting. Find and present recent data on the Euro/USD exchange rate. Has the Euro become stronger or weaker against the dollar since the covid-19 crisis began?
4. Why does the current valuation of the Euro pose problems for the European Central Bank.
5. Describe Chinese monetary policy between roughly 195 and 2004.
6. True or False? Standard economic theory predicts that free trade benefits all members of society. MIT Economist and MMA cage fighter David Autor has done influential work on how Chinese monetary policy impacted the global economy. [Here](#) is a non-academic interview. [Here](#) is a more [scholarly piece](#) on the impact.

7. According to Autor, how did the Peoples' Bank of China's monetary policy impact the U.S. economy through 2005?

8. How does the current stance of Chinese monetary policy compare to the 1995-2004 period?

[Here](#) is a Bank of England study on the impact of Brexit on the U.K. economy. This [popular press article](#) describes how Brexit concerns are impacting the Bank of England's policy decisions.

9. How, and why, has the U.K. inflation rate differed from those in other advanced economies since the Global financial crisis?

10. How does Brexit complicate the Bank of England's monetary policy choices?