

# C.D. Howe Institute Policy Conference – Toronto

## *Canada's Monetary Policy Regime after 2011*

**Tuesday, November 4, 2008**

### **Welcome and Overview**

8:00 am – 8:30 am

Buffet Breakfast

8:30 am – 8:35 am

**William Robson**, President and Chief Executive Officer, C.D. Howe Institute  
**Chairman of Morning Sessions**

8:35 am – 9:30 am

### **Session I: Taking Stock of the Current Situation**

#### ***The International Environment***

Changes in the international environment since Canadian inflation targeting began, and its likely future evolution. Topics include: (implications of the international spread of targeting, and especially prospects for US targeting, the international economy and for Canada; the possibilities for inflation targeting as the basis of a new international monetary order; and the effects of widespread targeting on the international transmission of impulses from the domestic policies of countries/areas whose currencies are in wide international use.

8:35 am – 8:50 am

#### ***Speaker***

**Pierre Siklos**, Professor, Economics, Wilfrid Laurier University

8:50 am – 9:00 am

#### ***Discussant***

**Michael Devereux**, Professor, Economics, University of British Columbia

9:00 am – 9:30 am

Discussion

9:30 am – 10:25 am

### **Session II: What Would an Ideal Monetary Regime Look Like?**

Canada's current regime is the outcome of policy improvisations and political compromises, (not the best feasible arrangement, given current economic knowledge). What would such an arrangement look like? Has experience with the regime since 1991 advanced our knowledge? Do predictable future changes in the Canadian economy, such as a larger share of retired people, affect our assessment? How does the current regime look when compared to a best practice benchmark and how does its performance measure up?

9:30 am – 9:45 am

#### ***Speaker***

**Michael Parkin**, Professor, Economics, University of Western Ontario

9:45 am – 9:55 am

#### ***Discussant***

**Steven Ambler**, Professor, Economics, Université du Québec à Montréal

9:55 am – 10:25 am

Discussion

10:25 am – 10:35 am

Refreshment Break

10:35 am – 11:00 am	<b>Session III: Which Price Index?</b>
	Canada currently targets the CPI formally and uses stripped-down and re-weighted indexes as policy guides. Do alternatives such as “core” CPI measures, GDP deflators or PCE deflators offer attractive alternative targets or policy guides? Does the nature of the policy regime – and inflation versus a price-level target, for example – affect these choices? Would the use of an alternative index to the CPI as a policy target influence policy decisions and the economy’s performance?
10:35 am – 10:50 am	<b>Speaker</b> <b>Gregor Smith</b> , Professor, Economics, Queen’s University
10:50 am – 11:00 am	<b>Discussant</b> <b>Erwin Diewert</b> , Professor, Economics, University of British Columbia
11:00 am – 11:30 am	Discussion
11:45 pm – 1:30 pm	<b>Keynote Luncheon Speaker:</b> <b>Mark Carney</b> , Governor, Bank of Canada Luncheon begin at 11:45 am Remarks to Follow
	<b>David Laidler</b> , Fellow-in-Residence, C.D. Howe Institute <b>Chairman of Afternoon Sessions</b>
1:50 pm – 2:45 pm	<b>Session IV: How Flexible Can Inflation Targeting Be?</b> People have often expected monetary policy to pursue other-than-price-level goals, such as employment stability, financial-sector stability, exchange-rate targets, external balance, or supporting and/or disciplining fiscal policy. If failure to respond effectively to perceived needs in these areas would undermine the legitimacy of a regime in the eyes of economists or the public, it may fail to induce congruent expectations, and ultimately fail. Does the precise design of a price-level-oriented regime matter? What other policy tools are available to pursue these other goals and to what extent can their effectiveness be taken for granted? Should these considerations affect Canada’s choice in 2011, and if so, how?
1:50 pm – 2:05 pm	<b>Speaker</b> <b>Thor Koepl</b> , Assistant Professor, Economics, Queen’s University
2:05 pm – 2:15 pm	<b>Discussant</b> <b>Marcello Estevão</b> , Deputy Chief, North American Division, International Monetary Fund
2:15 pm – 2:45 pm	Discussion
2:45 pm – 3:40 pm	<b>Session V: Practical Considerations – Information Issues in Policy Implementation</b>
	How does a given target, and especially its successful pursuit, affect the central bank’s technical and tactical ability to continue to formulate and execute monetary policy? Does the transmission mechanism vary with the choice of target and the degree of success in hitting it? Does information about apparently key variables, such as the output gap, disappear when policy is successful, and can other variables be used instead? Do choices about such things as the time horizon of policy and/or price level vs. inflation affect these considerations?
2:45 pm – 3:00 pm	<b>Speaker</b> <b>Jean Boivin</b> , Professor, Economics, HEC, Montréal
3:00 pm – 3:10 pm	<b>Discussant</b> <b>Charles Freedman</b> , Scholar in Residence, Carleton University
3:10 pm – 3:40 pm	Discussion

3:40 pm – 3:50 pm	Refreshment Break	
3:50pm – 4:15 pm	<b>Session VI: Recent Bank of Canada Work – Progress Report</b>	
3:50 pm – 4:05 pm	<b>Speaker</b> <b>Don Coletti</b> , Director of Research, International Department, Bank of Canada	
4:05 pm – 4:15 pm	<b>Discussant</b> <b>Peter Howitt</b> , Professor, Economics, Brown University	
4:15 pm – 5:00 pm	<b>Session VII: Making a Change: Economic, Historical &amp; Political Perspectives</b>	
4:15 pm – 5:00 pm	<b>Speaker Panel:</b> <b>Christopher Ragan</b> , Professor, Economics, McGill University <b>Angela Redish</b> , Professor, Economics and Senior Advisor to the President, University of British Columbia <b>Eric Helleiner</b> , CIGI Chair in International Governance, Professor, University of Waterloo	
	<b>Closing Remarks</b> <b>David Laidler</b> , Fellow-in-Residence, C.D. Howe Institute	
Date:	Tuesday, November 4, 2008	C.D. Howe Institute Institut C.D. Howe 
Location:	C.D. Howe Institute 67 Yonge Street, Suite 300	
Meeting Room:	Osler, Hoskin & Harcourt Lecture Hall	
Luncheon Room:	Le Meridien King Edward Hotel 37 King Street East The Vanity Fair Ballroom	