

# William's Update

## Identifying Related Papers

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### Abstract

This document compiles and ranks related literature by relevance to “Productivity and Wedges: Economic Convergence and the Real Exchange Rate” (Devereux, Fujiwara, & Granados, 2025). More literature will follow.

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## 1 Introduction

This document represents William's current work on identifying related literature. More literature will follow soon.

We have also sent a Zotero library invitation to Michael.Devereux@ubc.ca (invited on 2025-07-10 16:56:43), which provides access to the current literature we are reviewing.

Any feedback is appreciated.

## 2 High Relevance

### 2.1 The Determinants of Real Exchange Rates in Transition Economies

**Authors:** Dan Meshulam, Peter Sanfey (EBRD)

**Date:** 2019

**Link:** [Read Paper](#)

**Note:** This paper provides empirical evidence on the drivers of real exchange rates in transition economies, including support for the Balassa-Samuelson hypothesis.

## 3 High Relevance

### 3.1 The Story of the Real Exchange Rate

**Author:** Oleg Itskhoki

**Date:** 2021

**Link:** [Read Paper](#)

**Note:** This review presents a comprehensive framework for understanding the real exchange rate (RER) as a general equilibrium outcome, emphasizing its dependence on home bias, incomplete pass-through, international risk sharing, and monetary policy regimes. It highlights the limitations of partial theories such as PPP and underscores the RER's complex empirical behavior.

## 4 Medium to High Relevance

### 4.1 The Balassa-Samuelson Effect Reversed: New Evidence from OECD Countries

**Authors:** Matthias Gubler, Christoph Sax

**Date:** 2019

**Link:** [Read Paper](#)

**Note:** This paper re-evaluates the Balassa-Samuelson hypothesis using OECD panel data from 1970–2008. It finds a robust negative relationship between productivity in the tradable sector and the real exchange rate post-1985, challenging the traditional Balassa-Samuelson view.

## 5 Medium Relevance

### 5.1 Competitiveness and Productivity in the Baltics: Common Shocks, Different Implications

**Authors:** Saioa Armendariz, Carlos de Resende, Alice Fan, Gianluigi Ferrucci, Bingjie Hu, Sadhna Naik, Can Ugur

**Date:** January 17, 2025

**Link:** [Read Paper](#)

**Note:** Although the paper addresses a different research question, it provides relevance with its use of the Balassa-Samuelson framework.

#### Relevant Quote

“productivity. Multivariate filtering techniques and estimates of the real effective exchange rates based on historical productivity trends, consistent with Balassa-Samuelson, confirm that differences in long-term total, factor productivity growth have affected external competitiveness.”

## 6 Low to Medium Relevance

### 6.1 Exchange Rate Models Are Better Than You Think, and Why They Didn’t Work in the Old Days

**Authors:** Charles Engel, Steve Pak Yeung Wu

**Date:** 2024

**Link:** [https://www.nber.org/system/files/working\\_papers/w32808/w32808.pdf](https://www.nber.org/system/files/working_papers/w32808/w32808.pdf)

**Note:** Exchange rate model in the context of US dollar and monetary policy.

## 6.2 The Purchasing Power Parity and Exchange-Rate Economics Half a Century On

**Authors:** Hai Long Vo, Duc Hong Vo

**Date:** 2023

**Link:** [Read Paper](#)

**Note:** A survey-style review of exchange rate economics, useful for context but limited in direct empirical relevance.

## 7 Lowest Relevance

### 7.1 Subnational Purchasing Power of Parity in OECD Countries: Estimates Based on the Balassa-Samuelson Hypothesis

**Authors:** Alex Costa, Jaume Garcia, Josep Lluís Raymond, Daniel Sánchez-Serra

**Date:** 2019

**Link:** [Read Paper](#)

**Note:** Estimates regional PPPs in OECD countries using the Balassa-Samuelson hypothesis. Methodologically relevant, though not directly focused on real exchange rates.