

Abstract

This dissertation contains three essays focused on macroeconomic issues in the Commonwealth Independent States (CIS). The aim of the first essay is to analyze the possible impact of planned monetary integration on public sector revenues from seigniorage in Belarus, Kazakhstan and Russia. Using the concept of *total gross seigniorage*, the main sources and uses of the central bank revenues in these countries is investigated. Special attention is given to the role of seigniorage revenues in financing public sector expenditures. Amounts of yearly transfers from central banks to the state budget in Belarus, Kazakhstan and Russia are evaluated, and the size of potential gains and losses in seigniorage revenues under different scenarios of monetary integration are estimated.

The second paper focuses on the question of how labor market regulations can affect a country's competitive position in international trade and international trade patterns. The analysis shows that differences in labor market flexibility between countries affect their competitive positions in international markets and can serve as an independent cause of international trade. It is argued that an increase in labor market flexibility may change the relative price of goods within the country making it more competitive in international markets for commodities with uncertain demand. Changes in relative prices can alter countries' comparative advantage and thus international trade patterns. Furthermore, it is shown that due to the differences in relative prices resulting from different labor market regulations, international trade between countries can be observed even if they are identical in all respects (e.g., labor productivity and production technology). Data reveal that a country with a more flexible labor market has comparative advantage in, and tends to export, goods with more variable demand (e.g., fashionable clothes, seasonal toys), while a country with a more rigid labor market has a comparative advantage in, and tends to export, commodities with more stable demand.

The ideal measure of inflation should reflect long-run price movements driven by actual demand in the economy and exclude short-term supply shocks. Considering that the CPI does not correspond to such a measure, the purpose of the third research is to analyze alternative methods of core (or underlying) inflation and to choose a method suitable for measuring core inflation in the Kyrgyz Republic. The results can be useful for proper monetary policy reaction to inflationary shifts in the Kyrgyz Republic.