



THIRTEENTH ANNUAL CONFERENCE OF THE CENTRAL BANK OF CHILE

“Monetary Policy Under Financial Turbulence”

Thursday November 19th and Friday November 20th 2009
Santiago, Chile

Financial crises challenge the way economic policies should be designed and conducted. Understanding the causes of these crises, their transmission mechanisms, their effects on the economy, and the actions that policymakers should take to alleviate them is an urgent priority.

From the perspective of a Central Bank in charge of monetary and financial policies, several issues of interest arise. The design of policies appropriate to the financial sector requires understanding the role that the sector plays in a crisis as a shock amplifier or absorber, and the effects of financial innovation on macroeconomic stability. The ways in which monetary policy and asset prices are related, whether financial prices should be a target of central bank policy, and whether inflation targeting should be more flexible in periods of crisis are issues of particular relevance in the present economic context.

Venue: Crowne Plaza Hotel - Santiago, Chile.

Language: All sessions will be conducted in English, with some speeches presented in Spanish. Real-time translation between English and Spanish will be provided as required.

Organizing Committee

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- 9:00 - 9:20 Registration
- 9:20 - 9:40 Opening remarks by José De Gregorio, Governor of the Central Bank of Chile
- Session I** ***Financial Crises: Historical perspective, origins, and transmission***
- Chair: Jorge Desormeaux, Deputy Governor of the Central Bank of Chile
- 9:40 - 10:30 "IT in Financially Stable Economies: Has it Been Flexible Enough?"
- Kevin Cowan, Central Bank of Chile,
Andy Filardo, Bank for International Settlements,
Pablo García, Central Bank of Chile,
Hans Genberg, Bank for International Settlements.
Discussant: **Philip Lowe**, Reserve Bank of Australia
- 10:30 - 10:50 *Coffee Break*
- 10:50 - 11:40 "The Credit Channel and Monetary Transmission in Brazil and Chile: A Structured VAR Approach"
- Luis Catão**, Inter-American Development Bank,
Adrian Pagan, University of New South Wales
Discussant: **Marco Terrones**, International Monetary Fund.
- 11:40 - 12:30 "Recessions and Financial Disruptions in Emerging Markets"
- Stijn Claessens**, Ayhan Kose & Marco Terrones, International Monetary Fund
Discussant: **Norman Loayza**, World Bank.
- 12:30 - 14:00 *Break*
- Session II** ***Monetary Policy in Unusual Times***
- Chair: Sebastián Claro, Board Member of the Central Bank of Chile
- 14:00 - 15:20 Panel Discussion "Monetary and Financial Policy Responses to the Current Crisis"
- Guillermo Calvo**, Columbia University,
Stephen Cecchetti, Bank for International Settlements,
Francesco Giavazzi, Università Bocconi.
- 15:20 - 16:10 "The Financial Accelerator under Learning and the Role of Monetary Policy"
- Rodrigo Caputo, **Juan Pablo Medina** & Claudio Soto, Central Bank of Chile.
Discussant: **Brian Doyle**, Federal Reserve Bank Board of Governors
- 16:10 - 16:30 *Coffee Break*
- 16:30 - 17:20 "Revisiting Overborrowing and its Policy Implications"
- Gianluca Benigno, London School of Economics,
Huigang Chen, J. D. Power & Associates
Christopher Otrok, University of Virginia,
Alessandro Rebucci, Inter-American Development Bank,
Eric Young, University of Virginia.
Discussant: **Diego Saravia**, Central Bank of Chile



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Session II *Monetary Policy in Unusual Times (Continued)*

Chair: Manuel Marfán, Board Member of the Central Bank of Chile

9:00 - 9:50 "Heterodox Central Banking"

Luis Felipe Céspedes, Central Bank of Chile,

Roberto Chang, Rutgers University,

Javier García-Cicco, Central Bank of Chile.

Discussant: **Michael Dooley**, University of California at Santa Cruz

9:50 - 10:40 "Anchors Away: How Fiscal Policy Can Undermine 'Good' Monetary Policy"

Eric Leeper, Indiana University.

Discussant: **Juan Pablo Nicolini**, Federal Reserve Bank of Minneapolis

10:40 - 11:00 *Coffee Break*

11:00 - 11:50 "Fiscal Deficits, Debt, and Monetary Policy in a Liquidity Trap"

Michael Devereux, University of British Columbia

Discussant: **Philip Lane**, Trinity College Dublin.

11:50 - 12:40 **Keynote Address**

"The Financial Crisis Through the Lens of History"

Barry Eichengreen, University of California at Berkeley

12:40 - 14:10 *Break*

Session III *Financial stability, financial innovation, and their implications for
macroeconomic stability*

Chair: Enrique Marshall, Board Member of the Central Bank of Chile

14:10 - 15:00 "The Global Financial Crisis"

Franklin Allen, University of Pennsylvania,

Elena Carletti, European University Institute.

Discussant: **Tito Cordella**, World Bank.

15:00 - 15:20 *Coffee Break*

15:20 - 16:10 "Competition and Stability in Banking: A New World for Competition Policy?"

Xavier Vives, IESE Business School.

Discussant: **Todd Keister**, Federal Reserve Bank of New York