



Eighth Annual Conference of the Central Bank of Chile
“EXTERNAL FINANCIAL VULNERABILITY AND PREVENTIVE POLICIES”
Santiago, Chile, August 10 and 11, 2004

The objective of the Eighth Annual Conference of the Central Bank of Chile is to foster and discuss new economic research on the transmission and absorption of financial and real external shocks in emerging market economies. The conference will also focus on the analysis of policies currently available to deal with these shocks and on the development of new mechanisms aimed at reducing the external vulnerability of these economies.

Website: <http://www.bcentral.cl/eng/stdpub/conferences/>

Venue: Hotel Crowne Plaza, Santiago, Chile.

Language: All sessions will be conducted in English. There will be simultaneous Spanish translation.

Organizing Committee:

Ricardo Caballero
MIT
caball@mit.edu

César Calderón
Central Bank of Chile
ccaldero@bcentral.cl

Luis Felipe Céspedes
Central Bank of Chile
lcespede@bcentral.cl

Álvaro Aguirre
Central Bank of Chile
aaguirre@bcentral.cl

Mónica Correa
Central Bank of Chile
Tel: (56-2) 670-2386
Fax (56-2) 670-2853
mcorrea@bcentral.cl

Eighth Annual Conference of the Central Bank of Chile
“EXTERNAL FINANCIAL VULNERABILITY AND PREVENTIVE POLICIES”
Conference Program

Tuesday, August 10, 2004

Opening Remarks

9:30-9:45 **Vittorio Corbo**, Governor, Central Bank of Chile

Keynote Address

9:45-10:30 **Raghuram Rajan**, International Monetary Fund
“The role of the IFIs in reducing external vulnerability”

10:30-10:50 Coffee

Session 1: External Shocks

Chair: **Luis Oscar Herrera** (Central Bank of Chile)

10:50-11:40 “Why are capital flows so much more volatile in developing than in developed countries? The (non) role of fundamentals”

Fernando Broner (Maryland University) and **Roberto Rigobon** (MIT)

Discussant: **Eduardo Levy-Yeyati** (Universidad Torcuato Di Tella)

11:40-12:30 “Openness, Vulnerability, and Growth”

César Calderón (Central Bank of Chile), **Norman Loayza** (World Bank), and
Klaus Schmidt-Hebbel (Central Bank of Chile)

Discussant: **Raimundo Soto** (Universidad Católica de Chile)

12:30-14:00 Lunch

14:00-14:50 “Business Cycle Responses and Resilience of the Chilean Economy During the Last Fifty Years”

Helmut Franken (IMF), **Guillermo Le Fort** (IMF), and **Eric Parrado** (IMF)

Discussant: **Francisco Rosende** (Universidad Católica de Chile)

Session II: What do countries do? Macro policies and market developments

Chair: **Manuel Marfán** (Central Bank of Chile)

14:50-15:40 “Policy responses to external shocks: The experience of Australia, Brazil and Chile”

Luis Felipe Céspedes (Central Bank of Chile), **Philip Lowe** (Reserve Bank of Australia), **Ilan Goldfajn** (PUC-Rio) and **Rodrigo Valdés** (Central Bank of Chile)

Discussant: **Felipe Morandé** (Universidad de Chile)

15:40-16:00 Coffee

16:00-16:50 “Large Hoarding of International Reserves: Are they worth it?”

Pablo García (Central Bank of Chile) and **Claudio Soto** (Central Bank of Chile)

Discussant: **Michael Dooley** (UC Santa Cruz)

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Wednesday, August 11, 2004

Session II (continuation):

Chair: **María Elena Ovalle** (Central Bank of Chile)

9:30-10:20 “Currency Mismatches, Balance Sheet Effects and Hedging in Chilean Non-Financial Corporations”

Kevin Cowan (IDB), **Erwin Hansen** (IDB) and **Luis Óscar Herrera** (Central Bank of Chile)

Discussant: **Roberto Rigobon** (MIT)

10:20-10:40 Coffee

10:40-11:30 “Is the FX derivatives market effective and efficient in reducing currency risk? Some evidence, with focus on Chile”

Esteban Jadresic (Central Bank of Chile) and **Jorge Selaive** (Central Bank of Chile)

Discussant: **Guillermo Larraín** (Superintendencia de AFP)

Invited Lectures

Chair: **Rodrigo Valdés** (Central Bank of Chile)

11:30-12:00 **Sebastián Edwards**, UCLA

“Managing the Capital account”

12:00-12:30 **Ernesto Talvi**, CERES

“Sudden Stops, Financial Vulnerabilities and Economic Collapse: A View from the Southern Cone”

12:30-14:00 Lunch

Session III: How could emerging economies face better external vulnerability?

Chair: **Jorge Desormeaux** (Central Bank of Chile)

14:00-14:50 “Sovereign Debt, Volatility and Insurance”

Kenneth Kletzer (UC at Santa Cruz)

Discussant: **Pablo Neumeyer** (Universidad Torcuato Di Tella)

14:50-15:40 “Exchange Rate Interventions and Insurance: Is “Fear of Floating” a Cause for Concern?”

Francisco Gallego (MIT) and **Geraint Jones** (MIT)

Discussant: **Arvind Krishnamurthy** (Northwestern University)

15:40-16:00 Coffee

16:00-16:50 “Contingent Reserves Management: An Applied Framework”

Ricardo Caballero (MIT) and **Stavros Panageas** (MIT)

Discussant: **Andrés Velasco** (Harvard University)