Monetary and Macroprudential Policies

Venue: HQ2, Conference Hall 1

Thursday, November 10, 2011

8:00–8:45 am    Registration and Continental Breakfast

8:45–9:15 am    Opening Remarks – David Lipton, First Deputy Managing Director, IMF

9:15–10:45 am    Session 1: Macroprudential Regulation: Implementation Issues and Side Effects

Chair: Nemat Shafik, Deputy Managing Director, IMF

Does Macro-Pru Leak? Empirical Evidence from a UK Natural Experiment
Shekhar Aiyar (IMF), Charles W. Calomiris (Columbia Business School), and Tomasz Wieladek (London Business School)
Discussant: Mark Flannery (University of Florida)

The Risk-Shifting Hypothesis: Evidence from Subprime Originations
Augustin Landier (Toulouse School of Economics), David Sraer (Princeton University) and David Thesmar (HEC)
Discussant: Amit Seru (Chicago Booth)

10:45–11:00 am    ***Coffee Break***
11:00–12:30 pm  Session 2: Monetary and Macroprudential Policy: Lessons from and for a Currency Union

Chair: Ajai Chopra (Deputy Director, European Department, IMF)

The Low Monetary Rates Paradox, Banking Stability and Credit: Evidence from the Euro Area
Angela Maddaloni (European Central Bank) and José-Luis Peydró (Universitat Pompeu Fabra and Barcelona GSE)
Discussant: Sole Martinez Peria (World Bank)

Monetary and Macroprudential Policy in an Estimated DSGE Model of the Euro Area
Dominic Quint (Free University Berlin) and Pau Rabanal (IMF)
Discussant: Jesper Lindé (Federal Reserve Board)

12:30–2:00 pm                                        ***Lunch***
(By invitation only, HQ2, Conference Hall 2)

Luncheon Remarks – Jean-Pierre Landau, Deputy Governor, Banque de France

2:15–3:45 pm  Session 3: Macroprudential Policy and Capital Flow Management

Chair: Stijn Claessens (Assistant Director, Research Department, IMF)

Financial Frictions, Foreign Currency Borrowing, and Systemic Risk
Giovanni Dell’Ariccia (IMF), Luc Laeven (IMF), and Robert Marquez (Boston University)
Discussant: Tanju Yorulmazer (Federal Reserve Bank of New York)

Bubble Thy Neighbor: Direct and Spillover Effects of Capital Controls
Kristin Forbes (MIT), Marcel Fratzscher, Thomas Kostka, and Roland Straub (all European Central Bank)
Discussant: Eswar Prasad (Cornell University)

3:45–4:00 pm  ***Coffee Break***

4:00–5:30 pm  Mundell-Fleming Lecture “Global Banking Glut and Loan Risk Premium”
Hyun Song Shin (Princeton University)

Introduction by: Olivier Blanchard (Economic Counsellor and Director, Research Department, IMF)
Friday, November 11, 2011

8:15–9:00 am  Registration and Continental Breakfast

9:00–10:30 am  Session 4: Optimal Design of Monetary and Macroprudential Policies

Chair: José Viñals (Financial Counsellor and Director, Monetary and Capital Markets Department, IMF)

**Macro-prudential Policy in a Fisherian Model of Financial Innovation**
Javier Bianchi (New York University and University of Wisconsin-Madison), Emine Boz (IMF) and Enrique Mendoza (University of Maryland)
Discussant: Dan Cao (Georgetown University)

**Monetary and Macro-Prudential Policies: An Integrated Analysis**
Gianluca Benigno (London School of Economics), Huigang Chen (MarketShare Partners), Christopher Otrok (University of Missouri-Columbia), Alessandro Rebucci (IADB), and Eric R. Young (University of Virginia)
Discussant: Olivier Jeanne (Johns Hopkins University)

10:30–10:45 am  ***Coffee Break***

10:45–1:00 pm  Session 5: Monetary Policy, Bank Liquidity and Counterparty Risk

Chair: Stijn Claessens (Assistant Director, Research Department, IMF)

**A Theory of Bank Liquidity Requirements**
Charles Calomiris (Columbia University), Florian Heider (European Central Bank), and Marie Hoerova (European Central Bank)
Discussant: Lev Ratnovski (IMF)

**A Pigovian Approach to Liquidity Regulation**
Enrico C. Perotti (University of Amsterdam) and Javier Suarez (CEMFI)
Discussant: Tobias Adrian (Federal Reserve Bank of New York)

**Clearing, Counterparty Risk and Aggregate Risk**
Bruno Biais (Toulouse School of Economics), Florian Heider (European Central Bank, and Marie Hoerova (European Central Bank)
Discussant: Ana Fostel (George Washington University)

1:00–2:30 pm  ***Lunch***
(By invitation only, HQ2, Conference Hall 2)
2:45–4:30 pm  Economic Forum: Monetary and Macroprudential Policies: Challenges and Solutions

**Moderator:** Olivier Blanchard, Economic Counsellor and Director, Research Department, IMF

**Panelists:**

1. Lewis Alexander (Nomura)
2. Joe Gagnon (Peterson Institute of International Economics)
3. Andrew Lo (MIT)
4. John Williams (Federal Reserve Bank of San Francisco)

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**Conference Organizing Committee:** Natalia Tamirisa (Chair), Emine Boz, Giovanni Favara, Ayhan Kose, Rafael Portillo and Lev Ratnovski (all IMF), and Pierre-Olivier Gourinchas (Editor of the *IMF Economic Review*, University of California, Berkeley). Olivier Blanchard and Stijn Claessens provided general guidance.

**Conference Coordinators:** Tracey Lookadoo and Sumit Aneja