



A Senior Policy Seminar on

Managing Capital Flows and Growth in the Aftermath of the Global Crisis

***April 27-30, 2010
Paris, France***

Location: World Bank Office in Paris

Tentative Program and Biographies of Speakers

Tuesday, April 27 — Module 1 on Challenges to Global Economic Growth

8:30 am - 9:00 am Registration

9:00 am – 12 noon Session 1: Challenges to Growth under the New Globalization landscape

Over the last few decades, the rise of emerging market economies, particularly enhanced by increased mobility of goods and services and capital flows, has resulted in a dramatic transformation of the global economy. Although the new globalization landscape which has emerged from this transformation is more inclusive—with developing countries accounting for an increasingly larger share of global trade and foreign reserves—it has also come with a number of challenges, not least global transmission of risks and recession, global imbalances and rising fiscal deficits. This session provides a comprehensive overview of challenges associated with the new globalization landscape. It also discusses the transmission channels through which different countries have been affected by the crisis and the extent of impact.

Speakers:

Reuven Glick, Senior Vice President, Federal Reserve Bank of San Francisco

Jean-Patrick Yanitch, Head, International and European Relations, Banque de France

Raj Nallari, Manager, Growth and Crisis Division, The World Bank Institute.

12:00 pm– 1:30 pm Lunch Break

1:30 am - 3:00 pm Session 2: The Recent Dynamics of Capital Flows to Emerging Markets and Developing Economies

This session will analyze the impact of the global financial crisis on capital flows and highlight the roles of push and pull factors and discriminate across recipient countries with different policy characteristics.

Speaker: Philip Lane, Director, Institute for International Integration Studies, Trinity College, Dublin

3:00 pm - 3:30 pm Coffee break

3:30 pm - 5:00 pm Session 3: A Reassessment of International Financial Integration in the Light of the Global Economic and Financial Crisis

The crisis underlines the risks involved with the deepening of international financial integration. This session considers the potential gains and inherent risks of increased international financial integration and the policies that are required to secure these gains in a context of increased global transmission of risks. In addition to domestic policy choices, improving the international financial architecture also includes reforming the global governance. All these issues and more will be addressed under this session.

Speaker: Philip Lane, Trinity College Dublin

Wednesday, April 28 — Module 2 on Financial Regulation in the Aftermath of the Global Crisis

9:00 am - 10:15 am Session 4: Emerging Regulatory Challenges to the Global Financial Architecture

The global economic and financial crisis triggered by the US sub-prime crisis highlighted the risks of financial deregulation for growth, and more generally for the overall international financial architecture in a context of rapid transmission of risks. This crisis has raised the specter of regulatory challenges in a context of increased financial deregulation. Some of these challenges include the management of assets and price bubbles, moral hazard under the too-big-to-fail underlying hypothesis, narrow versus broad banking, domestic versus global regulation. This session provides a comprehensive overview of financial regulatory challenges which have emerged from the global crisis and discusses ongoing trend and thinking in the policy arena.

Speaker: Mark Spiegel, Vice President, Federal Reserve Bank of San Francisco

10:15 am - 10:45 am Coffee Break

10:45 am - 12:00 pm Session 5: International Banking Standards after the Crash

The focus will be on Basel III proposal, additional national and international regulations required, and the effectiveness of such regulations.

Speaker: Mark Spiegel, Federal Reserve Bank of San Francisco

12:00 noon – 1:30 pm Lunch Break

1:30 pm - 3:00 pm Session 6: Macro-prudential Policies and Regulations

The US sub-prime crisis is often attributed to a host of factors, including under-pricing of risks, excessive leverages, significant reduction in banks equity and compression of capital buffers to levels insufficient to withstand large confidence and liquidity shocks. Yet in spite of the contribution of moral hazard to the relaxation of these prudential rules and regulations on capital requirements, policymakers' interventions primarily focused on addressing systemic risks in the aftermath of the crisis. This session discusses the role that macro-prudential policies and regulations, which can be more targeted, could play to improve the soundness of banks and financial institutions in the aftermath of the crisis. In particular, it focuses on the measurement of risks, the calibration of policy tools, risk management practices and discretionary measures.

Speaker: Celine Gondat-Larralde, Bank of England

3:00 pm - 3:30 pm Coffee break

3:30 pm - 5:00 pm Session 7: Fiscal Stimulus Packages—Impact and Implications for Macroeconomic Stability

In order to ward off the recession triggered by the global downturn and enhance growth, many countries enacted exceptionally large stimulus packages. While such packages have to certain extent shortened the length of the recession, they have also resulted in dramatic rise of fiscal deficits. As a result, it is predicted that public sector debt will explode in the coming years, with the average across advanced economies rising to about 118 per cent of national income in 2014, from less than 78 per cent in 2007. This session will discuss the potential impact and welfare benefits of fiscal stimulus packages and policies for mitigating their costs for economic growth in the long run.

Speaker:

Reception hosted by the World Bank

Thursday, April 29 — Module 3 on Fiscal and Monetary Policy Mix and Policy Responses

9:00 am - 10:15 am Session 8: Policy Responses by Emerging Market Economies in Asia and Latin America

This session reviews the various policy responses considered by emerging market economies in Asia and LAC, including fiscal stimulus, monetary easing, bank guarantees, trade finance support etc. It will also discuss the scope for cutting policy rates and implementing expansionary fiscal policy in different countries and provide some early lessons learned from this experience over the past year.

Speaker: Ramo Moreno, Bank for International Settlements

10:15 am - 10:45 am Coffee Break

10:45 am -12:00 pm Session 9: Policy Responses by Emerging Market Economies in Eastern Europe

Countries in Eastern Europe were severely hit by the global financial crisis. Unlike Asian's emerging market economies, the costs of the crisis in the region were exacerbated by the limited scope on the fiscal space. In this context, most countries had to rely on external financing to shore up growth and mitigate the costs of sudden capital outflows. This session reviews the policy responses considered by countries in the region and discusses their expected impact as well as short—and long-term costs.

Speaker:

12:00 noon – 1:30 pm Lunch Break

1:30 pm - 3:00 pm Session 10: Policy Responses by Low-income countries in Africa

As natural resource-dependent nations, most African countries were affected through the trade channels, especially following the dramatic fall in the global trade during the second-round effects of the global economic and financial crisis. However, a number of countries were also affected during the first round through massive capital outflows and rapid depreciation of their currency. This session reviews the different policy responses considered by Sub-Saharan African countries in response to the crisis and provides an early assessment of their impact and short-term costs.

Speakers:

3:00 pm - 3:30 pm Coffee break

***3:30 pm - 5:00 pm Round Table Presentations by Senior Officials from Participating Countries
Financial Crisis and Policy Responses: Presentations by participants on individual country experiences***

Moderated by Reuven Glick, Raj Nallari and other speakers

Friday, April 30 — Module 4 on Policy Options For Managing Capital Flows in the Aftermath of the Global Crisis

9:00 am - 10:15 am *Session 11: Policy Responses in the MENA Region*

In the first phase of the crisis, most countries in the MENA region were primarily affected through the negative terms of trade shocks as the downturn resulted in dramatic fall in global demands for natural resources. However, the near default status of Dubai World in recent months has further highlighted the extent and depth of the crisis in the region. This session discusses the impact of the crisis in the region. It reviews the different policy responses considered by countries to mitigate its costs. It also provides an early assessment of the impact and short-term costs of these policies.

Speaker:

10:15 am - 10:45 am *Coffee Break*

10:45 am - 12:00 pm *Session 12: Reserve Currency Issues*

The US response to the global economic crisis has dramatically increased its fiscal deficit and raised the spectrum of inflationary pressures. At the same time, the value of the US dollar has continued its steady decline. In response, a number of US creditors have once again expressed concerns about their dollar-denominated assets. This session discusses the role of the US dollar as reserve currency in a changing world. It also reviews some of the long-term challenges expected in the global currency markets within the framework of the new globalization landscape.

Speaker: Ole Rummel, Bank of England

12:00 noon – 1:30 pm *Lunch Break*

1:30 pm - 3:30 pm *Session 13: Capital Controls in the Aftermath of the Global Crisis*

Other manifestations of the global crisis, especially during the first round, included a rapid depreciation of local currency in the face of massive capital outflows and falling asset prices in stock markets. These sudden and massive outflows were particularly pronounced in countries which have liberalized their capital accounts. In a number of cases, countries reverted back to capital controls to defend their currency. This session reviews the extent of this policy response across different regions, and discusses its impact and implications for the global financial architecture and capital markets.

Speaker:

3.00 pm – 4.00pm *Session 14 - Round Table on Risks for 2010-11 and Global Policy Reforms*

Policy Changes necessary to prevent the recurrence of major problems in the banking and financial sector in the future.

*Panelists: Reuven Glick, Federal Reserve Bank of San Francisco,
Mark Spiegel, Federal Reserve Bank of San Francisco
Raj Nallari, World Bank
Participating policy makers*

4:00 pm - 4:30 pm *Seminar Evaluation*

[Biographies by Sessions](#)

Reuven Glick is Group Vice President in charge of International Research within the Economics Research Department of the Federal Reserve Bank of San Francisco. He served as Director of the Bank's Center for Pacific Basin Studies as well as chief of the International Research section from 1992 through 2004. Prior to joining the Bank staff in 1985, Dr. Glick was a professor of Economics and International Business in the Graduate School of Business at New York University. He has also taught in the Economics Department at the University of California at Berkeley and served as a consultant to the World Bank. He is the author of many journal articles and other professional writings. In addition, he edited (with Ramon Moreno and Mark Spiegel) *Financial Crises in Emerging Markets* (Cambridge University Press, 2001), *Managing Capital Flows and Exchange Rates: Perspectives from the Pacific Basin* (Cambridge University Press, 1998), and (with Michael Hutchison) *Exchange Rate Policy and Interdependence: Perspectives from the Pacific Basin* (Cambridge University Press, 1994). Dr. Glick received a Ph.D. degree in economics from Princeton University and a B.A. degree in economics from the University of Chicago. Dr. Glick can be reached at Reuven.Glick@sf.frb.org.

Raj Nallari is currently Manager of the Growth and Crisis Division within the World Bank Institute Poverty Reduction and Economic Management Family. Formerly, he was the Leader of Poverty and Growth Program of the World Bank Institute. He has a Ph.D. in economics from the University of Texas at Austin. He joined the World Bank in July 1992 and since then has worked on economic issues of several African, Caribbean and South Asian countries. He was on a two-year secondment to the IMF Policy Development and Review Department. He is the co-author of one book on Macroeconomic Stabilization and Growth (by Oxford University Press), and has published several monographs for the World Bank, and papers in reputed economic journals. Mr. Nallari can be reached at Rnallari@worldbank.org.

Philip Lane is the Director of the Institute for International Integration Studies (IIIS) at Trinity College Dublin, where he is Professor of International Macroeconomics and a College Fellow. He received a doctorate in Economics at Harvard University in 1995 and was an Assistant Professor of Economics and International Affairs at Columbia University during 1995-1997. He is a research fellow in the International Macroeconomics programme of the London-based Centre for Economic Policy Research (CEPR) and has been a visiting scholar at the International Monetary Fund and the Federal Reserve Bank of New York and a consultant to the European Commission, European Central Bank and World Bank. His research interests include international macroeconomics, economic growth, European Monetary Union and Irish economic performance. He is on the editorial boards of the *Journal of Economic Perspectives*, *Journal of the European Economic Association*, *Economic and Social Review*, *Open Economies Review*, *International Journal of Central Banking* and *Moneda y Credito*. In 2001, he received the German Bernacer Award in Monetary Economics as most outstanding young monetary economist among eurozone member countries. Mr. Lane can be reached at plane@tcd.ie.

Mark Spiegel is Vice President, International Research and Director of the Center for Pacific Basin Studies at the Federal Reserve Bank of San Francisco. Prior to joining the Federal Reserve, he served as an assistant professor in the Department of Economics at New York University. He has served as a visiting professor in the Economics Department of U.C. Berkeley, as well as a lecturer at the Haas School of Business at U.C. Berkeley. He has also served as a consultant at the World Bank, as a visiting scholar at the Bank of Japan, and as Chairman of the Federal Reserve System Committee on International Economic Analysis. Dr. Spiegel received his Ph.D. in economics from the University of California at Los Angeles and his B.A. in economics from the University of California at Berkeley. Dr. Spiegel has published numerous articles in both academic and policy-oriented journals on international financial issues and on economic issues associated with Asian economies. He is currently associate editor of the journal *Japan and the World Economy*. Mr. Spiegel can be reached at Mark.Spiegel@sf.frb.org.

Ramon Moreno is Head of Emerging Market Issues, Bank for International Settlements. The primary responsibility of his group is to provide analyses of emerging market issues for use in meetings of central banks.

Previously, he was a Research Advisor in the International Studies Section and Associate Director, Center for Pacific Basin Monetary and Economic Studies, Federal Reserve Bank of San Francisco, where his research focused largely on open economy macroeconomics and monetary economics. Prior to joining the Federal Reserve Bank, Mr. Moreno served in various capacities with the UNDP. He has also taught at Columbia College, Hunter College, Mills College and the University of San Francisco. Mr. Moreno has a Ph.D. and M.Phil. in economics from Columbia University. Mr. Moreno's recent work appears in BIS papers on meetings of emerging market Deputy Governors, on topics such as fiscal issues and central banks, globalization and monetary policy, and foreign exchange market intervention. Mr. Moreno can be reached at Ramon.Moreno@bis.org.

Hippolyte Fofack joined the World Bank in 1995 and is currently Senior Economist in the Growth and Crisis Division within the World Bank Institute Poverty Reduction and Economic Management Family. Prior to joining the World Bank Institute, he worked with the PREM Family and Africa Region of the World Bank as Research Economists and Country Economist for Great Lakes countries, respectively. Prior to joining the World Bank Group, he taught at American University in Washington DC. He has extensive publications covering a broad set of topics, ranging from monetary policy and exchange rates, fiscal adjustment and growth, capital flows, globalization and growth, technology trap and poverty trap, growth strategies and macroeconomic modeling. He has also edited a book on "Geographical Targeting for Poverty Alleviation". Mr. Fofack is a fellow of the African Academy of Sciences. He holds an Advanced Degree in Economics from the University of Bordeaux, France and a Ph.D. in Statistics and Applied Economics from American University. Mr. Fofack can be reached at hfofack@worldbank.org.

Piroska Nagy is currently Senior Adviser to the Chief Economist of EBRD. She is responsible for financial sector stability and regulatory issues, and crisis response in the financial sector. During 1986-July 2008, she worked in various departments of the IMF as Division Chief, Adviser and in other capacities. While on leave from the IMF, during 2003-04, Piroska worked in Fitch Ratings, London, and in EBRD, London, during November 2004-August 2006. During 1981-85, she has also worked for the Research Department, National Bank of Hungary. She was a member of the editorial board of the IMF journal "Finance and Development" during 1999-2003, taught at Hebrew University in 1996/97, and at University of Budapest during 1980-84, and has authored and co-authored articles and books on economic and financial policies. Piroska has advanced degrees in Economics and Finance from the University of Budapest, Hungary, and from George Washington University in USA.

Ole Rummel is Adviser for Econometric Modelling, Financial Stability and Financial Markets at the Centre for Central Banking Studies at the Bank of England, a position he has held since October 2006. He has also worked in the Financial Stability, Markets and Monetary Analysis areas of the Bank. Prior to joining the Bank of England in 1999, Mr. Rummel spent three years in the Chief Economist's Division of the European Investment Bank, the European Union's long-term financing institution. He also spent two years working in the capital markets group of Société Générale in Frankfurt. His research work has been published in, among others, several journals as well as the Bank of England's *Financial Stability Review* and the *Quarterly Bulletin*. Mr. Rummel received a Ph.D. degree in economics from the University of Strathclyde and a B.A. degree in quantitative economics from Stanford University. He can be reached at ole.rummel@bankofengland.co.uk.

Course Coordinator: Hippolyte Fofack, Senior Economist, World Bank Institute.