

# FMG Conference

## Cycles, Contagion and Crises

### 28-29 June 2007

*Room R405, 4<sup>th</sup> Floor, Lionel Robbins Building,  
London School of Economics, 10 Portugal Street, London, WC2A 2HD*

The objective of the event is to report research in this field by established academics alongside that of FMG junior researchers affiliated with the project, who will receive valuable comments from an audience of senior researchers and practitioners. The Conference will cover topics under all three themes of its title:

- **Cycles:** Financial factors have long been recognised as one of the driving forces of the propagation and amplification of aggregate output shocks. Papers in this theme will explore different aspects of this relationship from the linkages between liquidity and financial cycles through to sudden stops and the role of credit constraints in emerging market economy business cycles.
- **Contagion:** The widespread diffusion of the financial crises of the 1990s led to a large theoretical and empirical literature on the causes and consequences of financial contagion. Papers will examine how the increasing interlinkages and innovation in modern financial markets influence how systemic crises can spread within domestic financial systems.
- **Crises:** Papers will focus on the costs of crises, both domestic banking crises and sovereign debt crises, and the optimal ex ante and ex post policy responses. For example, how can sovereign debt markets, monetary policy and banking regulation (such as liquidity regulation) and regulatory practices, eg, forbearance, be reformed to minimise the magnitude and risks of such costs.

**Organisers: Professors Charles Goodhart and Hyun Shin**

This conference is run in conjunction with the **Finance & Development Conference organised by Panicos Demetriades (University of Leicester)**. Participants are welcome to switch between the two and attend both

## Programme

Registration opens at 13.30

### Thursday 28 June

Chair: **Hyun Shin** (Princeton University)

13.55      **Opening and welcoming remarks. Hyun Shin** (Princeton University)

#### Session 1

14.00      Lead Speaker: **Jean-Charles Rochet** (Toulouse University) on  
**Lending Booms and Sudden Stops**

14.40      Research Reports by  
**Lev Ratnovski** (Bank of England / University of Amsterdam) on  
**Liquidity and Transparency in Bank Risk Management**

**Gara Minguez-Afonso** (Princeton University) on  
**Awareness and Information Acquisition**

16.00      Discussion of research reports led by Jean-Charles Rochet (Toulouse University)

16.15      *Coffee break*

#### Session 2

16.45      Lead Speaker: **Marcus Miller** (Warwick University) on  
**Crises and recovery in emerging markets: “Phoenix miracles” or endogenous growth?**

17.30      Research Reports by  
**Anja Shortland** (Brunel University) joint with Amil Dasgupta (FMG/LSE) and Roberto  
Roberto Leon-Gonzalez (University of Leicester) on  
**Regionality Revisited: An Examination of the Direction of Spread of Currency  
Crises**

**Ossip Huhnerbein** (Munich Graduate School of Economics) on  
**Coordination Clauses and the Price of Sovereign Debt**

18.45      Discussion of research reports led by Marcus Miller (Warwick University)

19.00      *Session closes*

**Friday 29<sup>th</sup> June**

Chair: **Professor Charles Goodhart** (FMG/LSE)

**Session 1**

- 9.45** Lead Speaker: **Patrick Honohan** (Trinity College Dublin) on  
**Forebearance**
- 10.25** Research Reports by  
**Ashley Taylor** (FMG/LSE) joint with Gregor Irwin, Adrian Penalver and Chris Salmon (Bank of England) on  
**Dealing with country diversity: challenges for the IMF credit union model**  
**Sarquis Sarquis** (Graduate School of Diplomacy, Brazil) on  
**Interest Rate and Business Cycles in a Credit Constrained Small Open Economy**
- 11.45 Discussion of research reports led by Patrick Honohan (Trinity College Dublin)
- 12.00 *Lunch*

**Session 2**

- 13.00** Lead Speaker: **Jagjit Chadha** (University of Kent) on  
**TBC**
- 13.45** Research Reports by  
**Ander Perez** (FMG/LSE) joint with Prasanna Gai, Sujit Kapadia, Stephen Millard (Bank of England) on  
**Financial Innovation, Macroeconomic Stability and Systemic Crises**  
**Oriol Aspachs** (La Caixa, Spain) on  
**Financial and Real Business Cycles**  
Discussion of research reports led by Jagjit Chadha (University of Kent)
- 15.15 *Coffee break*

**Session 3**

- 15.45** Lead Speaker: **Hyun Shin** (Princeton University) joint with Tobias Adrian (Federal Reserve Bank of New York) on  
**Liquidity and Financial Cycles**
- 16.25** Research Reports by  
**Camille Cornand** (CRNS-BETA) joint with Romain Baeriswyl (Munich Graduate School of Economics) on  
**Monetary Policy and its Informative Value**  
**Jakub Steiner** (University of Edinburgh) on  
**Coordination Cycles**  
Discussion of research reports led by Hyun Shin (Princeton University)