

Inter-American Development Bank  
Research Department



Latin American Network of Central Banks and Finance Ministries  
XI Meeting

November 4 and 5, 1999

CECILIO MORALES ROOM - 12th floor

Thursday, November 4

KEY DEVELOPMENTS

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10:00 - 10:15 a.m.

Registration at the Inter-American Development Bank  
1300 New York Ave., N.W. Washington, D.C. 20577

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10:15 - 10:30 a.m.

Welcome and Program Remarks  
Ricardo Hausmann, Chief Economist, IDB

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Session I

Global and regional prospects

10:30 a.m. – 12:15 p.m.

Where is the industrialized world going? What are the prospects for capital flows to our region? Results of the outlook survey

Chair: Paulo Paiva, Vice-President, IDB

Panel:

- **A Global View:** John Lipsky, Chief Economist, Chase Manhattan
- **European Prospects. The impact of monetary union in countries with historically weaker currencies:** Jose Viñals, Chief, Monetary and Financial Studies Department, Bank of Spain
- **The Outlook for Latin America:** Ricardo Hausmann, Chief Economist, and Luis Rivera-Batiz, Senior Research Economist, IDB

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12:30 – 2:15 p.m.

Luncheon hosted by Burke Dillon, Executive Vice-president, IDB (By invitation only)  
**Keynote Speaker: Andrew Crockett, General Manager, Bank for International Settlement.**

**The Financial Stability Forum:**

What are its goals? What is its agenda? Will it help or hurt the prospects for capital flows to emerging markets?

## Session II                      Discussion of Country Cases

2:30 - 6:00 p.m.

Chair: Ricardo Hausmann, Chief Economist, IDB

Panel:

- **BRAZIL:** Edward Amadeo, Secretary of Economic Policy, Ministry of Finance
- **COLOMBIA:** Sergio Clavijo, Co-Director and José Darío Uribe, Technical Manager, Central Bank, and Roberto Junguito, Alternate Executive Director, IMF
- **ECUADOR:** Diego Mancheno Ponce, Director, Macroeconomic Programming, Central Bank

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## Friday, November 5                      PRESSING POLICY ISSUES

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### Session III                      The Performance of Floating Exchange Rate Regimes

a) 9:00 - 11:15 a.m.

Floating regimes have been gaining ground in Latin America. In 1999 Brazil, Ecuador, Chile and Colombia decided to float. The experience of floating in the world has been very contrasting. It has led to very different patterns of monetary policy. What can explain these differences? What can the new floaters expect from this currency arrangement?

Chair: Winston Dookeran, Governor, Central Bank of Trinidad y Tobago

Panel:

- **CROSS-COUNTRY EXPERIENCE: Does it work as advertised?**  
Ricardo Hausmann, Chief Economist, IDB
- **FEAR OF FLOATING...:**  
Carmen Reinhart, Professor, School of Public Affairs, University of Maryland
- **AUSTRALIA: How do you manage to float as we were taught in school, using monetary policy counter-cyclically?**  
David Gruen, Head of the Economic Research Department, Reserve Bank of Australia
- **CANADA: Why don't you float like Australia?**  
Pierre Duguay, Advisor, Reserve Bank of Canada

Discussant: Leonardo Leiderman, Senior Director, Research Department, Bank of Israel

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11:15 – 11:30 a.m.              Coffee break

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b) 11:30 – 12:45 p.m.

Chair: Guillermo Calvo, Director, Center for International Economics, University of Maryland

Panel:

- **MEXICO: Why are interest rates so volatile, procyclical and tied to exchange rate innovations?**  
Armando Baqueiro, General Director of Economic Research, Central Bank
- **BRAZIL: How does public debt indexed to the short-term interest rate limit the scope of Central Bank monetary policy? How sensitive are domestic interest and inflation rates to country risk/US interest rates?**  
Sergio Werlang, Director of Economic Policy, Central Bank

- **CHILE: What problems prompted the abandonment of bands? What are the expectations concerning why floating will work better?**

Luis Oscar Herrera, Chief of the Macroeconomic Programming Department, Central Bank

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1:00 – 2:45 p.m.

### **Working Lunch**

As is traditional, we will use this opportunity to discuss plans and initiatives for our future meetings

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## **Session IV Country Risk: New Institutions and Regulations**

3:00 – 4:30 p.m.

What explains the erratic behavior of capital flows? What international policy reforms would promote the size and stability of emerging financial markets? Will the new regulations and institutions being envisaged by the Financial Stability Forum and other bodies support or impede stable capital flows to our region and emerging markets in general? What will the new initiatives to reform the Basle Capital Accord do to cross-border lending to emerging markets? Is Latin American interest compatible with the current agenda? Are these interests well represented?

Panel:

Eduardo Fernández-Arias, Lead Research Economist, IDB

Pablo Guidotti, Secretary of Finance, Ministry of Economy and Public Work, Argentina

Marcos Caramuru de Paiva, Secretary of International Affairs, Ministry of Finance, Brazil

Miguel Messmacher, Chief of Advisors, Ministry of Finance and Public Credit, Mexico

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4:30 – 4:45 p.m.

Coffee break

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## **Session V Dealing with Domestic Credit Crunches**

4:45 - 6:00 p.m.

Why is there a pervasive credit crunch in the region despite the fact that countries are no longer pursuing a high interest rate strategy to defend exchange rates? Why is it that banks are very liquid and able to lend but choose not to do so? Is it lacking of good collateral, wait-and-see strategy, and regulation? Is it the case that blue chip corporates crowd out smaller corporates after losing access to international financial markets? What should be done: nothing, fine-tuning, and regulation overhaul?

Panel:

Ricardo Caballero, Professor, MIT

Daniel Oks, Head of Economic Analysis, Central Bank, Argentina

Guillermo Larraín, Economic Policy Coordinator, Ministry of Finance, Chile