



RIDGE / BANCO CENTRAL DEL URUGUAY

WORKSHOP ON INTERNATIONAL MACRO

2017 RIDGE DECEMBER FORUM

Montevideo, Uruguay / December 5-6, 2017

Preliminary Program

Conference venue: Banco Central del Uruguay, located at Diagonal Fabini 777, Montevideo

Scientific Committee

Javier Bianchi (Federal Reserve Bank of Minneapolis)
Juan Carlos Hatchondo (Indiana University)
Gerardo Licandro (Banco Central del Uruguay)
Juan Pablo Nicolini (U. Torcuato di Tella and Minneapolis Fed)
Carlos Végh (World Bank)
Guillermo Vuletin (Inter-American Development Bank)

Invited Speakers

Carlos Végh

Co-organizer of the Policy Panel



WORKSHOP PROGRAM

DECEMBER, Tuesday 5th.

8:45 Registration

Session 1 – Risk hedging and debt composition

9:00 – 10:30 Chair: TBC

- **Optimal debt-maturity management**

Juan Passadore, Einaudi Institute for Economics and Finance (co-authors: Saki Bigio and Galo Nuno)

- **Overcoming the original sin: gains from local currency external debt**

Ricardo Sabbadini, Central Bank of Brazil

10:30 – 11:00 Coffee Break

Session 2 – Financial crises

11:00 – 12:30 Chair: TBC

- **The dynamics of sovereign debt crises and bailouts**

Francisco Roch, Centro de Estudios Monetarios Latinoamericanos (co-author: Harald Uhlig)

- **Reserve accumulation, growth and financial crises**

Martin Wolf, University of Vienna (co-authors: Gianluca Benigno and Luca Fornaro)

12:30 – 14:00 Lunch

Session 3 – Exchange rates and business cycles

14:00 – 15:30 Chair: TBC

- **Revisiting the exchange-rate pass-through: a general equilibrium perspective**

Javier García-Cicco, U. Católica Argentina (co-author: Mariana García-Schmidt)

- **Exchange rate exposure and firm dynamics**

Liliana Varela, U. of Houston and U. of Warwick (co-author: Juliana Salomao)

15:30 – 16:00

Coffee Break

Policy Panel

16:00 – 17:30

Fiscal Institutions and Debt Sustainability: Do fiscal rules make a difference?

(Co-organized with the Financial Stability and Development Network of the IADB)

Participants:

- **Enrique Iglesias (Chair)**
- **Luis Felipe Céspedes**, Universidad Adolfo Ibáñez
- **Vitor Gaspar**, International Monetary Fund
- **Eduardo Morón**, Fiscal Council of Peru
- **Carlos Végh**, World Bank

DECEMBER, Wednesday 6th.

Plenary Talk

9:00 – 10:30

• **TBC**

Carlos Végh, Johns Hopkins University and World Bank

10:30 – 11:00

Coffee Break

Session 4 – Capital flows

11:00 – 12:30

Chair: TBC

- **Making international financial integration work for low-saving countries**

Eduardo Cavallo, IADB (co-authors: Eduardo Fernández-Arias and Matías Marzani)

- **Two hundred years of international borrowing cycles**

Graciela Kaminsky, George Washington University of Michigan

12:30 – 14:00

Lunch

Session 5 – Default and debt restructuring

14:00 – 15:30

Chair: TBC

- **Sovereign bond prices, haircuts and maturity**

Tamon Asonouma, IMF (co-authors: Dirk Niepelt and Romain Ranciere)

- **Sovereign default and optimal debt restructuring: a dynamic discrete choice approach**

Juan Sánchez, Federal Reserve Bank of St. Louis (co-authors: Maximiliano Dvorkin, Horacio Saprizza and Emircan Yurdagul)

15:30 – 16:00

Coffee Break

Session 6 – Business cycles in emerging markets

16:00 – 17:30

Chair: TBC

- **Real business cycles in a commodity-exporting economy**

Rodrigo Caputo, Central Bank of Chile (co-author: Alfonso Irarrazabal)

- **Capital flows and the business cycle**

Lorenzo Menna, Banco de México (co-author: Gabriel Cuadra)

Policy Debate

Fiscal Institutions and Debt Sustainability: Do fiscal rules make a difference?

While the role of fiscal sustainability on financial stability is undisputed, the institutional arrangements that countries choose to achieve that objective can be rather different. In Latin America, Peru and Colombia have followed Chile's example in setting fiscal rules (with different results), Brazil has set up a cumbersome procedure for fiscal responsibility while the rest of the countries have largely preserved discretion in the management of fiscal policy. Are fiscal rules a condition for sustainability? Have fiscal rules enhanced macro financial stability? Recently, some literature has suggested that sovereign spread targeting rules can deliver fiscal sustainability more efficiently than usual deficit or expenditure rules. What are the cyclical properties of rules? Can we discuss optimality of fiscal rules? Some countries have started to discuss the abandonment of the fiscal rules: Are we observing fiscal rule fatigue in some countries? In practice compliance of the rules have often led to public investment rather public expenditure cuts: Should rules include provisions of the type of expenditure to be cut off?

Participants:



Luis Felipe Céspedes is Professor of Economics at the Business School of Universidad Adolfo Ibáñez.

He served as Minister of Economy, Development and Tourism of Chile between March 2014 and August 2017.

Mr. Céspedes was Chief of Economic Research at the Central Bank of Chile between 2009 and 2011. Earlier, in 2006-2009, Mr. Céspedes was Chief Economic Advisor and Director of Economic Policy at the Ministry of Finance of Chile. He has been Visiting Scholar at the IMF Research Department, at the Inter-American Development Bank and at Rutgers University's Economics Department.

He has written extensively on international economics, macroeconomic policy and financial crises. He has published in internationally renowned academic journals and has also contributed chapters to various books on macroeconomics and international finance. He has been the editor of two books and of the academic journal *Economía Chilena*.

Mr. Céspedes holds a Ph.D. in Economics from New York University (NYU) and a B.A. in Economics and Business Administration from Universidad Católica de Chile.



Vitor Gaspar, a Portuguese national, is the Director of the International Monetary Fund's Fiscal Affairs Department.

Prior to joining the IMF, he held a variety of senior policy positions in Banco de Portugal, including most recently as Special Adviser. He served as Minister of State and Finance of Portugal during 2011–2013.

He was head of the European Commission's Bureau of European Policy Advisers during 2007–2010, and director-general of research at the European Central Bank from 1998 to 2004.

Mr. Gaspar holds a Ph.D in Economics from Universidade Nova de Lisboa. He has also studied at Universidade Católica Portuguesa.



Enrique Valentín Iglesias: has been the Ibero-American Summit's Secretary General based in Madrid, Spain from its foundation in 2005 until April 2014.

Prior to this, Iglesias held different positions in international organizations, as well as in the Government of Uruguay, including President of the Inter-American Development Bank (IDB); the U.N Economic Commission for Latin America and the Caribbean (ECLAC); Uruguay's Minister of Foreign Relations and President of its Central Bank. He also was Secretary General of the 1981 U.N Conference on New and Renewable Sources of Energy and Chairman of the Conference that in 1986 launched in Punta del Este, Uruguay the Uruguay Round and the eventual creation of the WTO.

Iglesias graduated from the Universidad de la República of Uruguay in Economics and Business Administration and pursued specialized programs of study in the United States and France.

He was Professor at the Universidad de la República of Uruguay and also served as Director of its Institute of Economics. He has published extensively on Latin American and Uruguayan economic issues, capital markets, external financing and multilateralism.

Iglesias has received ten honorary academic degrees from American and European universities, as well as official decorations and professional awards, among them the Príncipe de Asturias award.



Eduardo Morón Pastor is member of the Fiscal Council of Peru and Executive President of the Peruvian Association of Insurance Companies (APESEG, in Spanish). He is also Professor at the Faculty of Economics of Universidad del Pacífico.

Previously, he was Chief Economist at the Latin American Reserve Fund (FLAR), Deputy Minister of Economics, Director at the Research Center of Universidad del Pacífico and Director of the Master in Economics Program at the same university.

He has written several books and research papers on pensions, fiscal policy, monetary policy and exchange rate issues.

He holds a PhD in Economics at UCLA, a Master in Economics at Universidad del CEMA in Buenos Aires, Argentina and he is Licentiate in Economics by Universidad del Pacífico in Lima, Peru.



Carlos Végh is the World Bank Chief Economist for Latin America and the Caribbean. He oversees a team of economists charged with providing intellectual leadership, economic analysis, and advice on the development issues facing Latin America and the Caribbean region.

Prior to starting his current role at the World Bank, Végh was the Fred H. Sanderson Professor of International Economics at the Johns Hopkins School of Advanced International Studies (SAIS) and a Research Associate at the National Bureau of Economic Research (NBER). He also served as Professor of Economics and Vice-Chair of

Undergraduate Studies at UCLA, and before that as Chair of the Program in Comparative and Topical Studies at UCLA's Latin American Center.

Végh's research on monetary and fiscal policy in emerging and developing countries has been highly influential and is regularly featured in the international financial press.

He holds a Ph.D in Economics from the University of Chicago and a bachelor's degree in Economics from American University in Washington DC and from Universidad de la República in Uruguay.

Keynote speaker:



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