



# *Liquidity Concepts and Financial Instabilities*

## **Joint Conference**

**Financial Institutions Center, The Wharton School, University of Pennsylvania**

**and**

**Center for Financial Studies, J.W. Goethe-Universität Frankfurt**

**June 12-14, 2003**

**at the Training Centre of Deutsche Bundesbank in Eltville**

## **Preliminary Program**

THURSDAY, June 12, 2003

Lunch: 1 p.m. – 2 p.m.

1. Session: Liquidity: Theoretical Concepts, part I (2:00–4:15)

- a. Eisfeldt, Andrea\* (Northwestern University): *Endogenous Liquidity in Asset Markets*
- b. Holmström, Bengt\*/Tirole, Jean\* (MIT and Université Sciences Sociales, Toulouse): *Aggregate Liquidity and Investment Horizons*
- c. Gale, Douglas\* (New York University): *Liquidity, Interest Rates, and Asset Prices*

Discussant: (To be arranged)

Tea break 4:15-4:45

2. Session Liquidity: Theoretical Concepts, part II (4:45–6:15)

- d. Gorton, Gary\*/Huang, Lixin\* (The Wharton School and Department of Economics, University of Pennsylvania): *Liquidity and Efficiency*

- e. Kahn, Charles\*/Santos, Joao\* (University of Illinois-Champaign and Federal Reserve Bank of New York): *Endogenous Financial Fragility and Prudential Regulation*

Discussant: Adriano Rampini\*

Dinner: 7:00 somewhere nice in Eltville/Rhine (Welcome toast Bundesbank)

FRIDAY, June 13

3. Session: Money, Liquidity and Banks, part I (8:45-11:00)

- a. Lorenzoni, Guido\* (Princeton University): *Interest Rate Stabilization and Monetary Control*
- b. Hellwig, Christian\*/Lorenzoni, Guido\* (London School of Economics and Princeton University): *Bubbles and Private Liquidity*
- c. Kiyotaki, Nobuhiro\*/Moore, John (London School of Economics and University of Edinburgh): *Liquidity, Business Cycles, and Monetary Policy*

Discussant: Rafael Repullo\*

Coffee break 11:00-11:30

4. Session: Money, Liquidity and Banks, part II (11:30-1:00)

- d. Cordoba, Juan\*/Ripoll, Marla\* (Rice University and University of Pittsburgh): *Collateral Constraints in a Monetary Economy*
- e. Dell'Ariccia, Giovanni\*/Marquez, Robert\* (IMF and University of Maryland): *Competition among Regulators and Credit Market Integration*

Discussant: Gerhard Illing\*

Lunch: 1:00-2:00

5. Session: Contagion Effects in Financial Crises and Central Bank Intervention, part I (2:00-4:15)

- a. Dasgupta, Amil\* (London School of Economics): *Financial Contagion Through Capital Connections: A Model of the Origin and Spread of Bank Panics*
- b. Diamond, Douglas/Rajan, Raghuram\* (University of Chicago): *Money in a Theory of Banking*

- c. Rochet, Jean-Charles\*/Vives, Xavier\* (Université Sciences Sociales, Toulouse and INSEAD, Fontainebleau): *Coordination Failure and the Lender of Last Resort: Was Bagehot Right after all?*

Discussant: Elu von Thadden\*

Tea break: 4:15-4:45

6. Session: Contagion Effects in Financial Crises and Central Bank Intervention, part II (4:45-6:15)

- d. Freixas, Xavier\*/Holthausen, Cornelia\* (Universitat Pompeu Fabra, Barcelona and ECB, Frankfurt): *Interbank Market Integration under Asymmetric Information*
- e. Worms, Andreas\*/Upper, Christian\* (Deutsche Bundesbank): *Estimating Bilateral Exposure in the German Interbank Market: Is there a Danger of Contagion?*

Discussant: (To be arranged)

Conference Dinner at Schloss Johannisberg (Speaker: Otmar Issing)

SATURDAY, June 14, 2003

7. Session: Financial Crises and Currency Crises, part I (8:45-11:00)

- a. Caballero, Ricardo\*/Krishnamurthy, Arvind (MIT and Northwestern University): *Excessive Dollar Debt: Financial Development and Underinsurance*
- b. Goldstein, Itay\* (DukeUniversity): *Strategic Complementarities and the Twin Crises*
- c. Tirole, Jean\* (Université Sciences Sociales, Toulouse): *Inefficient Foreign Borrowing*

Discussant : Hyun Shin\*

Coffee break 11 :00-11 :30

8. Session: Financial Crises and Currency Crises, part II (11:30-1:00)

- d. Jeanne, Olivier\* (IMF): *Sovereign Debt Crises and the International Financial Architecture*
- e. Hartmann, Philipp\*/Straetmans, Stefan\*/de Vries, Casper\* (European Central Bank): *A Global Perspective on Extreme Currency Linkages*

Discussant: (To be arranged)

Lunch 1:00

Trip to a historical winery for wine tasting and dinner.

\* Participation confirmed