Background

Central banks have been at the forefront in responding to the last two global economic crises: the 2007-2009 Global Financial Crisis and the recent COVID-19 crisis. In both cases, central banks undertook unprecedented policy interventions to stabilize markets and limit negative economic and financial market repercussions. The central banks of advanced economies slashed interest rates and leveraged their balance sheets in new and extraordinary ways. The central banks of emerging market economies took advantage of low borrowing costs and experimented with unconventional tools of monetary policy. But these interventions have had unattractive consequences, such as bailouts for highly leveraged hedge funds and other financial market participants. There are also notable gaps in the monetary policy toolbox. Emerging market economies still lack good tools to deal with rapid capital flow reversals and, while the core banking system has held up, the non-bank financial sector appears vulnerable to stress.

How effective has the central bank playbook been and how has its role evolved during the past two crises? What gaps remain in the crisis management architecture and global financial safety net and who is best placed to address them? How can central banks effectively coordinate with multilateral institutions such as the Financial Stability Board (FSB) and the International Monetary Fund (IMF) to prevent future crises and ensure global financial stability?

Objectives

- Assess the effectiveness of central bank policy responses to the recent and past crises.
- Analyze the role and mandate of central banks and international coordinating institutions in the global financial system.
- Evaluate gaps in the global financial safety net, especially regarding liquidity backstops and the exposure of emerging market economies to rapid capital flow reversals.

Audience

Approximately 150 Bretton Woods Committee Members, central bankers, domestic and international policymakers, multilateral officials, private sector leaders, academics and media.

Format (Approx. 4 hours)

Half day conference with three high-level panels (see draft agenda below) followed by lunch or reception.
8:30am-8:45am  Welcome

• William C. Dudley, Chair, Bretton Woods Committee and Former President, Federal Reserve Bank of New York
• Michael Schetzel, Senior Vice President and Head of International Affairs, Federal Reserve Bank of New York (or John Williams, if he is available and amenable)

8:45am-10:00am  International Policy Response and Coordination: Lessons Learned

Potential Topics:
• Central bank response in 2007-09 crisis vs. COVID-19. What was different? Lessons learned?
• Innovations in policy response and toolkits, monetary and regulatory.
• International coordination. Role of G-20, BIS/FSB, and IMF.

Potential Speakers:
• BIS/FSB perspective: Randal K. Quarles, Chair, FSB; Vice Chair, US FRB
• Crisis perspective: Ken Rogoff, Thomas D. Cabot Professor of Public Policy and Professor of Economics at Harvard University
• Monetary policy/macro perspective: Minouche Shafik, Director, LSE
• Moderator: TBD
• Others to Consider: Carmen Reinhart, Mark Carney, Agustin Carstens, John Dugan

10:00am-11:15am  Global Lenders of Last Resort

Potential Topics:
• AE market functioning and liquidity mechanisms – FX swaps, asset purchases, and bond buying. Extending liquidity to non-banks. How far should one be willing to go?
• Role as lender of last resort and market maker of last resort.
• Dollar as reserve currency and foreign dependence on dollar.
• Evolution/expansion of central bank role/remit and central bank relationship with fiscal policy.

Potential Speakers:
• FRB perspective: TBD
• ECB perspective: TBD
• BoJ perspective: Kathy Matsui, Vice Chair, Goldman Sachs Japan
• Moderator: Hayley Boesky, Vice Chairman Global Corporate Investment Banking, Bank of America Securities
• Others to Consider: Andy Haldane

11:15am-12:30pm  Liquidity and Solvency Risks in Emerging Markets

Potential Topics:
• EME dollar liquidity crunch and sovereign debt distress in EMs.
• EME policy levers – more borrowing. Implications of EMEs implementing accommodative monetary policy. Limitations of AE policy.
- Gaps in lender of last resort backstop. Lack of effective source of dollar liquidity for most EMs. (FX swaps only to creditworthy countries.)
- Role of IMF. Liquidity-solvency distinction, integrated policy framework, etc.

Potential Speakers:
- EM central bank perspective: TBD
- IMF perspective: Tobias Adrian, Financial Counsellor, IMF
- Monetary/fiscal nexus: Terrence Checki, Former Executive VP and Head of Emerging Markets & International Affairs, Federal Reserve Bank of New York
- Moderator: Monica de Bolle, Senior Fellow, PIIE
- Others to Consider: Mark Sobel, Brad Setser, José Viñals, Daniel Glezier (moderator)

12:30pm-1:30pm       Lunch

Potential Keynote Speech