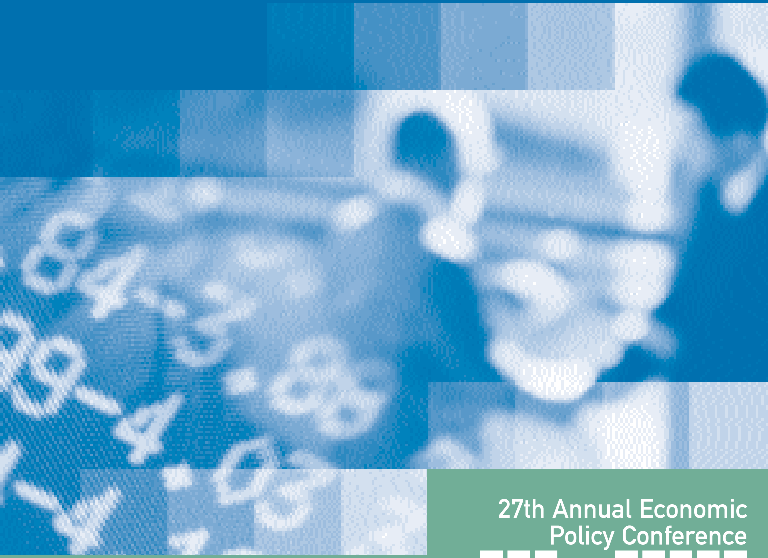
The Federal Reserve Bank of St. Louis



27th Annual Economic Policy Conference

27

FINANCE
AND REAL ECONOMIC ACTIVITY

November 7–8, 2002

FINANCE
AND REAL ECONOMIC ACTIVITY

All activities on these two days will take place at the Bank, 411 Locust Street, in downtown St. Louis.

Thursday, November 7, 2002

7:45 a.m.	Continental Breakfast
8:30 a.m.	Welcome William Poole, President, *Federal Reserve Bank of St. Louis*
8:45 a.m.	**MONETARY POLICY AND FINANCIAL MARKET EVOLUTIONS** **Authors:** Bruce D. Smith and Valerie R. Bencivenga, *University of Texas at Austin* **Discussant:** Franklin Allen, *University of Pennsylvania*
10:15 a.m.	Break
10:30 a.m.	**MORE ON FINANCE AND GROWTH** **Author:** Ross Levine, *University of Minnesota* **Discussant:** Luigi Zingales, *University of Chicago*
12:00 p.m.	Lunch
1:30 p.m.	**EQUITY MARKET LIBERALIZATION IN EMERGING MARKETS** **Authors:** Geert Bekaert, *Columbia University;* Campbell R. Harvey, *Duke University;* and Christian T. Lundblad,

Indiana University. (Lundblad will be the presenter.)
Discussant: Peter Blair Henry, *Stanford University*

3:00 p.m. Break

3:15 p.m. **HISTORICAL PERSPECTIVES ON STOCK MARKETS AND ECONOMIC GROWTH**
Author: Peter L. Rousseau, *Vanderbilt University*
Discussant: Eugene N. White, *Rutgers University*

5:00 p.m. Reception

6:15 p.m. Dinner

Friday, November 8, 2002

8:00 a.m. Continental Breakfast

8:45 a.m. **THE REAL EFFECTS OF U.S. BANKING DEREGULATION**
Author: Philip E. Strahan, *Boston College*
Discussant: David C. Wheelock, *Federal Reserve Bank of St. Louis*

10:15 a.m. Break

10:30 a.m. **REAL EFFECTS OF BANKING MARKET STRUCTURE**
Author: Nicola Cetorelli, *Federal Reserve Bank of Chicago*
Discussant: Raghuram G. Rajan, *University of Chicago*

12:00 p.m. Lunch

AUTHORS AND DISCUSSANTS
(in alphabetical order)

FRANKLIN ALLEN
University of Pennsylvania

Franklin Allen is the Nippon Life Professor of Finance and Economics at the Wharton School of the University of Pennsylvania. He has been on the Wharton School faculty since 1980. He was formerly the executive editor of the *Review of Financial Studies*. He is a past president of the American Finance Association, the Western Finance Association and the Society of Financial Studies. Allen's main areas of interest are corporate finance, asset pricing, financial innovation and comparative financial systems. His publications include *Comparing Financial Systems*, with Douglas Gale (MIT Press, 1999), and articles in leading journals in economics and finance. He received his doctorate from Oxford University in 1980.

GEERT BEKAERT
Columbia University

Geert Bekaert is the Leon G. Cooperman Professor of Finance and Economics at Columbia Business School and a research associate at the National Bureau of Economic Research. Bekaert's research focus is international finance, with a particular interest in foreign exchange market efficiency, exchange rate determination and international equity markets. He also works on investment and asset allocation problems. Bekaert has published articles in the leading finance journals. He is an editor of the *Journal of Empirical Finance* and an associate editor of the *Journal of Financial and Quantitative Analysis* and of the *Pacific-Basin Finance Journal*. He received his doctorate in 1992 from Northwestern University.

VALERIE R. BENCIVENGA
University of Texas at Austin

Valerie R. Bencivenga is on the faculty of the economics department at the University of Texas at Austin. She previously taught at University of California at Santa Barbara, the University of Western Ontario and Cornell University. Her research topics involve the interface of macroeconomics and economic development, mostly concerning the role of financial markets in growth. Her articles have appeared in the leading economics journals. She received her doctorate from the University of Toronto.

NICOLA CETORELLI
Federal Reserve Bank of Chicago

Nicola Cetorelli is a senior economist in the research department of the Federal Reserve Bank of Chicago. His research interests focus on the microeconomics, industrial organization and corporate finance aspects of the banking industry and the relationships with macroeconomic variables. He has published or has articles forthcoming in the *Journal of Finance*, the *Journal of Money, Credit, and Banking* and the *Journal of Economic Dynamics and Control*. He received his doctorate from Brown University in 1996.

CAMPBELL R. HARVEY
Duke University

Campbell R. Harvey is the J. Paul Sticht Professor of International Business at the Fuqua School of Business, Duke University, and a research associate of the National Bureau of Economic Research. Harvey has also served on the faculties of the Stockholm School of Economics, the Helsinki School of Economics and the Graduate School of Business at the University of Chicago. His current research focuses on the relationship between finance and the real economy in a large sample of countries. Harvey serves on the board of directors of the American Finance Association and the Western Finance Association. He is editor of the *Review of Financial Studies* and an associate editor of the *Journal of Financial Economics* and of eight other journals. He is also co-editor of the *Emerging Markets Review* and serves as advisory editor for the *African Finance Journal*. Harvey obtained his doctorate at the University of Chicago.

PETER BLAIR HENRY
Stanford University

Peter Blair Henry is an associate professor of economics in the Graduate School of Business at Stanford University and a faculty research fellow of the National Bureau of Economic Research. Henry conducts research on the financial and real effects of economic policy reform. Recent articles in the *Journal of Financial Economics* and the *Journal of Finance* examine the impact of financial liberalization in emerging markets. Henry received his doctorate from MIT in 1997.

ROSS LEVINE

University of Minnesota

Ross Levine holds the Curtis L. Carlson Chair in Finance at the University of Minnesota. Levine has also been on the staff of the Board of Governors of the Federal Reserve System and of the World Bank and has taught at the University of Virginia. His work focuses on the links between financial sector policies, the operation of the financial system and economic growth. His articles, which have appeared in the leading economics and finance journals, are among the leading contributions to the literature on the relationship between the development of financial systems and national economic growth. He received his doctorate from UCLA in 1987.

CHRISTIAN T. LUNDBLAD

Indiana University

Christian T. Lundblad is an assistant professor of finance at Indiana University's Kelley School of Business. He has also served as a financial economist at the Federal Reserve Board. His research focuses on empirical asset pricing issues. Recent research in international finance has investigated the relationships between equity market liberalization, financial development and economic growth. Lundblad's research has been published in the *Journal of Development Economics* and the *Journal of Econometrics*. He received his doctorate from Duke University in 2000.

RAGHURAM G. RAJAN

University of Chicago

Raghuram G. Rajan is the Joseph L. Gidwitz Professor of Finance at the Graduate School of Business, University of Chicago. Rajan's research interests are varied, but focus primarily on economic institutions ranging from banks to property rights. His papers have been published in the top economics and finance journals. Rajan is a director of the American Finance Association and is the program director for the corporate finance program at the National Bureau of Economic Research. Rajan has served as a consultant to a number of organizations, including the World Bank, the Federal Reserve Board, the Swedish Parliament, finance companies and banks. Rajan received his doctorate from MIT in 1991.

PETER L. ROUSSEAU

Vanderbilt University

Peter L. Rousseau is an associate professor of economics at Vanderbilt University and a faculty research fellow of the National Bureau of Economic Research. His research interests include the historical role of financial markets and institutions in long-run economic growth, and the impact of technological change on the development of financial markets. He is the author of numerous journal articles and book chapters on these topics. Rousseau also serves on the editorial board of *Explorations in Economic History*. Rousseau received his doctorate from New York University in 1995.

BRUCE D. SMITH

University of Texas at Austin

Bruce D. Smith died in July 2002. He was the Hofheinz Regent's Professor of Economics at the University of Texas at Austin. He was the author of over 90 articles on monetary economics, banking and monetary history. He served on the editorial boards of the *Journal of Economic Theory*, *Economic Theory*, the *Journal of Financial Intermediation* and *Macroeconomic Dynamics*. In addition, Smith was a research associate at the Federal Reserve Bank of Cleveland and a consultant to the Federal Reserve banks of Atlanta, Kansas City, Minneapolis, New York and St. Louis, as well as to the Board of Governors of the Federal Reserve System. He received his doctorate from MIT.

PHILIP E. STRAHAN

Boston College

Philip E. Strahan is an associate professor of finance at the Carroll School of Management at Boston College. Previously, Strahan was an economist at the Federal Reserve Bank of New York. His research interests include the effects of deregulation on the structure and efficiency of the banking industry, the impact of consolidation on bank lending, the political economy of banking deregulation and risk management practices in banking. His research has been published, or is forthcoming, in several of the leading journals in economics and finance. Strahan is an associate editor of the *Journal of Financial Intermediation*, the *Journal of Financial Services Research* and the *Journal of Money, Credit, and Banking*. He received his doctorate from the University of Chicago in 1993.

DAVID C. WHEELOCK

Federal Reserve Bank of St. Louis

David C. Wheelock is an assistant vice president and economist at the Federal Reserve Bank of St. Louis, where he has been employed since March 1993. Previously, Wheelock was on the faculty of the University of Texas at Austin. Wheelock has published numerous articles on banking and monetary policy issues in professional journals and Federal Reserve publications. In addition, he is the author of *The Strategy and Consistency of Federal Reserve Monetary Policy, 1924-1933*, published by Cambridge University Press in 1991. Wheelock currently serves on the editorial board of the *Journal of Economic History*. He received his doctorate from the University of Illinois in 1987.

EUGENE N. WHITE

Rutgers University

Eugene N. White is a professor of economics at Rutgers University, a research associate of the National Bureau of Economic Research and editor of *Explorations in Economic History*. He has written extensively on stock market booms and crashes, deposit insurance, banking regulation and war finance. In addition to work on American stock market crashes, his current research includes a study of 19th century banking panics as seen through the records of individual bank depositors, a study on the forecasts of the Great Depression and a comparative analysis of the evolution of the microstructure of the New York, London and Paris stock exchanges. White received his doctorate from the University of Illinois in 1980.

LUIGI ZINGALES

University of Chicago

Luigi Zingales is the Robert C. McCormack Professor of Entrepreneurship and Finance at the Graduate School of Business, University of Chicago. In addition, he is a faculty research fellow for the National Bureau of Economic Research. Zingales has a variety of research interests in finance, including the influence of the development of financial systems on economic growth and the political foundation of financial development. On this latter topic, he just finished a book with Raghuram G. Rajan titled *Saving Capitalism from the Capitalists*. His papers have been published in the top economics and finance journals. He received his doctorate from MIT in 1992.

THE FEDERAL RESERVE BANK of ST. LOUIS