

Coordinator

Pablo Martín-Aceña, *Universidad de Alcalá*

Participants

Javier Andrés, *Universitat de València*

José Manuel González-Páramo, *European Central Bank*

Harold James, *Princeton University and European University Institute*

Norman Loayza, *World Bank*

José Luis Malo de Molina, *Bank of Spain*

Pablo Martín-Aceña, *Universidad de Alcalá*

Jordi Palafox, *Universitat de València*

Francisco Pérez, *Universitat de València and Ivie*

Carmen Reinhart, *University of Maryland*

SEMINAR

Past and present: from the Great Depression of the 20th century to the Great Recession of the 21st century

Venue

Fundación Universidad-Empresa, Adeit
Plaza Virgen de la Paz, 3
46001 Valencia

Free admission. Limited seating

Please confirm attendance at:

www.ivie.es

SEMINARS

BBVA Foundation-Ivie 2010

Past and present: from the Great Depression of the 20th century to the Great Recession of the 21st century

Valencia, 13-14 May, 2010

Fundación **BBVA**

Ivie 2010
aniversario

In collaboration with:

VNIVERSITAT (ò%)
D VALÈNCIA Facultat d'Economia

Objectives

The questions that have arisen from the events occurring in the global economy over the last three years suggest that we look back at the past with our mind fixed on the present and future. Given the similarities between the current economic crisis and the Great Depression, examining the past could allow us to obtain a better understanding of today's uncertain world. By exploring the differences and similarities between 1929 and 2009 and knowing what happened then, we can help avoid a painful decade of economic stagnation in the dawn of the 21st century.

In October 1929 the New York Stock Exchange suffered a catastrophic collapse that had an instantaneous impact on stock markets all around the world. In the following months, market quotations fell continuously and when the New York Stock Exchange hit bottom in 1932, the market had lost ninety per cent of its initial value. With the downfall of stock exchange markets worldwide came a severe financial crisis of unprecedented violence and thousands of US banks were forced into liquidation in 1930. In the spring of 1931 the suspension of payments by Credit-Anstalt, one of the oldest and largest Viennese credit institutions, dragged down a large part of the European banking system, with the continent's major financial institutions going bankrupt or into liquidation. The practically simultaneous occurrence of these events led the world into the abyss. The reduction in consumption and investment demands generated a deflation spiral and a simultaneous sharp decline in industrial production, foreign trade, national income and employment. The 1930s saw how the world economy slid into a Great Depression that was to last a full decade.

The Great Depression has left an indelible mark on our memory. The present economic recession, which began in the summer of 2007 with the subprime crisis, followed by the financial difficulties of investment banks such as Bear Stearns, AIG, Freddie Mac and Fannie Mae or the infamous Lehman Brothers, has brought to the forefront the sad events of 1929. They also remind us of the economic cataclysm that followed the fall of the stock market and the banking failures. The memory of what happened then still haunts us.

Are we on the threshold of a new depression as intense and damaging as that of the 1930s? Are we seeing a repetition of the events and circumstances that led to the

Great Depression? What were the causes of the disaster of 1929, and what are the causes of the present Great Recession? Can we, in the 21st century, avoid the repetition of the financial crises of the 20th century? And in Spain, what type of crisis did we suffer in 1929 and what type of crisis are we facing now? What were our problems then and what are they now? What differences are there in the policies adopted? How and when will we recover from the crisis? What lessons can be learned from history?

The aim of this workshop is to deal with and to answer all these questions. The time that has passed since the beginning of the current crisis shows the gravity of our Great Recession. But there is also room for optimism, as most developed economies have been gradually recovering their activity pace. However, there remains a great deal of uncertainty and new problems have been added to the magnitude of imbalances in the field of public finance, deriving from the fiscal effort made by governments to stem the decline of income and employment. The risks of another setback or a false recovery have not disappeared.

These workshops aim to be a laboratory of ideas, where facts, theories, interpretations, and opinions can be discussed. The issues will be debated by a group of economists and economic historians from academia, research institutions, and centers of economic policy decision. Their knowledge, specialization and different backgrounds will allow us to obtain a wide, rich and diverse perspective of the "world of yesterday", 1929, and of the "world of today", 2010.

Fundación BBVA

Ivie 2010 aniversario

In collaboration with:

UNIVERSITAT DE VALÈNCIA  Facultat d'Economia

Programme

THURSDAY 13 9:15-14:30

9:15-9:30 Welcome and opening session

9:30-10:15

"¿Qué pasó en 1929? El año que cambió el mundo"
Pablo Martín-Aceña, *Universidad de Alcalá*

10:15-11:00

"España y la crisis internacional de 1929: el papel de los desequilibrios internos"

Jordi Palafox, *Universitat de València*

11:00-11:30 Discussion

11:30-11:45

Coffee break

11:45-12:30

"España: patrón de crecimiento y características de la crisis actual"

Francisco Pérez, *Universitat de València and Ivie*

12:30-13:15

"Volatilidad y crisis: tres lecciones para países en desarrollo"

Norman Loayza, *World Bank*

13:15-14:00

"La crisis financiera global: lecciones y retos"

José Manuel González-Páramo, *European Central Bank*

14:00-14:30 Discussion

FRIDAY 14

9:30-14:15

9:30-10:15

"The lessons of the Great Depression and the way they were discussed in the current financial and economic crisis"

Harold James, *Princeton University and European University Institute*

10:15-11:00

"Desequilibrios macrofinancieros y crisis económica"

Javier Andrés, *Universitat de València*

11:00-11:30 Discussion

11:30-11:45

Coffee break

11:45-12:30

"From Financial Crash to Debt Crisis"

Carmen Reinhart and Ken Rogoff, *University of Maryland*

12:30-13:15

"Las claves de la salida de la crisis en España"

José Luis Malo de Molina, *Bank of Spain*

13:15-14:00 Discussion

14:00

Closing session