Carnegie-Rochester-NYU Conference on Public Policy

CALL FOR PROPOSALS

“The Macroeconomics of Liquidity in Capital Markets and the Corporate Sector”

November 11-12, 2016

The **Carnegie-Rochester-NYU Conference on Public Policy** is now soliciting papers for a conference on “The Macroeconomics of Liquidity in Capital Markets and the Corporate Sector." The conference will be held at **Carnegie Mellon University** on November 11-12, 2016. The papers and comments are slated for publication in the July 2017 issue of the ***Journal of Monetary Economics.***

Liquidity creation has been migrating away from traditional supervised depository institutions. Since the 2008-09 financial crisis the migration has gone beyond money markets and broker-dealers within bank holding companies to other non-bank financial entities. Open-ended mutual funds are increasingly important for financing and liquidity provision in corporate bond markets and in other fixed income markets. There is a commensurate increase in the demand for money in mutual funds to help provide liquidity. The corporate sector too has exhibited striking growth in its appetite to hold liquid assets. The Carnegie Rochester NYU conference seeks proposals to understand and assess the macroeconomic causes and consequences of the economy-wide transition in the supply and demand for liquidity, with the goal of guiding financial and macroeconomic policy. Proposals should employ advances in financial- and macro-economics to address current policy questions. Theoretical, empirical, quantitative, institutional, and historical perspectives are welcome.

Topics of particular interest are: 1) the macro-finance economics of liquidity creation in capital markets, 2) the macro-economics of the demand for liquidity in the corporate sector with reference to taxes and investment in productive capital, 3) intermediary asset pricing, liquidity creation and the macro-economy, 4) opacity and transparency in the provision, management and regulation of liquidity, 5) search models of liquidity in capital markets, 6) recent trends in the liquidity of corporate bonds, 7) causes of the recent migration of liquidity creation from banks to mutual funds, 8) systemic risk as liquidity risk, and the resulting consequences for macro-prudential policy in capital markets, 9) the co-movement of credit risk and liquidity risk, 10) indexing aggregate liquidity risk, 11) hedging liquidity risk, 12) the SEC's new regulatory proposals for swing pricing and limiting illiquid securities and leverage in mutual funds, and the SEC's final regulatory ruling to prevent runs on money market funds, 13) the macro-economic consequences of bank capital and leverage requirements, liquidity coverage ratios, supplemental leverage ratios, net stable funding ratios, and numerical floors for repo and reverse repo for limiting banks' use of short-term wholesale funding, 14) the potential role of Divisia monetary aggregates for monitoring aggregate liquidity and financial stability, and 15) the interpretation and use for macro-prudential policy of the TED spread as an indicator of illiquidity in money markets.

The editors invite detailed abstracts of no more than two pages describing the proposed research paper. (If a preliminary version of the paper is available, authors may include it with their abstract.) **Proposals should be submitted electronically** to Sue North, Editorial Assistant for the ***Journal of Monetary Economics***, no later than **Monday, April 4, 2016** at north@simon.rochester.edu.

The editors, in collaboration with the Carnegie-Rochester Advisory Board, will make the final selection of papers to be included in the Conference. Authors will be notified by Monday, April 18, 2016 if their paper has been selected. Authors will receive an honorarium of $2500 and be expected to present their paper at the Conference. The papers should represent original research not presented or published elsewhere. Since the papers are intended for publication, authors will not be able to publish or reprint the work elsewhere without the permission of the editors and publisher. Please note that the editors will contact authors only if their paper is accepted.