

**3<sup>rd</sup> TIAC-BNM Monetary and Financial Economics Workshop**  
**16 July 2018, Sasana Kijang, Bank Negara Malaysia**

---

This workshop aims to facilitate the exchange of research ideas, findings, and insights on some of the key implications of policies that were introduced during global financial crisis on emerging market economies (EMEs). In particular, the topics will focus on the spillover effects of financial market volatility and the consequential impact of higher public debt arising from stimulus expenditure. In the first session, the workshop will look into volatility spillovers arising from the implementation and withdrawal of unconventional monetary policy in advanced economies. The second session will focus specifically on issues related to the sustainability of EMEs' public debt accumulation in the post-GFC period. As such, participation from Malaysian academics, policymakers and practitioners are very much encouraged to enhance the collective knowledge and expertise in the field of monetary and financial economics.

---

### Keynote Address

09:30 – 9.45    Speaker    Professor Dr. Thorsten Beck  
*6<sup>th</sup> TIAC Chairholder*

### Session 1: Impact of shifts in balance sheet policies in advanced economies to EMEs

Since the GFC, increased financial volatility in EME currencies and asset markets have mainly been driven by the implementation and withdrawal of unconventional monetary policy by central banks in advanced economies, and perhaps more importantly, global investors' expectations surrounding these events. In this regard, it is critical to assess and discuss the impact of the shifts in balance sheet policies of central banks in advanced economies to EMEs, and what policymakers can do to better manage them.

09:45 – 10:30    Chair                    **Dr Norhana Endut**  
*Director, Monetary Policy Department, BNM*

Paper:                    **“Volatility Spillovers from the U.S. Federal Reserve Balance Sheet Policy to Capital Flows in Emerging Markets”** by Lee Hock Ann (UMS), Hooy Chee Wooi (USM) and Ho Yew Joe (UMS) (2018)

Discussant: **Nurhisham Hussein**  
*Head of Economics and Capital Market Department, EPF*

**Dr Ole Jens Rummel**  
*Director of Macroeconomic and Monetary Policy Department, The SEACEN Centre*

(15 minutes presentation, 20 minutes for discussant, 10 minutes for Q&A)

10:30 – 10:45    Coffee break

## Session 2: Impact of public debt on growth

Theory postulates that higher public debt level can increase growth as countries usually borrow for productive investments. However, a high debt level that breaches a certain threshold could be detrimental to economic growth. Beyond this threshold, the high debt will increase the risk premium priced by the market on government debt, which subsequently increases cost of borrowing and undermines market confidence. Nevertheless, the debt threshold that is considered to be unsustainable remains a debate, particularly for that of emerging economies. Therefore, it will be important to uncover the potential relation between public debt and economic growth and further discuss on the best policy design to sustain a manageable public debt level

10:45 – 11:30 Chair

**Fraziali Ismail**

*Director, Economics Department, BNM*

Paper:

**“Public Debt and Economic Growth in Developing Countries: Nonlinearity and Threshold”** by Law Siong Hook (UPM, 2018)

Discussant:

**Anthony Dass**

*Chief Economist, Ambank Group Research*

**Dr Richard Record**

*Lead Economist, World Bank*

(15 minutes presentation, 20 minutes for discussant, 10 minutes for Q&A)