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Introductory Remarks

Ladies and Gentlemen, before the crisis the consensus view was that there is a single (predominant) strategic objective of monetary policy: price stability (inflation targeting). Accordingly there is one instrument for this single target. On the side of operational procedures and monetary policy implementation we saw a parallel development that mirrored this consensus view.

The financial crisis has posed a challenge to this view of monetary policy implementation. In the two years following August 2007 central banks have multiplied initiatives beyond the previous narrow focus on the short term interest rate. Central banks adapted the design of their standing facilities, open market operations and reserve requirements. These initiatives were accompanied first by significant changes in the composition of balance sheets, later also by a significant increase in balance sheet size. To distinguish them from traditional interest rate policy, which was also employed to lower nominal short term rates to unprecedentedly low levels, these new policies could be labelled balance sheet policy, i.e. the use of size and composition of balance sheet to influence financing conditions.

Are these changes a temporary crisis related deviation from established practice or do they mark a more fundamental change? If the driving force behind changes in operational framework was the dysfunctional state of financial markets, will we see a return to the pre crisis world or will the crisis framework influence post-crisis design? What are the wider implications for monetary policy strategies and instruments?

I am happy to present the following four distinguished experts, one from a financial institution, two from aca-

demia and one economic journalist who will go into these issues, and discuss the wider implications of recent developments in monetary policy.

Dietrich Domanski is the Head of the Secretariat of the Committee on the Global Financial System (CGFS) at the Bank for International Settlements (BIS) in Basel. He joined the BIS as a Senior Economist in 2000 from the Bundesbank, where he headed the capital markets group in the Economics Department. He also worked as IMF Advisor to Bank Indonesia during the Asian crisis. At the BIS Dietrich Domanski was in charge of the macroeconomic analysis unit before taking over the CGFS Secretariat in September 2007. He has worked on a broad range of CGFS initiatives related to financial crisis, in-



cluding studies on procyclicality, the development of macro prudential policy, the implications of the crisis for international banks and central bank liquidity operations during the financial crisis. He has published widely on financial stability issues. His main research interests include the interaction of monetary policy, financial markets and the real economy and the role of financial intermediation in economic development.

He will give a lecture with the title *Exit from Unconventional Monetary Policy*

Measures and the Future of Central Bank Operational Frameworks.

Stefan Gerlach is Professor of Monetary Economics and Managing Director of the Institute for Monetary and Financial Stability at the Goethe University Frankfurt. He also holds academic positions as a research Professor of the Bundesbank, as a research fellow of the Center for Finance and Credit Markets at the University of Notting-



ham, as a fellow of the Center of Financial Studies in Frankfurt, and a Fellow of the Center of Economic Policy Research CEPR London. He also holds several advisory positions. He is a Member of the Monetary Experts Panel of the European Parliament's Committee on Economic and Monetary Affairs, External Member, Monetary Policy Committee, Bank of Mauritius and Overseas Adviser, Hong Kong Institute for Monetary Research. He worked with the BIS and the Hong Kong Monetary Authority and the Hong Kong Institute for Monetary research. In his career he also held several academic positions in the USA and France. He has published widely in academic Journals and he is also an active commentator on monetary and financial policy issues. His presentation has the title *Monetary Policy after the Crisis*.

After these two lectures, we have a panel where with a debate from an academic and a non-academic angle on the narrower question about the risk taking capacity of central banks, a question which is clearly on the table since the policy measures taken during the crisis. We will have two highly distinguished panellists with us.

Anne Sibert is Professor of Economics at Birkbeck College, University of London. She is also a member of the Monetary Policy Committee of the Bank of Iceland since 2009. She has many other academic and non-academic appointments: She is a fellow of CEPR, CESifo and the Kiel Institute for World Economics and of the European Economic Association. She is a member of the Panel of Economic and Monetary Experts in the Committee for Economic and Monetary Affairs of the European Parliament and she is a founding member of the internet platform VoXEU.org, a forum for research based policy analysis and commentary from leading economists. She has published widely in academic Journals, books and on macroeconomic and monetary policy issues.

Wolfgang Münchau is associate editor and European economic columnist of the Financial Times. Together with his wife, the economist Susanne Mundschenk, he runs *eurointelligence.com*, an internet service that provides daily comment and analysis of the euro area, targeted at investors, academics and policy makers. Wolfgang Münchau was one of the founding members of Financial Times Deutschland, the German language business daily, where he served as deputy editor from 1999 until 2001, and as editor-in-chief from 2001 until 2003. Previous appointments included correspondent posts for the Financial Times and the Times of London in Washington, Brussels and Frankfurt. He was

awarded the Wincott Young Financial Journalist of the Year award in 1989. He holds the degrees of Diplom-Betriebswirt (Reutlingen), Diplom-Mathematiker (Hagen), and MA in International Journalism (City University, London). Mr. Münchau has pub-

lished three German language books. His book *Vorbeben*, on the financial crisis, has received the prestigious GetAbstract business book award in 2008, and is now published by McGraw Hill in the USA.