

Wolfgang Duchtatzek

Vice Governor

Oesterreichische Nationalbank



Introductory Remarks

Ladies and gentlemen,
When a financial crisis strikes, the public sector has to take a leading role in crisis management. If the crisis is systemic usually several countries are involved simultaneously adding on top of difficult policy choices at the national level, policy coordination problems of significant complexity. Finding the right policy mix in such a situation is a considerable challenge. Some of the key issues that are involved as well as some reasonable ways to address them is the topic of this first Panel with the title *How to Manage Financial Crisis from a Systemic Viewpoint?*

In many respects the policy responses to the recent financial crisis reflected the experience of the past. Central banks quickly helped to contain extreme liquidity stress and to stabilize financial liabilities. Accommodative fiscal policies helped to maintain aggregate demand and to counteract an extreme economic contraction. The next stage of policy responses which would in principle require the removal of insolvent financial institutions from the system and recapitalizing viable ones was followed to some degree in the major countries affected by the crisis. But how exactly resolution and balance sheet restructuring should take place and according to which schedule turned out to be controversial. Finally, the formulation and implementation of a growth strategy and a plan for operational restructuring of the financial sector to restore sound finance and improve non-performing loans turns out to be even more controversial and the debate on appropriate policies in this respect is still on-going and open.

From a systemic viewpoint, crisis management seems to be very much a matter of getting the overall policy mix and in particular the sequencing of dif-

ferent measures right. It also involves inter-temporal trade-offs. Striking the right balance between containment and restructuring remains one of the major challenges.

Looking back at the recent – and unfortunately on-going – crisis with a focus on the European Monetary Union to draw lessons, as the title of our conference suggests, is an excellent opportunity to give a balanced reflection of



how these challenges of crisis management have been addressed and what might be improved for the future. To guide us in this debate we are very lucky to welcome two distinguished international experts who have kindly agreed to share their views on this important topic with us today

Andreas Dombret is a Member of the Executive Board of the Deutsche Bundesbank. Before he joined the Executive Board of the Bundesbank, Andreas Dombret held various important positions in Finance and Banking. He was with Deutsche Bank's Head Office in Frankfurt as a manager with the power of procuration. From 1992 to 2002, he worked at JP Morgan in Frankfurt and London, from 1999 as a Managing Director. From 2002 to 2005, he was the Co-Head of Rothschild Germany located in Frankfurt and London, before serving Bank of

America as Vice Chairman for Europe and Head for Germany, Austria and Switzerland between 2005 and 2009. He was awarded an honorary professorship from the European Business School in Oestrich-Winkel in 2009. Since May 2010, he has been a member of the Executive Board of the Deutsche Bundesbank with responsibility for Financial Stability, Statistics and Risk Control. He holds a Ph. D. in business management of the Friedrich Alexander University in Erlangen Nürnberg.

Federico Sturzenegger is currently President of Banco Ciudad de Buenos Aires and Professor at the Universidad Torcuato Di Tella. He holds a Ph. D. in Economics from MIT (1991), was Assistant Professor of Economics at UCLA (1991–1995), Chief Economist

of YPF¹ (1995–1998), Dean of the Business School at Di Tella (1998–2000/2002–2005), Secretary of Economic Policy of the Republic of Argentina (2001), and Visiting Professor of Public Policy at the Kennedy School of Government, Harvard University (2005–2007). He has written or edited seven books, and has published extensively in the area of international finance and macroeconomics. His joint book with Jeromin Zettelmeyer *Debt Defaults, Lessons from a Decade of Crisis* on the Latin American Debt Crisis is particularly well known. He appears regularly in the press, and is a regular consultant of corporations and international organizations. In 2005, the World Economic Forum of Davos selected him as Young Global Leader.

¹ *Yacimientos Petrolíferos Fiscales, Sociedad Anónima* is an integrated Spanish oil and gas company with operations in 29 countries. The bulk of its assets are located in Spain and Argentina, as a result of the 1999 takeover of Argentine energy firm YPF by the Spanish conglomerate Repsol S.A. It is now the 15th largest petroleum refining company according to the Fortune Global 500 list, employing over 40,000 people worldwide.