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Introductory Remarks

Dear distinguished speakers,
dear participants!

I would like to welcome you to the second day of our economics conference. This morning, we will discuss so-called “macroeconomic imbalances”. It will be clarified in both following presentations what is meant by this expression. For the moment it will suffice to say that such imbalances are macroeconomic developments that are not sustainable in the medium or long run and that are likely to result in an economic crisis – in a single country, a large region or even worldwide if economic policy does not take action in time.

This session will be dealing with macroeconomic imbalances on a regional scale – the European Union – and on the global level. It is an honor to present our first speaker, distinguished professor Anne Krueger from the John Hopkins School of Advanced International Studies (SAIS) in Washington, DC, who will focus on longer-term and global aspects of macroeconomic imbalances. She will discuss the role of international or multilateral bodies for financial regulation and the question of what lessons can be drawn from the Great Recession in terms of reforming these multilateral bodies and of developing new instruments, e. g. at the IMF or at the level of the G-20 heads of governments.

The consequences of the Great Recession will certainly be on the policy agenda in the years to come. I refer to substantial levels of government debt in many developed countries. There are hotly debated issues such as the U. S. current account balance and Chinese exchange rate policy. And there are further challenges ahead arising from population aging in a number of countries.

Our second speaker is Thomas Wieser who will focus on the European

Union and – especially – on the euro area. Thomas Wieser is Director General for Economic Policy and Financial Markets at the Austrian Ministry of Finance. Until recently, he has been the president of the Economic and Financial Committee (EFC) of the European Union. This body was set up to promote policy coordination among the Member States of the EU. It does preparatory work for the Council of the European Union on a diverse range of matters: assessments of the economic and financial situation of Member States, of financial markets, and the dialogue between the Council and the European Central Bank. Mr. Wieser was thus deeply involved in mitigating the consequences of the great recession



2008/2009 and in developing the policy reactions at the EU and the national level.

Mr. Wieser’s speech will cover the history of policy coordination in the European Union. The need for such coordination and economic surveillance to prevent macroeconomic imbalances was always recognized at the central bodies of the EU. However, as he will describe in more detail, actual economic policy at national levels did not match the policy recommendations prepared at the EU level. The great recession and the ongoing fiscal and

financial turmoil show us painfully where such inaction can lead.

Furthermore, Mr. Wieser will discuss the crisis management, especially the creation of the European Financial Stability Facility (EFSF) and the Euro-

pean Financial Stabilization Mechanism (EFSM) as well as the future European Stability Mechanism (ESM). Finally, he will discuss the new instruments of fiscal and macroeconomic surveillance and the longer run policy implications.