Monetary Policy after the Crisis

Key findings of a conference jointly organised by SUERF and the National Bank of Poland in Warsaw on 4 March 2011

By Ernest Gnan, Secretary General, SUERF

On 4 March 2011, SUERF and the National Bank of Poland jointly organised a conference on the theme of: “Monetary Policy after the Crisis”. Following a call for papers with a large number of submissions, the scientific committee selected 9 papers, which were grouped in three sessions addressing the following three research questions: First, what have we learnt from the crisis for the conduct of monetary policy? Second, what have we learnt from the crisis for the coordination of monetary, fiscal and macroprudential policies? And third, how did the Monetary Transmission Mechanism during the crisis function, and what can we expect for the future?

Governor Marek Belka, National Bank of Poland, opened the conference with a number of pointed observations. Inflation targeting served Poland well. It stabilised inflation and inflation expectations. Poland’s version of inflation targeting with a flexible exchange rate policy also helped the country to weather the crisis well. So, there is no need to change the policy in Poland. But this may be different for other countries: Inflation targeting neglected asset price developments, so in this sense it failed, given that the crisis was provoked by asset price bubbles.

Against this background, the Governor raised a number of important issues: Did monetary policy contribute to the crisis? How important was the “Greenspan put”? Was it a necessary but not sufficient cause, or was it THE main engine of the crisis? Will inflation targeting survive the crisis, will it be modified, and how? Can inflation help reduce public debt problems in advanced countries? How can Poland conduct its monetary policy well if monetary transmission is impaired by international spillovers? And how can the monetary policy mandate be squared with new financial stability concerns which have moved into the forefront since the crisis?

1 The scientific committee comprised Ernest Gnan, SUERF and Oesterreichische Nationalbank, Ryszard Kokoszczynski, SUERF and National Bank of Poland, Tomasz Lyziak, National Bank of Poland, and Robert McCauley, SUERF and Bank for International Settlements.
Governor Belka expressed concern about bringing financial stability into the central bank’s mandate. Financial stability policy can only work well if used early on, in this case it can support and reinforce monetary policy. Poland is currently in such a phase, imbalances have not yet built up. So, in this phase, supervisory and regulatory instruments can be employed usefully to make monetary policy more efficient and less costly.

Catherine Lubochinsky, President of SUERF, thanked the National Bank of Poland for hosting the conference, the scientific committee for putting together an interesting programme, and all speakers and the audience for participating. At the current juncture, monetary policy is still in crisis mode, but is at the same time concerned with how to design the new norm after the crisis. Despite being very inventive in designing new, unconventional monetary policy instruments, central banks now have too many objectives with too few instruments: they set interest rates, manage the exchange rate, act as market makers, and are supposed to supervise and control commercial banks and financial markets. It is interesting to note though, that various countries and central banks have recently moved in differing directions with respect to central banks’ responsibilities in banking regulation and supervision.

The first keynote speech was given by Jens Thomsen, Vice-Governor Danmarks National Bank, on the topic “Monetary Policy after the Crisis – Ten Lessons from a Fixed-Exchange-Rate Regime”. The Danish Krone has been held stable against the Deutschemark, and later the Euro, since 1987. Initially the exchange rate policy was supported by capital restrictions, which were, however, circumvented. Denmark is not a member of the euro area because a majority of the Danes voted no to the proposal of replacing the Krone with the euro in a referendum in 2000. Inflation has been around 2% since 1990, exchange rate interventions have regularly been used to implement the exchange rate policy; in addition interest rates were used in specific situations of market nervousness to support the exchange rate peg. Economic fundamentals and bond yield spreads have compared favorably with other Nordic countries over the past two decades.

The Danish experience implies ten lessons: First, foreign exchange intervention is useful up to a certain point; in times of severe pressure, the interest rate needs to be used to support the peg. Second, the interest sensitivity of portfolio capital flows is regime dependent. During financial turmoil interest-rate sensitivity of capital flows can decline substantially. Third, the size of foreign reserves plays an important role in signalling commitment to a fixed-exchange-rate regime during periods of foreign exchange rate turmoil. Fourth, the proper interest-rate response during crises is rarely convenient and popular. Fifth, when they are needed the most, foreign exchange reserves can be most difficult to obtain. Sixth, the cost of holding foreign reserves are low when the reserves are not needed (calm markets) and expensive when they are needed (currency turmoil). Seventh, swap arrangements between central banks during the crisis were successful. Eighth, the operational frameworks for monetary policy implementation must be sufficiently flexible to address extraordinary liquidity situations in the money market. Ninth, short-term financing through money and capital markets is more sensitive to banks’ creditworthiness than deposits. Banks’ dependence on money market financing thus makes them more vulnerable, also to spill-overs from banking problems in other countries. If the banking system relies heavily on short-term foreign funding, this can have systemic implications and make it necessary for the central bank to operate with large foreign-exchange reserves. Finally, there is a cost to Denmark of not joining the euro area; this cost is most visible during crises.

Claudio Borio, Bank for International Settlements, addressed the issue of “Central Banking Post-Crisis: What Compass for Unchartered Waters”. Are central bankers the great winners of the crisis? They are seen to have saved the financial system. Beneath the picture, the picture is less reassuring: pre-crisis monetary policy certainties have gone. The line between fiscal and monetary policy has become blurred. Even the ability to control inflation has been questioned. Three challenges lie ahead: first, regarding the economic outlook, there are long-lasting scars of the crisis and signs of unsustainable booms in emerging markets; second, at an intellectual level, the benchmark analytical frameworks have failed; third, at an institutional level, central bank independence has become blurred and is under threat.

The pre-crisis consensus was that price stability is sufficient for macroeconomic stability - this was the intellectual basis for inflation targeting. Analytically, this was supported by the New-Keynesian paradigm, where price rigidities were the only frictions in the economy. There was also a clear separation between monetary and financial stability functions (except for the lender of last resort in crisis management). The short-term interest rate was seen to be sufficient to capture the impact of monetary policy on the economy, assuming perfect substitutability across asset classes and little perceived risk of the zero lower bound. Finally, the assumption was that if each central bank looked after its own economy, the global monetary policy stance would turn out to be appropriate, too. This was equivalent to the microprudential approach to regulation and supervision.

The new post-crisis consensus is that low and stable inflation does not guarantee financial and macroeconomic stability. Cleaning up the debris through monetary policy is costly and interest rate policy is not enough. There is a need to shift from a purely micro to a macroprudential orientation in regulation and supervision, with a key role for central banks. But there are also areas of disagreement:
Should monetary policy seek to lean against financial imbalances even if consumer price inflation is low and stable? How serious is the collateral damage of extraordinarily accommodative monetary policy (interest rate and balance sheet policies) in the wake of a crisis?

For his further analysis, Borio used three working hypotheses: First, monetary policy contributed significantly to the crisis by supporting the build-up of financial imbalances through low interest rates and the resulting increased risk-taking. Second, the aggressive and prolonged easing after the crisis has serious limitations: potential output has been permanently lost, and by now is potentially overestimated. The still existing private debt overhang may be aggravated by heavy public borrowing. Monetary policy easing delays necessary structural adjustments, raises financial stability risks and can compromise central bank independence. High public debt will raise pressure on central banks to inflate. Inflation may become to be seen as a solution rather than a problem. By purchasing large sums of private and public debt, central banks have become subject to huge potential losses, which may pose public and political pressure on them (see the current discussion about the large losses of the Swiss National Bank). Third, keeping one’s own house in order is not enough: Floating exchange rates provide only limited insulation. There is a tendency to underestimate the role of global factors. This is not merely a question of spillovers, it is also the result of parallel policies which in the aggregate lead to unsustainable global results (e.g. global energy and food prices, very low interest rates in many countries prior to, and also now after the crisis).

Four implications follow from the above: First, to constrain the build up of financial imbalances needs to be done by macroprudential policies and monetary policies together. Second, monetary policy needed to be aggressive during crisis management but now the structural repair of balance sheets should take over as the key priority. There is an urgent need to strengthen CBI – this is also critical for macroprudential policies. Fourth, we need to find ways to internalise spillover effects of individual central bank policies and their contributions to global monetary conditions.

In conclusion, Borio pleaded for a change in macroeconomic paradigms. It is not adequate to explain monetary phenomena with basically real economic models (possibly supplemented with some additional financial frictions). Instead, the old monetary economics traditions following Wicksell should be rediscovered. The fortunes of central banking have shifted over time: After Arthur Burns’ “anguish of central banking”, followed by Paul Volcker’s “triumph of central banking” we nowadays have to cope with “the doubts of central banking”. Particularly in a time of broadened responsibilities and more fragile central bank balance sheets, the crucial role of central bank independence needs to be emphasized, while at the same time the limitations of what central banks can achieve with monetary and macroprudential policies need to be recognized. The global dimension of central banks’ tasks needs to be more explicitly and fully recognized.

Session 1, chaired by Ernest Gnan, SUERF and Oesterreichische Nationalbank, addressed the issue of “Conducting monetary policy - what have we learnt from the crisis?”.

Charles Brendon, Exeter College, Oxford, presented a paper on “Optimal conventional and unconventional monetary policy in the presence of collateral constraints and the zero bound”. Using a sticky price business cycle model with collateral constrained entrepreneurs, the authors investigate how optimal monetary policy is affected by the presence of the zero lower bound to official interest rates. They also study the advantages of employing a second, unconventional monetary policy instrument such as “credit easing” and investigate the welfare differences between commitment and discretion. They find that using the unconventional monetary policy instrument improves welfare, because it helps relax the borrowing constraint. The model also illustrates that in a crisis commitment by the central bank to a future path of interest rates can improve welfare (as compared to discretionary policy without clear guidance on future policy), particularly if official interest rates have reached the zero lower bound: announcing the future path of policy rates, by managing the yield curve, in a way compensates for not being able to further cut short-term spot money market rates. If no such commitment is possible, the costs of non-commitment are shown to be reduced by the credit-easing instrument, both in case the zero lower bound has been reached and if interest rates are still above the lower bound. Thus, in a crisis such as the most recent one, in a sense the unconventional monetary policy instrument helped to make up for the disadvantages of discretionary policy at the zero lower bound.

Patrizio Pagano, Bank of Italy, addressed “The Role of Macroeconomic Policies in the Global Crisis”. Using NiGEM, a commercially available large global Neo-Keynesian (forward-looking agents, nominal rigidities) macro-economic model, the authors conduct simulations to answer the following questions: First, was US monetary policy too lax for too long after the 2001 recession? Could tighter policy have prevented or contained the housing bubble? Second, would stricter supervision and/or macro-prudential policies via higher
credit costs have prevented/contained the bubble? Third, would a combination of these policies have helped to contain the bubble and US current account deficits? Fourth, would stronger potential growth in Europe and Japan and more reliance on domestic demand in China, have helped to contain the build up of global imbalances? The authors find that the combination of all these measures, while substantially dampening growth initially in the US, would also have at least mitigated the following Great Recession. All in all, the net effect of the alternative policy path would have been clearly positive; so, restrictive policies during the build up of the crisis could be regarded as an insurance premium well worth paying to avoid the much greater damage later on. It is worrying that the fundamental macroeconomic imbalances that were at the root of the recent crisis have not been removed by the Great Recession; so, the need for a coordinated effort to establish a more sustainable pattern of global growth remains.

**Roman Horváth**, Charles University of Prague, investigated the question “How Does Monetary Policy Respond to Financial Stress?”. Using data for the US, UK, Australia, Canada and Sweden over the past three decades, the authors investigate whether and how central banks reacted to financial instability in their interest rate policy, and which type of instability they responded to most strongly. To this end, they estimate monetary policy rules employing a novel time-varying parameter model with endogenous regressors and using comprehensive measures of financial stress developed by the IMF. The paper confirms that central banks loosen interest rates in the face of high financial stress, financial stress explains 10–50 percent of interest rate variations during the 2008–2009 crisis. Bank stress and stock market stress were empirically the dominant forms of financial stress trigerring interest rate cuts, exchange rate stress was more important in more open economies. The recent crisis was unique in the sense that interest responses were highly synchronised across central banks, the response was substantial but in some countries similar to previous episodes of idiosyncratic financial stress.

**Cristina Badarau**, University Montesquieu Bordeaux 4, studied “Which policy-mix to mitigate the effects of financial heterogeneity in a monetary union” such as the euro area. Using a calibrated DSGE model with a heterogeneous bank capital channel, with financial shocks in addition to monetary policy, fiscal policy and technological shocks, the paper shows that a single monetary policy in a heterogeneous monetary union can worsen national divergencies. The authors conclude, among other things, that decentralized fiscal policies need to be more active in countries more sensitive to shocks, i.e. where the bank capital channel is stronger, to mitigate adverse asymmetric shocks. If structural heterogeneity is important, fiscal policy coordination can lead to less macroeconomic stabilisation at the individual national level, but it may reduce public spending divergence. During the financial crisis, a cooperative fiscal policy regime would, according to the authors, have entailed insufficient national policy reaction.

**Marco Lo Duca**, European Central Bank, presented a paper on “Risk, Uncertainty and Monetary Policy”. The paper starts from the frequently alleged link between loose monetary policy and excessive risk-taking in financial markets, and documents a strong correlation between the level of monetary policy rates and financial markets’ risk aversion, as measured by stock market option-based implied volatility. Decomposing implied volatility into two components, risk aversion and uncertainty, and using a structural vector autoregressive methodology, the authors find interactions between each of the components and monetary policy to be rather different. Loose monetary policy increases risk appetite in the future, with the effect starting to become significant after five months and lasting about two years. At the same time, monetary policy is found to react to periods of high uncertainty by easing interest rates. The policy conclusions are potentially powerful: If monetary policy significantly affects risk appetite in asset markets, monetary policy may turn out to be sufficiently potent to
stop financial excesses. Conversely, in periods of crisis, when financial markets are “fearful”, loose monetary policy may play a useful role in reducing these fears.

Session 3, chaired by Urs Bichler, SUERF and University of Zurich, was concerned with “The Monetary Transmission Mechanism During and After the Crisis”.

Wayne Passmore, Board of Governors, Federal Reserve System, studied the question: “Did the Federal Reserve’s MBS Purchase Program Lower Mortgage Rates?”. On 25 November 2008, the Federal Reserve announced that it would purchase USD 500bn of agency mortgage backed securities (issued by Fannie Mae, Freddie Mac, and Ginnie Mae) over the next 16 months, in order to reduce the cost and increase the availability of credit for the purchases of houses. Using an empirical pricing model for mortgage backed securities yields and mortgage rates, the authors find that the announcement of the programme, by signalling strong and credible government backing for mortgage markets and the financial system as a whole, already reduced mortgage rates by 85 basis points by end-2008, although by that time no mortgage backed securities had yet actually been purchased. All in all, rates were lowered by 100-150 basis points. By end-May 2009, normal pricing conditions had returned to US primary and secondary mortgage markets. The successful reduction in rates may be attributed equally to two effects: first, improved market functioning due to clear government backing, and second, portfolio rebalancing effects. After the Fed’s intervention had ended, portfolio rebalancing effects were experienced due to the permanent reduction in the stock of mortgage bonds available on the market. In summary, the authors conclude that the purchases were effective.

Ewa Wróbel, National Bank of Poland, presented a paper on “Monetary Policy Transmission Disturbances During the Financial Crisis: a Case of an Emerging Market Economy”. Using the case study of Poland, an inflation-targeting economy, the paper shows that the financial crisis affects monetary policy transmission through both a crisis-induced change in monetary policy and changes in the structural features of the economy. Against the risk of a deep decline in output, the central bank increased its responsiveness to both inflation and output shocks, thus taking into account disturbances in interest rate pass through to money market and retail rates, as well as in the credit channel. All in all, the authors concluded that disturbances in monetary policy transmission rather reflected increased perception of risk and cyclical factors triggered by the financial crisis and to a lesser extent structural changes in the economy. However, in a medium-term perspective, the magnitude and duration of the crisis, combined with ongoing changes in the regulatory framework and macroeconomic policies, may, through learning by agents, trigger lasting changes also in monetary transmission.

Urszula Szczepanowicz, LUISS Guido Carli and Sciences Po-OFCE, investigated “Are Unconventional Monetary Policies Effective?”. The paper evaluates the impact of non-conventional monetary policies on the Libor-OIS spread, long-term interest rates and long-term inflation expectations in the United States by studying the behaviour of selected asset yields on the days of policy statements. The author confirms that announcements of government bailouts and recapitalisations and liquidity facilities other than the TAF reduced the 3-month Libor-OIS spread by an estimated 25 and 9 basis points respectively. The long-term Treasury securities purchases as well as the outright purchases of Agency debt and mortgage-backed securities in the context of “Quantitative Easing 1” lowered long-term interest rates by 17 and 22 basis points respectively. Finally, the Fed’s rescue operations of several large financial institutions, “Quantitative Easing 2” and fiscal stimulus announcements raised long-term inflation expectations by 5-6 basis points.

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The around 130 conference participants bore witness to the timeliness and practical relevance of the issues raised in the conference program. Various central banks around the world have switched back from crisis mode into the “new normal”, and also the European Central Bank had, on the day preceding the conference, indicated that a hike in official interest rates, after two years of historically low levels, might be imminent. At a deeper, more structural level, the crisis has triggered critical thinking on how to better capture financial friction and the monetary sector in economic models, how to modify monetary policy strategies to make them more robust against the build up of macroeconomic and financial imbalances, and on the role of central banks in areas outside of monetary policy, such as macro-prudential surveillance. While of course, in just one day, these complex questions could only be touched upon, the conference offered a good overview of the issues at stake and on the ongoing research in this field in academia and at central banks around the world. SUERF will certainly follow these issues up at future events.
Forthcoming SUERF Events

Bank of Finland, CEPR, JFI and SUERF Conference

The Future of Risk Management
Helsinki, 22–23 September 2011

The programme and registration information will be sent out electronically and will appear in the next SUERF Newsletter. Further information: www.suerf.org/hel11

SUERF/Deutsche Bundesbank/IMFS Conference

The ESRB at 1
Berlin, 8–9 November 2011

The programme and registration information will be sent out electronically and will appear in the next SUERF Newsletter. Further information: www.suerf.org/ESRBat1

SUERF/Norges Bank Conference

Oslo, June 2012

Further information will appear in forthcoming SUERF Newsletters as well as on the SUERF Website at: www.suerf.org/oslo2012
SUERF HIGHLIGHTS 2010

by Ernest Gnan, Secretary General, and Michael Bailey, Executive Secretary

2010 was once again a busy year for SUERF with a full programme of events and publications – and although there was no SUERF Colloquium, some 410 registered participants attended SUERF’s events in 2010. Amid the continuously uncertain financial environment, SUERF’s events proved timely in addressing various issues surrounding the post-crisis agenda in Europe as well as the potential issues arising from the debt crisis within the Eurozone. The conference on “Contagion and Spillovers: New Insights from the Crisis” (Vienna) took place against the backdrop of concerns about Greece’s government debt problems threatening to spread to other countries within the euro area. The conference on “The Future of Banking in CESEE after the Financial Crisis” (Budapest) was timely as banking taxes were about to enter force in Hungary, while the conference on “Regulation and Banking after the Crisis” (Dublin) was held at a time where worries were surfacing about Ireland’s situation amid increasing bond default spreads. The year concluded with a conference in Barcelona on “Disclosure and Market Discipline: What Role for Transparency?” which stimulated a vivid audience debate.

Development of SUERF Activities

![Development of SUERF Activities Graph]

1. Publications

Five SUERF Studies were published in 2010, which mirror the Association’s events programme – covering contributions to the conference held in Brussels in November 2009 on “Crisis Management at Cross-Roads”, the 28th SUERF Colloquium on “The Quest for Stability” and the SUERF/BWG Conference and OeNB Special East Jour Fixe on “Contagion and Spillovers: New Insights from the Crisis”. Detailed information about published SUERF Studies can be found on the SUERF website. The decision taken in 2009 to choose Larcier as publisher for the SUERF Studies has proven to be a sound one. All SUERF Studies remain available for free download by everybody from the SUERF website. The outlook for the flow of publications in 2011 continues to look very positive.

In light of the fact that digital dissemination of research and publications has established itself as the norm, and given the importance of the Internet for the dissemination of information, the SUERF website at www.suerf.org has been redesigned and development of further features is still ongoing, in order to further enhance service to our members and the public at large.

2. SUERF Events in 2010

Four conferences and the Annual Lecture were held in 2010.

– A SUERF/BWG Conference and Special OeNB East Jour Fixe on Contagion and Spillovers: New Insights from the Crisis jointly organized with the Oesterreichische Nationalbank and with the Austrian Society for Bank Research on 12 February, 2010 (the conference proceedings have recently appeared as SUERF Study 2010/5);
- A one day SUERF and National Bank of Hungary Conference on The Future of Banking in CESEE after the Financial Crisis and the 2010 SUERF Annual Lecture delivered by Manfred Schepers, Vice President, Finance, European Bank for Reconstruction and Development, jointly organized with the National Bank of Hungary in Budapest was held on 23 June, 2010 (the conference proceeding are currently in preparation and will appear as SUERF Study 2011/1);

- A one day SUERF and Central Bank of Ireland Conference on Regulation and Banking after the Crisis jointly organized with the Central Bank of Ireland was held in Dublin on 20 September, 2010 (the conference proceeding are currently in preparation and will appear as SUERF Study 2011/2);

- A one day SUERF/Banco de España and Universitat Pompeu Fabra Conference on Disclosure and Market Discipline – What Role for Transparency? was held at the Universitat Pompeu Fabra on 10 December 2010.

On behalf of the SUERF Council of Management, I would like to thank all co-organizers, sponsors, speakers and scientific committee members for their contributions. We are convinced that our events have made a significant contribution to public debate on important issues.

3. Outlook to 2011/12

The following SUERF events have taken place or are planned to take place in 2011.

– A SUERF Conference on Monetary Policy after the Crisis jointly organized and hosted by the National Bank of Poland in Warsaw on 4 March 2011 (a report is also included in this newsletter);

– The 29th SUERF Colloquium on New Paradigms in Money and Finance? jointly organised with the Belgian Financial Forum, Brussels Finance Institute and the Centre for European Policy Studies, and sponsored by Dexia, BNP Paribas Fortis, KBC and Larcier, to be held at the Dexia Congress Center, on 11–12 May 2011 (registration is still open for the Colloquium).

– The SUERF/BOF/CEPR/JFI Conference on The Future of Risk Management to be held in Helsinki on 22–23 September 2011, which will also incorporate the 2011 SUERF Annual Lecture.

– The SUERF/Deutsche Bundesbank/IMFS Conference on The ESRB at 1 will be held in Berlin on 8–9 November 2011. Further details about this event will appear in the next SUERF Newsletter.

The SUERF Council of Management is currently in the process of finding potential partners for SUERF’s 2012 events. As always, the Council is keen to receive views and suggestions from members about possible future events and publications. We are already able to confirm the following events:

– The SUERF/Norges Bank Conference on The Interaction between Monetary Policy and Financial Stability to be held in Oslo in June 2012. Further details will be made available in due course.

4. Membership

Corporate Membership levels remained stable, with new Corporate Members joining the association at a similar frequency to those leaving. At the end of the year, Corporate Membership stood at 88 (including 29 Central Banks) (86 in 2009). Academic Institution Membership (AIM) remained constant, with membership drawn from 16 countries. Personal membership decreased marginally over the previous year, due to retirements and some members having joined only for the 28th Colloquium. Library Subscription Service (LSS) uptake remained unchanged. SUERF members are located in the following 38 countries.

Albania  Australia  Austria  Belgium  Brazil  Canada  Cyprus  Czech Republic  Denmark  Estonia  Finland  France  Germany  Greece  Hungary  Iceland  Ireland  Italy  Liechtenstein  Luxembourg  Macedonia  Malta  New Zealand  Norway  Poland  Portugal  Republic of Singapore  Romania  Slovakia  Slovenia  South Africa  Spain  Sweden  Switzerland  The Netherlands  Turkey  United Kingdom  United States of America  

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5. Financial Situation

SUERF’s financial situation continues to be healthy. While publication expenditure increased in 2010 over the previous year due to increased publication output, administrative expenses and event-related expenses remained stable. On the income side SUERF crucially depends on revenues from membership subscriptions to finance its activities. In 2010 on a cash-flow basis receipts from membership stood at just over € 118,000 a modest increase from 2009. Corporate Members and Central Banks contributed approx. € 101,000. Personal members contributed almost € 9,000 whilst Academic Institution Membership (AIM) and the Library Subscription Service (LSS) contributed approx. € 8,000.

I would like to extend my special gratitude to all members – Corporate, Personal, Academic – and our co-operation partners and sponsors for their continued support and interest in our products. We do hope that you extend your support and interest also into the future, such that we are able to continue to provide high-quality events, publications and networking opportunities to you.

6. Miscellaneous

Council of Management

At the General Assembly held on 10th December 2010, in Barcelona, Robert N. McCauley, Senior Advisor, Monetary and Economic Department, Bank for International Settlements, Basel was elected to the Council of Management, with his mandate running from 1. 1. 2010 to 1. 1. 2013. The expiring mandate of Juan Ayuso, Director, Monetary and Financial Studies Department, DG Economics, Statistics and Research, Banco de España was renewed for another three year term from 1. 1. 2011 until 1. 1. 2014.

At the end of 2010, Wim Boonstra, Chief Economist, Rabobank Nederlands, Utrecht, and Hugo Demoor, KBC Asset Management and SUERF Honorary Treasurer stood down from the Council of Management. SUERF thanks them for their numerous and far-reaching contribution to the Association. During 2010, the Council of Management met on 4 occasions, coinciding with SUERF events, to plan the activities and monitor the association’s finances and work of the Secretariat.

Executive Secretariat

At the end of 2010 there was a change in the personnel of the SUERF Secretariat, with Michael Bailey, the Executive Secretary (part-time), being joined by Veronika Brookes, Secretary (full-time) from 1 December 2010, replacing Mirja Kokkonen, who left the SUERF Secretariat at the end of 2010. I would like to cordially thank Mr. Bailey and Ms Brookes for their ongoing work.

www. suerf.org - The SUERF Website

The redesigned SUERF Website – at www.suerf.org contains information about recent and forthcoming events and publications, and is fully searchable. All SUERF Studies and SUERF Newsletters can be downloaded as .pdf files from the SUERF Website, and participants at SUERF events can download papers and presentations from the microsites for each SUERF event, from a password-protected area.

In addition to information about SUERF’s current membership, membership forms for non-members and information about the association, there is also a SUERF announcements service, which members are welcome to make use of, with announcements for Calls for Papers and forthcoming events.

The announcements service can be reached directly at: www.suerf.org/announcements
**News from the SUERF Council of Management**

by Catherine Lubochinsky  
SUERF President

**Hugo De Moor**, SUERF’s Honorary Treasurer, stood down from the SUERF Council of Management upon his retirement from KBC Asset Management, where he was most recently Director – Shared Services & Operations, having had a lengthy career at the KBC. In addition to his activities at KBC he was also previously an Assistant Professor at the University of Ghent. The Council of Management has appreciated his help and guidance in improving SUERF’s financial reporting, governance and also in advising about the necessary changes to be made to the SUERF Statutes to help improve operating arrangements. We wish him a long and happy retirement with his wife, Marijke and their family.

We are delighted to welcome **Allard Bruinshoofd** to the SUERF Council of Management as an Observer. Allard has already gained experience in SUERF’s three core constituencies – those of practitioners, central banks and academia. He is currently Head of International Macroeconomic Research at Rabobank Nederland’s research division based in Utrecht. His research focuses on national and country risk research and well as overseeing a team dedicated to international business cycle research. Prior to joining Rabobank Nederland in 2007, he spent four years as a researcher in the Economics and Research Division at De Nederlandsche Bank, which also included assistance and advice to the central banks of Bulgaria, Armenia and Georgia on modelling and forecasting. He holds a PhD and MA in Economics from Maastricht University, where he was also a junior lecturer and during his studies was also a visiting scholar at the Institute of Economics of the Czech National Bank. He is also a referee for a number of economics journals and reviews.

On 1 May, 2011, **Frank Lierman**, Chief Economist at Dexia Bank Belgium, will take office as the new Vice President of SUERF, initially for a period of three years, in succession to **Philipp Hartmann**, Head of the Financial Research Division, at the European Central Bank in Frankfurt, who has served for the maximum two consecutive terms as Vice President since taking office on 1 May 2006.

**Frank Lierman** has been a long-standing member of the SUERF Council of Management, since his election to the Council of Management in 2000. During his time on the Council of Management to date he has been exceptionally active in recruiting speakers and partners for SUERF events throughout Europe through his wide network of contacts within Belgium and further afield, as well as having already organised several very successful SUERF events in Belgium, including a SUERF Colloquium and two conferences, both of latter also incorporating SUERF Annual Lectures. He has also been a very active participant in SUERF’s Editorial Board and publishing activities, overseeing Colloquium volumes and SUERF Studies. One of his first acts as Vice President, a mantle which he assumes in addition to being the Chairman of the Colloquium Working Group, will be to oversee the forthcoming 29th SUERF Colloquium on “New Paradigms in Money and Finance?” being held in Brussels.

**Philipp Hartmann** has served two terms as the SUERF Vice President and has been instrumental in attracting a number of influential speakers from SUERF’s central banking and academic constituencies, as well as nurturing SUERF’s ongoing close relations with the European Central Bank. Philipp has been a frequent and enthusiastic member of scientific and programme committees for SUERF events, with his input on topics and potential speakers for SUERF’s programme of event being particularly valued, as well as his “hands on” approach in regularly moderating and chairing sessions and speaking at SUERF events. Although we are sad that his term as Vice President has come to an end, we are particularly happy that he will continue to be an active member of the SUERF Council of Management in the future – in particular we look forward to the SUERF/Bank of Finland/CEPR/JFI Conference on “The Future of Risk Management” being held in Helsinki in September 2011, where he is a member of the Scientific Committee currently finalising the programme.
New SUERF Studies


New SUERF Members

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REPUBLIC OF KOSOVO
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Not yet a member of SUERF and wishing to join?

If you are not a member of SUERF and wish to join, membership forms can be downloaded from the SUERF Website at www.suerf.org/becomeamember or requested from the SUERF Secretariat. The Secretariat will also be happy to assist you with any further membership-related or SUERF-related information you may require.
Forthcoming Events

The Council of Management has approved the following forthcoming events in 2011. Other events are currently being finalised and will be announced on the website and in the Newsletters in due course. The Council of Management welcomes suggestions for joint events from SUERF members.

11–12 May 2011
Brussels, Belgium

29th SUERF Colloquium - Jointly organised with the BFF, in association with the BFI and CEPS and sponsored by Dexia, BNP Paribas Fortis, KBC and Larcier.

New Paradigms in Money and Finance?

Colloquium Microsite: www.suerf.org/c29

22-23 September 2011
Helsinki, Finland

SUERF/Bank of Finland/ Centre for Economic Policy Research/ Journal for Financial Intermediation Conference

The Future of Risk Management

Conference Microsite: www.suerf.org/hel11

8-9 November 2011
Berlin, Germany

SUERF/Deutsche Bundesbank/ Institute for Monetary and Financial Stability Conference

The ESRB at 1

Conference Microsite: www.suerf.org/ESRBat1

Further information about all events is available from the SUERF website at www.suerf.org

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