

5 February 2010

## PRESS RELEASE

### ECB PUBLISHES THE PROCEEDINGS OF THE FIFTH ECB CENTRAL BANKING CONFERENCE

The European Central Bank (ECB) published the proceedings of the Fifth ECB Central Banking Conference: "The euro at ten – lessons and challenges", which was held on 13-14 November 2008. This volume contains a collection of papers, commentaries and speeches concerning the first decade of the euro and the recent global financial crisis.

The first group of contributions summarises and evaluates developments during the first decade of the euro. Charles Wyplosz and Francesco Paolo Mongelli assess the evolution of major macroeconomic variables in the euro area between 1999 and 2008. Their analysis indicates that, in line with the ECB's primary objective, inflation and inflation expectations in the euro area have been consistent with price stability, thereby supporting growth and employment, trade in goods and services as well as financial integration. Philip Lane, José Luis Peydró-Alcalde, Sebnem Kalemli-Ozcan, Simone Manganelli and Elias Papaioannou describe and evaluate the evolution of financial markets in the first decade of the euro, concluding that there was a substantial increase in the degree of financial integration in the euro area. They also discuss the effects of increased financial integration on financial developments, economic growth, international risk-sharing and current account developments in the euro area.

This publication also reports the proceedings of two panels focusing on the tenth anniversary of the euro. A panel chaired by Francesco Giavazzi, comprising Erik Berglöff, Vítor Gaspar, Athanasios Orphanides and András Simor, discusses the past and future enlargement of the euro area, and a panel chaired by Wolfgang Schill, comprising Martin Feldstein, Andrew Rose, André Sapir and Jaume Ventura, considers the theory of optimal currency areas.

The second group of contributions deals with the recent global financial crisis. Anil Kashyap, Raghuram Rajan and Jeremy Stein discuss the roots of the crisis and put forward a proposal for regulatory reform which aims to prevent crises from escalating in the future. A panel chaired by Lucrezia Reichlin, comprising Ben Bernanke, Stanley

Fischer, Su Ning, Guillermo Ortiz and Jean-Claude Trichet, discusses international interdependency in the conduct of monetary policy, especially during the recent crisis.

The tenth anniversary of the euro and the recent crisis are intertwined in the speeches delivered at the conference by members of the ECB's Executive Board. The opening address by Lucas Papademos deals with certain early lessons drawn from the ongoing financial crisis. For example, the role of excessive credit growth and high leverage in identifying systemic risks; the desirability and feasibility of a policy of "leaning against the wind" of financial market excesses; and the importance of enhanced cooperation between central banks and supervisors in order to effectively safeguard financial stability. The keynote address by Jean-Claude Trichet focuses on a number of factors behind the financial market crisis, notably short-termism, lack of transparency in certain securities markets and excessive pro-cyclicality in the financial system, and suggests actions to significantly improve the resilience of the financial system. Finally, the closing address by Jürgen Stark emphasises the importance of the ECB's robust institutional framework, including its independence from political influence and its monetary policy strategy for successfully achieving its mandate of maintaining price stability; it also reviews some of the forthcoming challenges, including a resolute implementation of necessary structural reforms to enhance the adjustment capacity of the euro area economy and the necessity of nominal and real convergence for a smooth functioning of an enlarged euro area. The text of each address is included in this volume.

Printed copies of this publication can be obtained free of charge from the ECB's Press and Information Division. An electronic version is available on the ECB's website.

**European Central Bank:**

Directorate Communications, Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: +49 69 1344 7455, Fax: +49 69 1344 7404

Internet: <http://www.ecb.europa.eu>

**Reproduction is permitted provided that the source is acknowledged.**