

Central Banking: Before, During, and After the Crisis
A Conference to Honor Don Kohn

Introduction to a Supplemental Issue of the
International Journal of Central Banking

This volume of the *International Journal of Central Banking* includes the proceedings from the conference titled “Central Banking: Before, During, and After the Crisis” hosted by the Federal Reserve Board on March 23–24, 2012. In addition to the papers and discussions, this issue contains the prepared remarks given at the conference by Ben Bernanke (Chairman, Board of Governors of the Federal Reserve System), Jaime Caruana (General Manager, Bank for International Settlements), Mervyn King (Governor, Bank of England), Masaaki Shirakawa (Governor, Bank of Japan), and Jean-Claude Trichet (former President of the European Central Bank). The conference was organized by David Lopez-Salido, David Reifschneider, John Rogers, and John Williams.

Central Banking: Before, During, and After the Crisis Opening Remarks

Chairman Ben S. Bernanke

Distinguished guests, colleagues, and friends: It is my privilege to welcome you to this conference on “Central Banking: Before, During, and After the Crisis,” which is jointly sponsored by the Federal Reserve Board and the *International Journal of Central Banking*.¹ We hope that the conference will foster discussion among policy-makers and researchers about the evolving challenges facing central banks around the world. To help get that discussion started, the conference will feature original research on monetary policy, macroprudential regulation, and the provision of liquidity, topics that are obviously highly relevant to the public policy missions of the Federal Reserve and other central banks. The proceedings from this conference will be published in a special issue of the journal and disseminated to researchers in central banks and academic institutions worldwide.

Needless to say, the events of the past few years pose serious challenges to the conventional, pre-crisis views and approaches of central banks and other financial supervisors. The crisis, the recession it sparked, and the subsequent slow recovery, especially in the advanced economies, have demonstrated that we have much to learn about the workings and vulnerabilities of our modern, globalized financial system and its interactions with the broader economy. In responding to these stressful financial and economic developments, the Federal Reserve and other central banks have had to deploy a variety of new tools and approaches to carry out their responsibilities regarding monetary policy and the provision of liquidity, tools about which we still have more to learn. Finally, in the wake of the crisis, the Federal Reserve and other regulatory agencies have been charged with challenging new responsibilities in the area of macroprudential supervision, with the objective of promoting financial stability and reducing the likelihood and the costs of a future financial crisis.

¹More information about the conference, held at the Madison Hotel, Washington, DC, March 23–24, 2012 is available on the Board’s web site at www.federalreserve.gov/newsevents/conferences/central-banking-conference-before-during-after-crisis-about.htm.

Although much progress has been made, we are still at an early stage in understanding how best to meet these new macroprudential responsibilities.

All of these developments have spurred a great deal of research within central banks, in academia, and elsewhere. This outpouring of research will help shape future central bank doctrine and policy approaches and, most importantly, should help central banks better carry out their mission to promote the public welfare. The papers at this conference make a variety of welcome contributions to this endeavor. Two contributions consider the implications of recent events for the conduct of monetary policy, both conventional and unconventional.² Another paper addresses the relationship between monetary aggregates and financial stability.³ And several papers investigate issues in the field of regulation and macroprudential supervision, including the design of an integrated framework for regulation, a proposal for dealing with systemically important resolution issues in the repurchase agreement markets, and a review of the progress to date in reengineering the financial system.⁴

The discussants' remarks, the general discussions, and the policy panel will surely be very helpful in identifying fruitful directions for further research. I thank our guests for coming and participating. I once again welcome you to Washington and wish you a stimulating and productive conference.

²See Mark Gertler and Peter Karadi, "QE 1 vs. 2 vs. 3 . . . : A Framework for Analyzing Large-Scale Asset Purchases as a Monetary Policy Tool" (March 2012), available at www.federalreserve.gov/newsevents/conferences/GertlerKaradi.pdf; and Athanasios Orphanides and Volker Wieland, "Complexity and Monetary Policy" (2012), forthcoming.

³See Hyun Jeong Kim, Hyun Song Shin, and Jaeho Yun, "Monetary Aggregates and the Central Bank's Financial Stability Mandate" (March 15, 2012), available at www.federalreserve.gov/newsevents/conferences/hyun_monetary_aggregates.pdf.

⁴See Charles A. E. Goodhart, Anil K. Kashyap, Dimitrios P. Tsomocos, and Alexandros P. Vardoulakis, "An Integrated Framework for Multiple Financial Regulations" (March 2012), available at www.federalreserve.gov/newsevents/conferences/GoodhartKashyapTsomocosVardoulakis.pdf; Viral V. Acharya and Sabri Öncü, "A Proposal for the Resolution of Systemically Important Assets and Liabilities: The Case of the Repo Market" (March 23, 2012), available at www.federalreserve.gov/newsevents/conferences/AcharyaOncu.pdf; and Darrell Duffie, "Replumbing Our Financial System: Uneven Progress" (March 17, 2012), available at www.federalreserve.gov/newsevents/conferences/Duffie.pdf.