

## Closing remarks

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Governors and colleagues, the principal mission of the Bank for International Settlements, from its very inception, has been to promote the cooperation of central banks. And, when I look at the fruits of this conference and those of the three-year Asian Research Programme, I feel justified in saying that we have stayed true to the original intent of the Bank's forefathers.

The Asian Research Programme had a very ambitious agenda, and, after listening to your comments, I would conclude that it has achieved its goals. It has certainly increased our analytical capacity and understanding on issues that matter to the central banks of this region. And I hope that it has also contributed to and effectively promoted the policy discussion among Asia-Pacific central banks and the international community of central banks.

Of course, this is not the end of BIS research in Asia. As we have said several times, we are closing the chapter of the three-year Asian Research Programme but, at the same time, we are opening a new chapter of BIS research in the Asian Office. I look forward to close cooperation between the BIS and all central banks and academia in building on the strong foundation that we have already laid.

I found yesterday's and today's discussions highly informative. I am sure that we have each assembled our own take-aways and our own conclusions from these discussions, and I have a few that I would like to share with you.

If we talk about the first day, I would fully agree with Joseph Yam and others that we have to get back to basics: financial markets are here to support economic growth and development, but sometimes this is not the case in practice. While the crisis is teaching us new lessons, it is also, perhaps, reminding us of lessons that never should have been forgotten.

We have also learned – as was pointed out in many of the presentations – that we need to be cautious about excessive simplifications of conventional wisdom. We need to continue to challenge conventional wisdom. We have seen this done effectively in several areas at this conference: in the area of exchange rates by Professor Engle, and in the areas of monetary policy and financial stability by many other researchers.

I agree with Governor Tarisa that, when we talk about monetary policy and the actions of central banks, a new consensus appears to be emerging about the importance of financial stability in central banking. I hope that our discussions here have contributed to a better understanding of the issues.

Certainly these issues are not simple ones. We need to guard against repeating the mistakes of the past. To protect against such errors, we must continue doing research and analysis. And, as Governor Tetangco reminded us, we also need to use good judgment in addressing the delicate balancing act between some of the key elements.

Today's session was no less enlightening. It was, I would say, refreshing to see the Anglo-Saxon banking model subjected to a critique in such beautiful English by Professor Goodhart. He built a strong argument, and perhaps some sympathy, for the Anglo-Saxon model, provided that it is properly amended.

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We heard some very interesting papers that focused on the amplifying mechanisms behind the financial crisis and linkages to housing prices. All these papers are very promising and will help central banks address key policy issues.

I think it was particularly important to hear the experience of Japan from Governor Shirakawa, especially his views about the use of unconventional monetary policy. We should not forget that, after a period of financial excesses and crisis, it is very important to unwind the underlying imbalances, and that this can take time.

The comments by Governor Tarisa rightly highlighted the need to incorporate an emerging market perspective as the agenda of the international financial reform process is developed more fully. It might be appropriate at this point to add that we are all emerging markets now.

It was also very important to reflect on a range of models, as Governor Zhou argued. He emphasised the different challenges facing a fast-growing economy in transition, such as that of China, and reflected on the importance of thinking about tail risks. He is right that we need to construct models that are effective not only in good times but also in times of tail risk.

In sum, our time together has been well spent. We leave with a lot of food for thought.

So, I think it is time for me to officially close this conference, and I would like to do it by thanking many people.

I would like to thank all of you for joining us at this event. I hope you have enjoyed these discussions and the fruits of all the work that the Asian Research Programme has done over the past three years.

I would like to thank you – the keynote speakers, the paper writers, the discussants and the panellists – for all these thought-provoking presentations. Let me remind you that we intend to publish the proceedings, so that we have more time to think about the ideas that we have been discussing here.

I would like to thank Governor Zeti for her leadership at the Asian Consultative Council and her keynote address last night. I truly hope that the lessons from Asia can help us learn how to strengthen our financial systems for the challenges ahead.

And, of course, I would like to thank the host – the People's Bank of China. Governor Zhou, this event has been a great success, and we have enjoyed the fine hospitality that you have extended to all of us.

I think that we all know that behind the scenes there are many people who have worked tirelessly to make this event come together. It would have been impossible to have this kind of conference without them. And I would like to extend my gratitude to all of them. In particular, I would like to give our collective thanks to Cao Li, the head of the BIS Division of the People's Bank of China at the Beijing head office, and her team; and I would like to thank Zhang Xin, the vice president of the PBC Shanghai head office, and his team for the local support here in Shanghai.

I would like to also thank and express my appreciation to Candy Louie and to Ghislaine Wong from the BIS Hong Kong Office, who have been extremely busy in helping to make sure that everything ran smoothly.

Finally, I would like to also join those who wish all the best to Joseph Yam. We hope that we will continue to benefit from your experience and wisdom, perhaps by reading your blog.

So, again, thanks to all of you, and I wish you a safe journey back to your homes. Thank you very much.