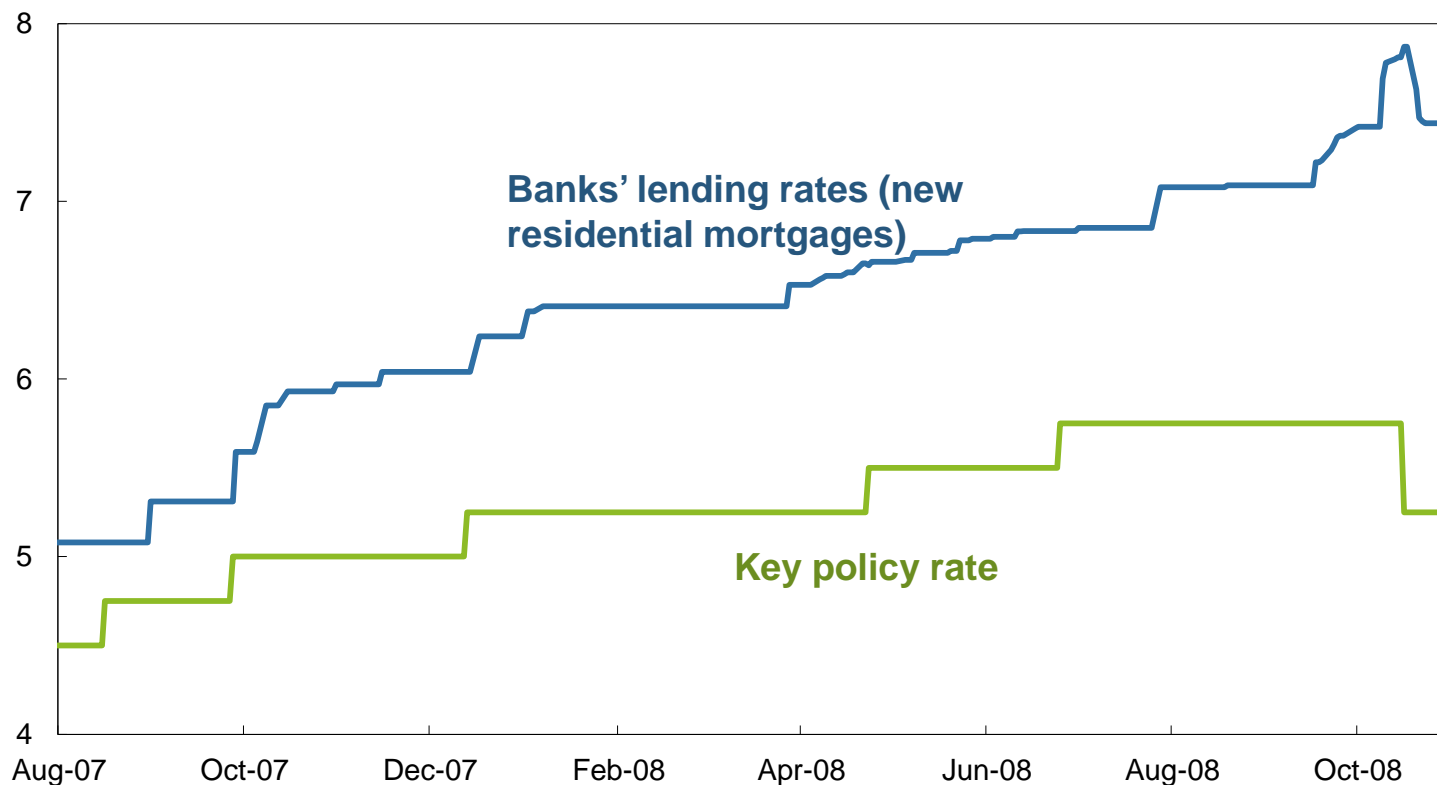


# Lessons from the crisis for monetary policy and financial stability

*Deputy Governor Jan F. Qvigstad*

*Limassol, 3 September 2010*

# Transmission mechanism was affected by the financial crisis

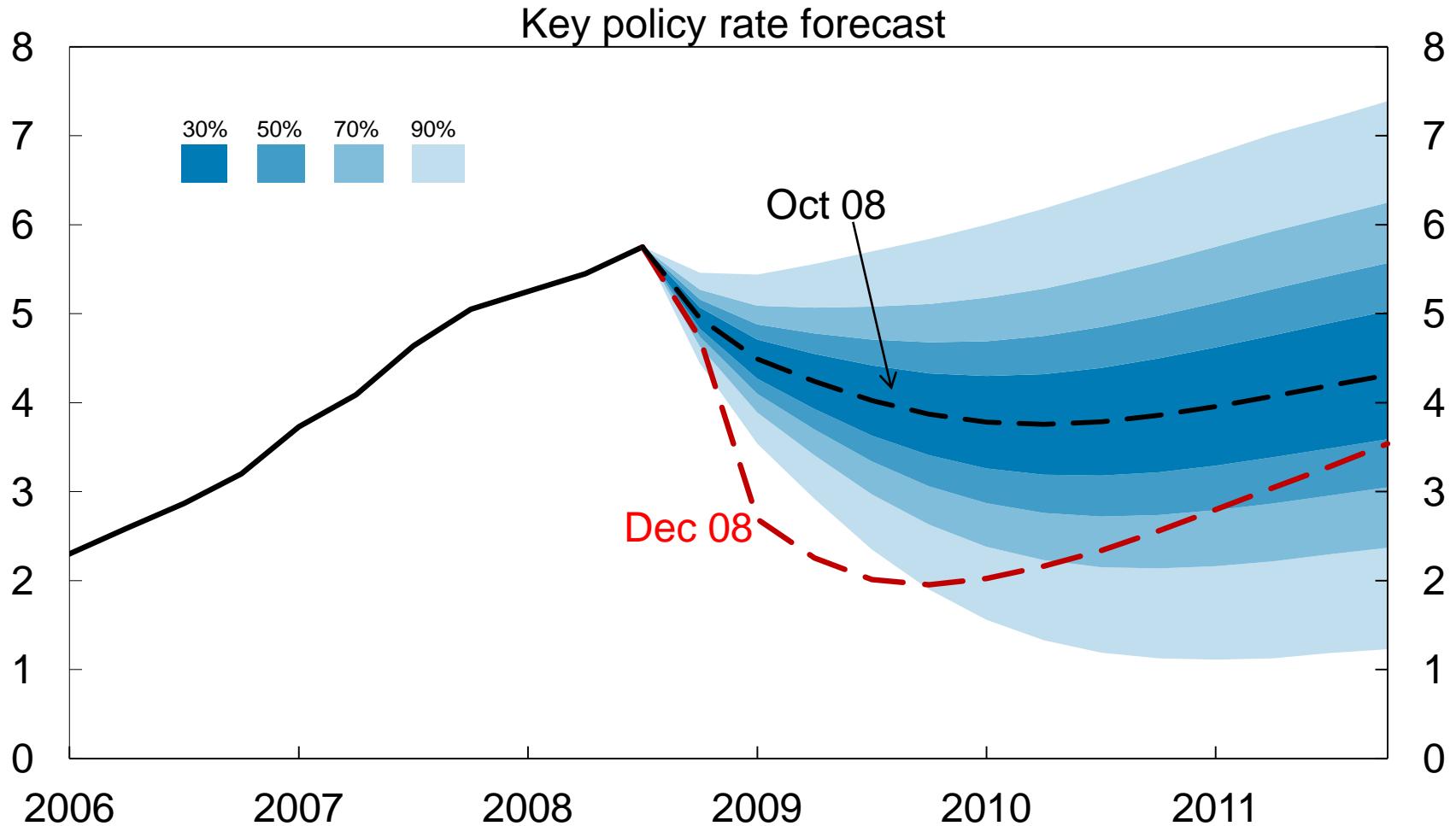


Source: Norges Bank

# Liquidity and capital support was necessary to restore credit flows

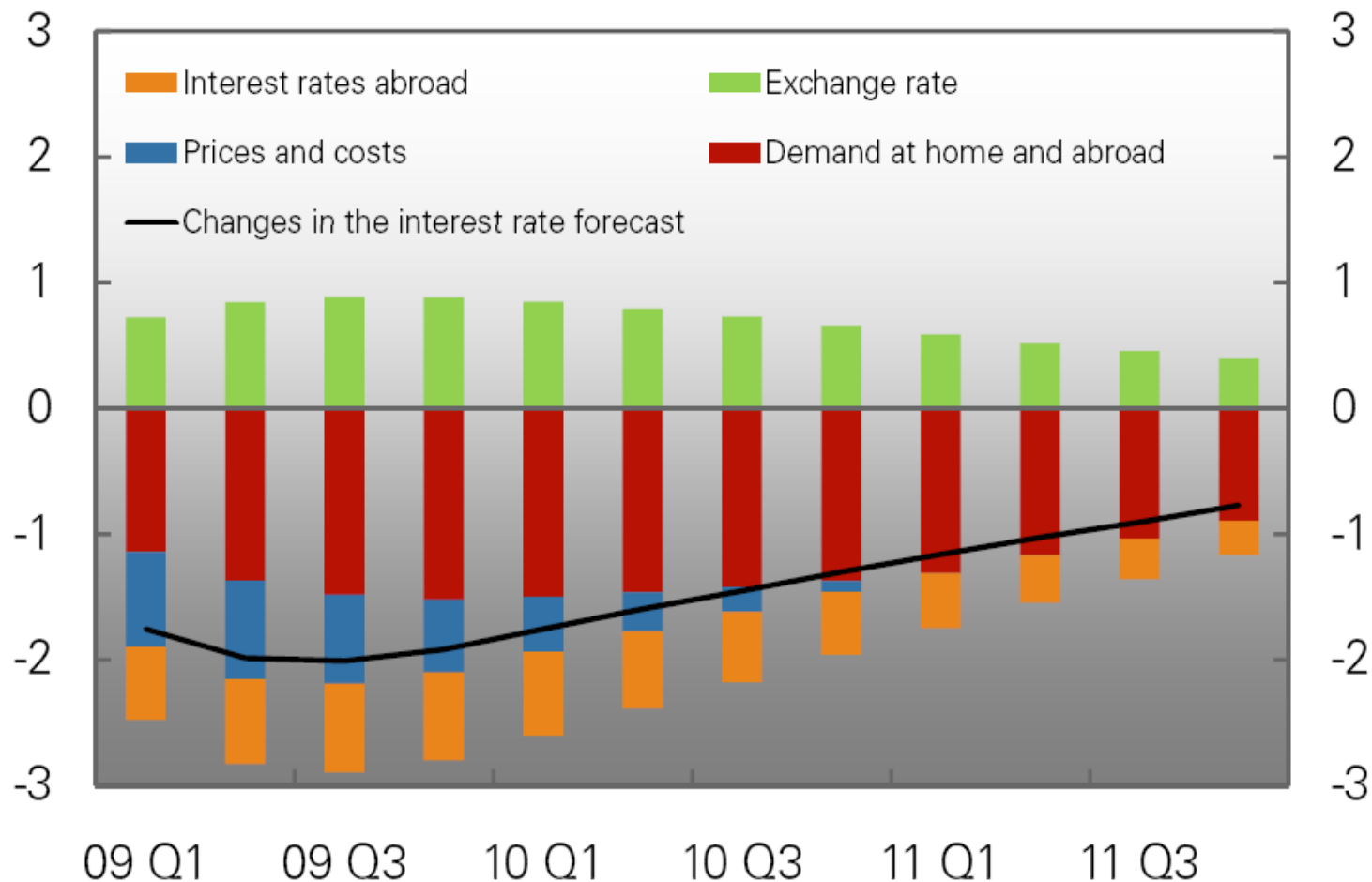
	US	UK	Europe	Norway
Easing of collateral requirements	✓	✓	✓	✓
Longer-term liquidity support	✓	✓	✓	✓
Swap arrangements	✓	✓		✓
Capital injection	✓	✓	✓	✓

# Considerable revision of the interest rate forecast during the crisis



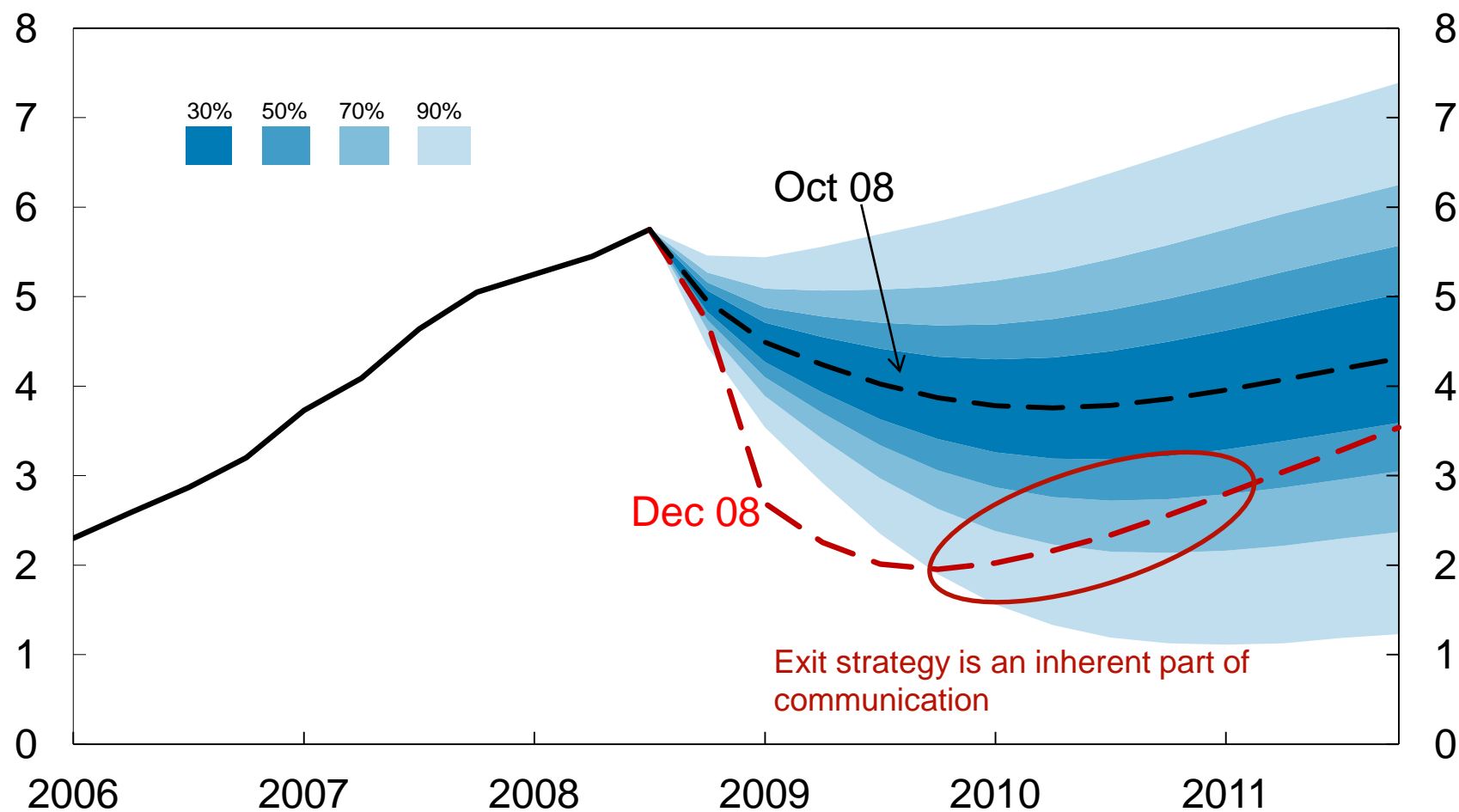
Source: Norges Bank

# Transparency eased communication: an account of the factors behind the revision



Source: Norges Bank

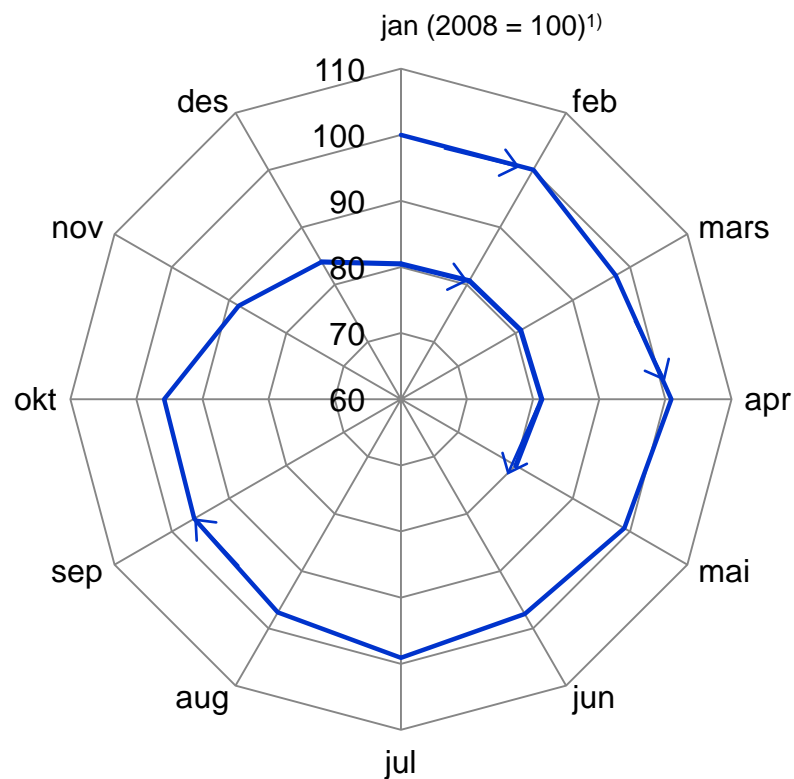
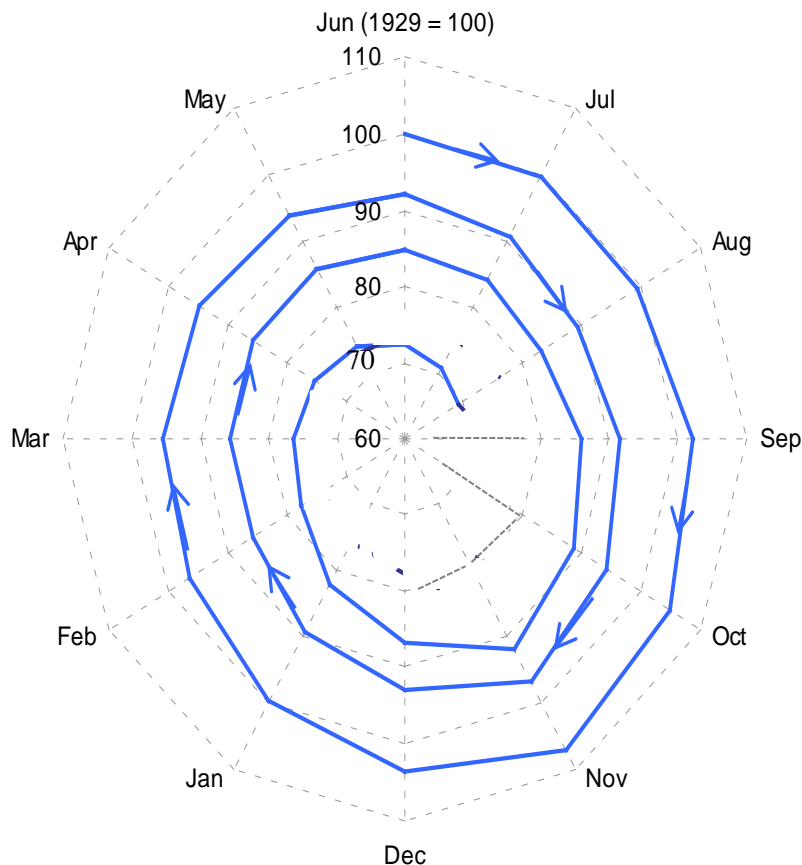
# Interest rate forecast and exit strategy



Source: Norges Bank

# Historical perspective

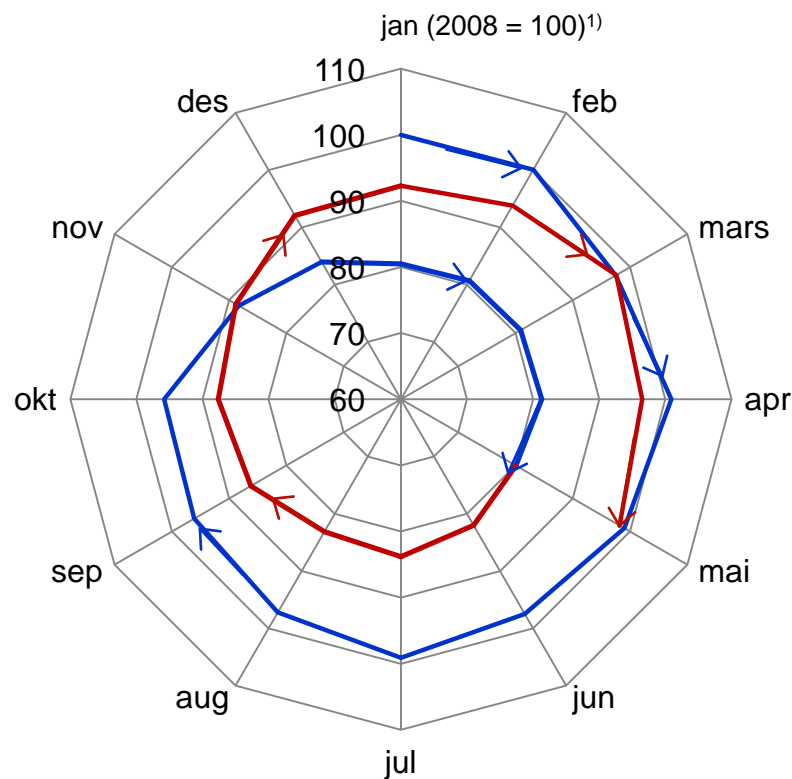
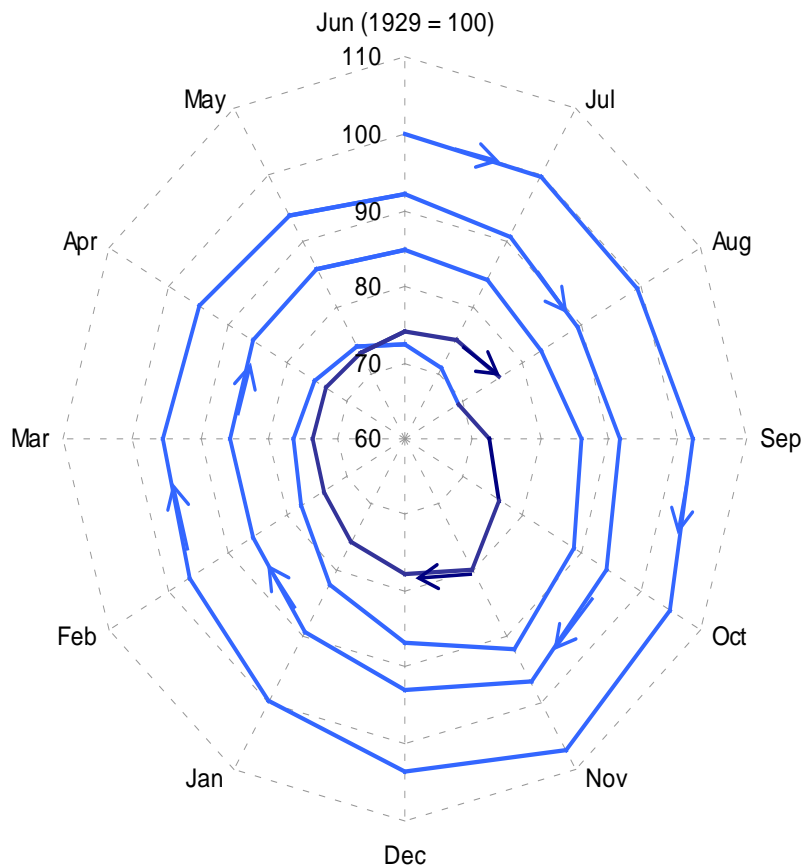
The decline in world trade during the crises of 1929 -1933 and 2008-2010



1) Lyseblå fra jan-08 til mai-09, mørkeblå fra mai-09 til mai-10  
Kilde: CPB Netherlands Bureau for Economic Policy Analysis

# Historical perspective

The decline in world trade during the crises of 1929 -1933 and 2008-2010



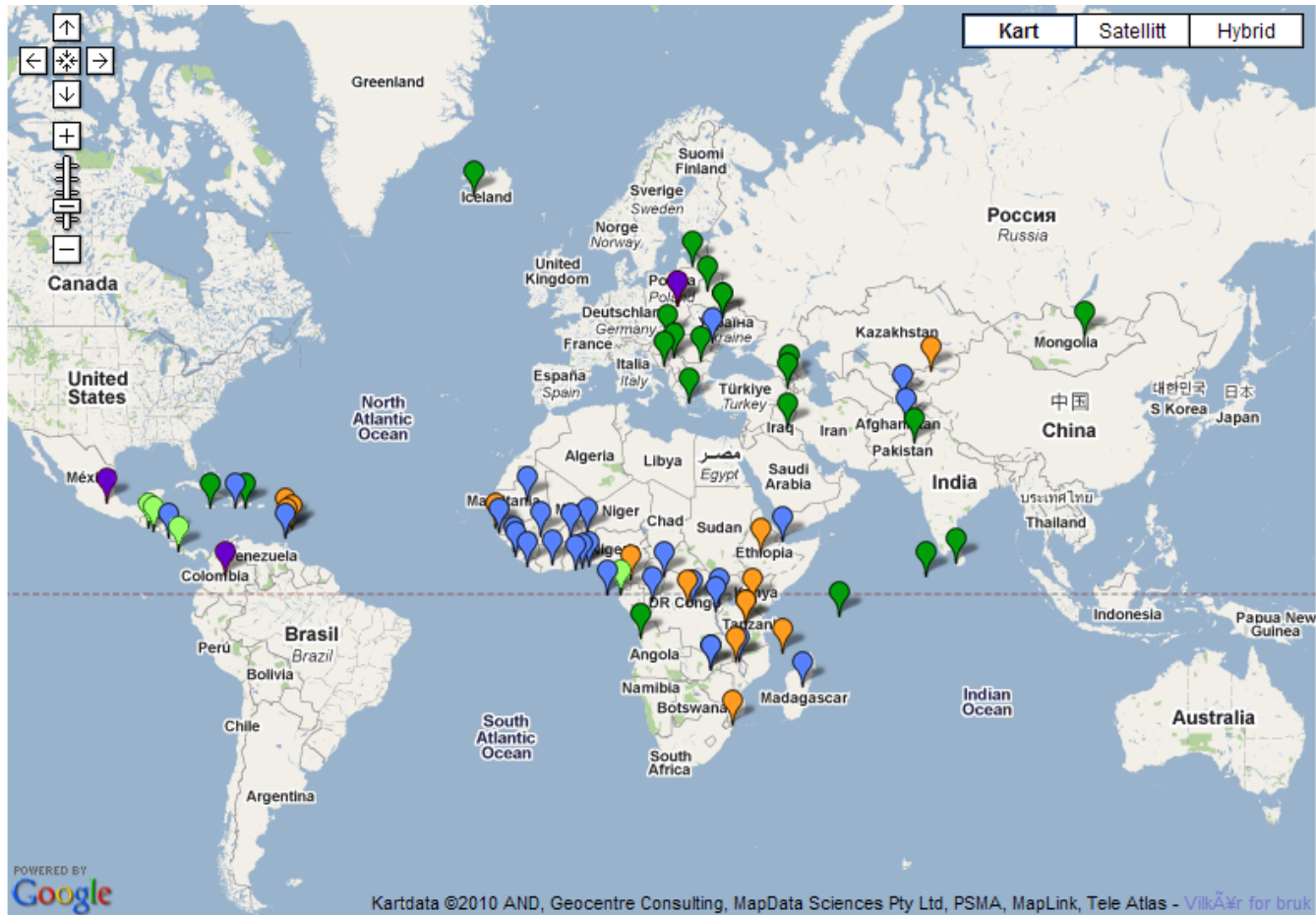
Notes: Light blue from Jun-1929 to Jul-1932 (minimum Jun-1929); dark blue from Aug-1932.  
Source: League of Nations Monthly Bulletin of Statistics from Eichengreen and O'Rourke (2009).

1) Lyseblå fra jan-08 til mai-09, mørkeblå fra mai-09 til mai-10  
Kilde: CPB Netherlands Bureau for Economic Policy Analysis



# IMF lending

June 30, 2010



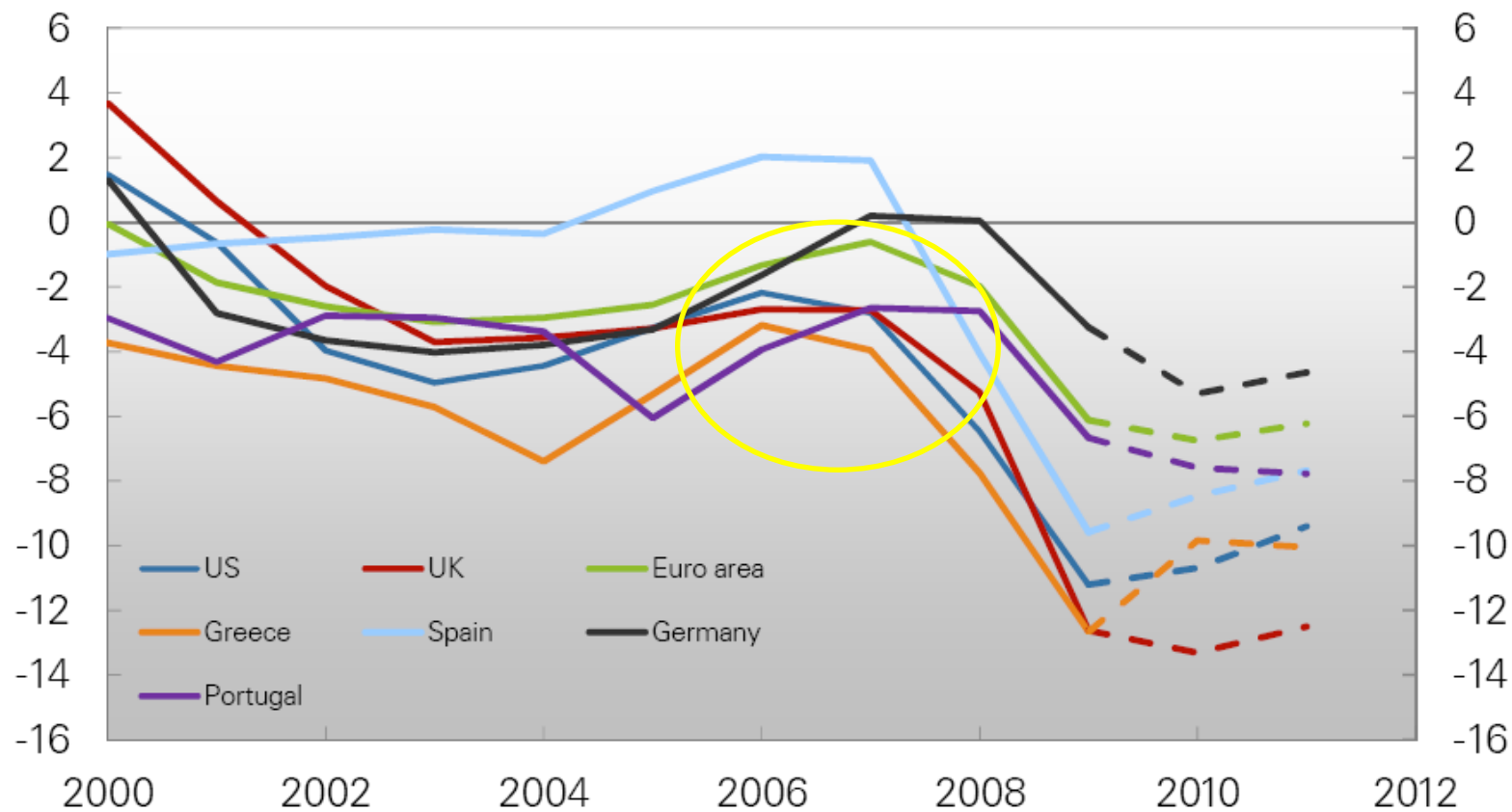
📍 SBA 📍 SBA (Precautionary) 📍 ECF 📍 ESF 📍 FCL 📍 Pending Approval

Source: IMF

# G20, IMF and small countries

- The success of systemically important countries is vital, also for small countries
- Collaboration should be anchored in a multilateral and statutory-based system of representation

Chart 2.3 General government fiscal balances. As a percentage of nominal GDP. 2000 – 2011. Projections from OECD for 2010 – 2011

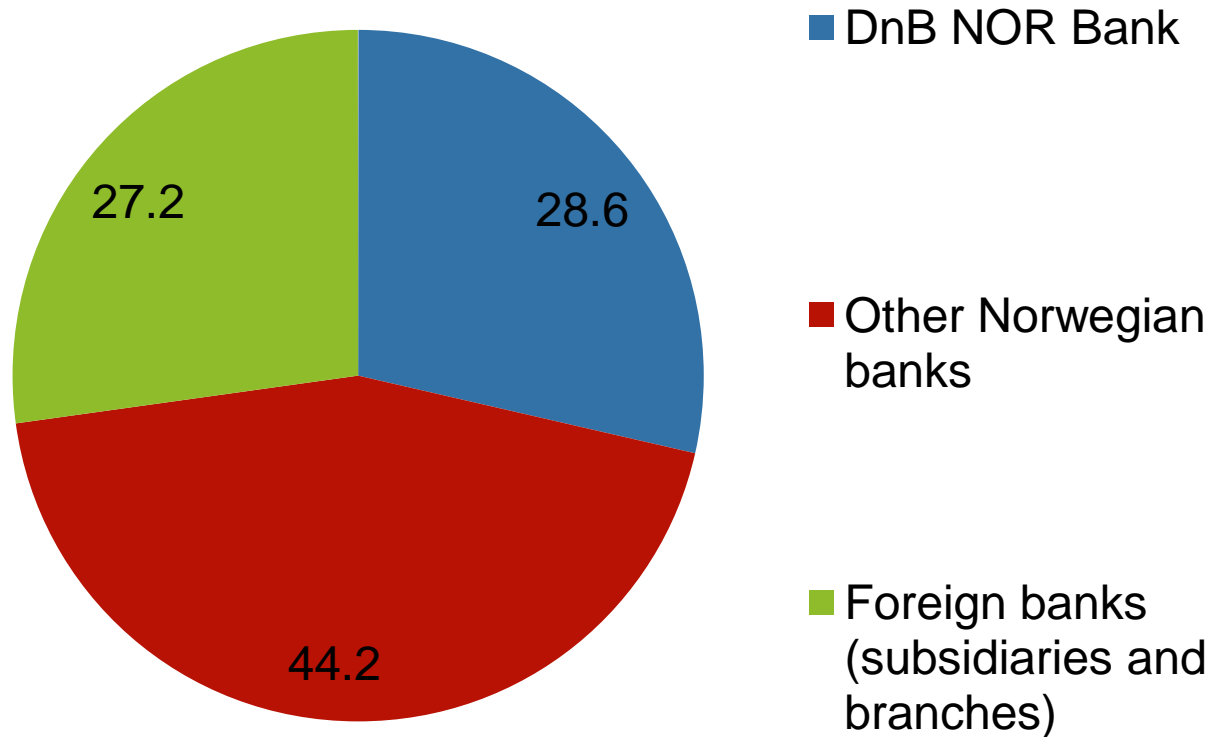


Source: OECD Economic Outlook 87

## Ragnar Frisch (1933)

- *“It might be an idea to establish a cyclical council to make such decisions, a council that could operate with an independent status similar to that of the Supreme Court. The council should comprise members who do not represent a political party, but a particular field of expertise: business, banking or economics.”*

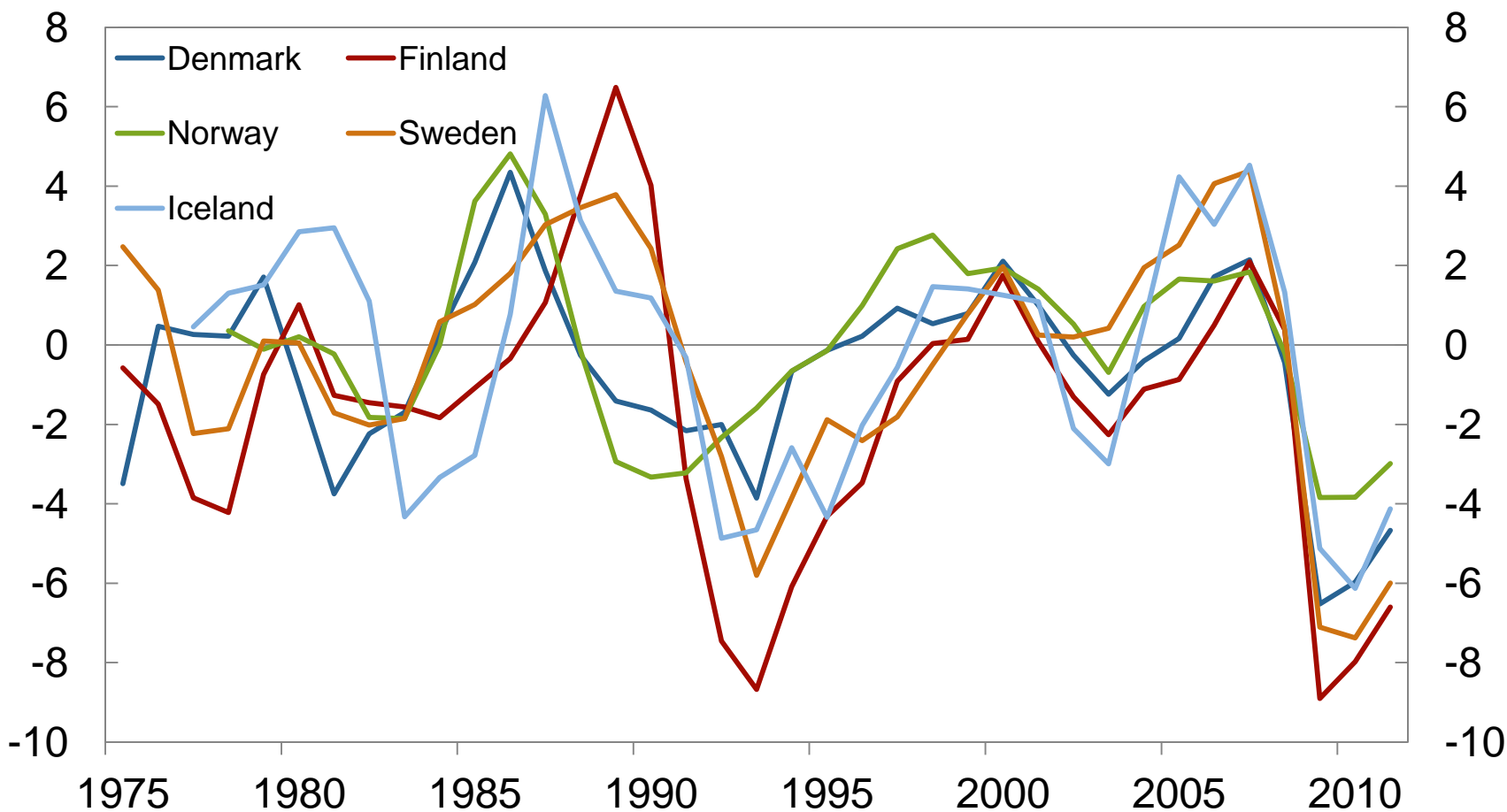
# International coordination is important



Source: Norges Bank

# Output gap in the Nordic countries

As a percentage of potential GDP. 1975 – 2011. Projections for 2010 and 2011 from OECD



Source: OECD