

## Book presentation Alexandre Lamfalussy – Selected Essays



**Ivo Maes - National Bank of Belgium and  
Robert Triffin Chair, University of Louvain**

Ladies and gentlemen,

It is a great honour for me to address the Belgian Financial Forum and to present the book 'Alexandre Lamfalussy – Selected Essays'.

It is common knowledge that Alexandre Lamfalussy has been highly influential in the process of European monetary and financial integration. He is perhaps best known as the first president of the European Monetary Institute, the predecessor of the European Central Bank, and as the Chairman of the Committee of Wise Men, which developed a new approach for the regulation of European financial markets. However, he was also a brilliant intellectual and an eminent academic who published widely.

Alexandre Lamfalussy and his contributions to economic thought, European integration and financial stability occupied a large part of my research efforts over the past decade. Therefore, I was very grateful to have been asked by the Magyar Nemzeti Bank to co-operate on this volume 'Alexandre Lamfalussy – Selected Essays'.



Belgium and Hungary were the very two countries close to the heart of Alexandre Lamfalussy. Lamfalussy was born on April 26, 1929 in Kapuvar, Hungary. He started economics studies at the József Nádor University of Technology and Economics in Budapest. In January 1949, he left Hungary and came to Belgium where he continued his studies and where his career took off.

This book is a compilation of selected articles and speeches by Alexandre Lamfalussy, starting with his first article in 1953 on 'The Steel Industry and the European Coal and Steel Community' and ending with his last lecture, his 'Concluding Remarks', delivered at the conference commemorating the 20<sup>th</sup> anniversary of the European Monetary Institute in February 2014, here in this auditorium.

The essays in the book are presented in chronological order. The volume is divided into four broad parts:

- 1) 'The Young Lamfalussy', covering the period from 1929 to 1975, encompassing his initial work on industrial economics and growth as well as his early writings on monetary and financial issues;
- 2) 'At the Bank for International Settlements', the period from 1976 to 1993, during Lamfalussy's time at the BIS. Three topics were predominant in this period: exchange rate instability, inflation and the Latin-American debt crisis;
- 3) 'Founding President of the European Monetary Institute', the period from 1994 to 1997. In this period, the main task of Lamfalussy and the EMI was preparing the final stage of European Monetary Union, especially the single monetary policy and the introduction of the euro;
- 4) 'Lamfalussy the Elder', covering the final period of his life, from 1997 to 2015, highly focusing on financial stability.

Let me say a few words on two crucial issues in Lamfalussy's career and intellectual life: financial stability and European monetary and financial integration. Financial stability was probably Lamfalussy's major concern. As early as the mid-1970s, he was warning about an unsustainable debt build-up in Latin America. Lamfalussy also took a cautious attitude towards financial innovations. He was particularly concerned with the effects on financial stability of the redistribution of risk by new financial instruments. In this respect, Lamfalussy made a significant contribution to the development of the 'BIS approach', namely that one should be alert to imbalances, debt build-ups and bubbles, which may sow the seeds of financial crises.



Lamfalussy further stressed that central banks had a crucial role to play in the management of financial crises. Therefore, already in 2004, he argued that the European Central Bank should be given responsibility for the supervision of the large, systemically important banks. This was an early argument in favour of a European banking union, which would only take shape in 2014 in the aftermath of the financial crisis.

Lamfalussy's advocacy of European monetary integration had its origin in two main sources: a profound European conviction, marked by the devastations of the Second World War and by the Iron Curtain, and a fundamental distrust of systems of floating exchange rates, in line with his general views on the functioning of financial markets.

I really enjoyed working on this book project. A major stimulus was the enthusiastic support of so many people. Thus, some words of thanks are in order, even if I may miss out on some persons.

First of all, I would like to express my gratitude to Governor Jan Smets of the National Bank of Belgium and Governor György Matolcsy of the Magyar Nemzeti Bank who strongly supported the undertaking. I trust Alexandre Lamfalussy would have appreciated the cooperation between the central bank of his 'native' country and the central bank of the country which became his 'home', for this type of truly European project.

Further, I owe many thanks to all colleagues and friends at the National Bank of Belgium and the Magyar Nemzeti Bank, who made many valuable contributions to the project. I especially recognize the cooperation with György Szapáry, a former Ph.D student of Alexandre Lamfalussy, who coordinated the project with me.

I would also like to express my gratitude to the Lamfalussy family and the various publishers and institutions, especially the Bank for International Settlements and the European Central Bank, which kindly allowed me to reprint various essays.

Finally, I would like to say that I very much hope that this book may contribute to preserving the intellectual heritage of Alexandre Lamfalussy. In these times of financial instability and doubts over the European project, it is worth reading, or rereading, Alexandre Lamfalussy's work. As Jacques de Larosière pointed out, *'Alexandre Lamfalussy expressed himself with lucidity and often adopted*



*controversial positions. In the light of subsequent events, we are compelled to acknowledge that his assessments were generally correct and far-sighted.'*

Ladies and gentlemen, I thank you for your attention.