

Zurich, 21 June 2007

Launch of commemorative publication

The Swiss National Bank 1907–2007

Remarks by Jean-Pierre Roth

Ladies and Gentlemen

It is with pleasure and some pride that I present our commemorative publication today or – as the German language puts it so well – our *festschrift*, or celebratory work. There is indeed good reason to celebrate. One hundred years of doing business, crowned for the most part with success, certainly warrants celebration. The publication of a *festschrift* is one of the events being held to mark this anniversary.

It is the fourth such work to be published, following on from those of 1932, 1957 and 1982. It is somewhat different, however, insofar as it commemorates an entire century of the National Bank's existence.

We wanted this commemorative publication to be a learned work, which at the same time is accessible to a very broad readership. We wanted it to be both unpretentious and modern, yet in keeping with the tradition of the previous works.

I make no secret of the fact that significant resources were deployed to prepare the book. Work first started over three years ago and some fifty or so bank employees were involved in the project.

The work which I am presenting to you today is divided into three sections. The first tells the history of the SNB over the first seventy-five years of its existence. As the previous commemorative publications have already dealt in detail with this period, it was no longer necessary to recount all the events again. We thought that it would be more interesting to take a fresh and critical look at certain episodes from a historical perspective. This is why we called upon the services of three distinguished economists and historians, asking them to explore this period, and leaving them free to choose the salient points of their analysis. Michael Bordo of Rutgers University and Harold James of Princeton University took a detailed look into the first half-century of the SNB, in other words, from its

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founding in 1907 to the end of the Second World War. An exciting yet troubled time, which included the surge in inflation that came in the aftermath of the First World War, the laborious return to the gold standard, the 1936 devaluation, and the SNB's activities during the Second World War. Peter Bernholz of the University of Basel is the author of the second chapter within this first part. He devoted himself to the period from 1945 to the early 1980s, including the return to convertibility, the Bretton Woods period, the transition to flexible exchange rates and initial experiences with an autonomous monetary policy. I am pleased to point out that the doors of the SNB's archives were opened unreservedly to these authors.

The second part of the publication is more traditional. It is devoted to the last twenty-five years and deals with various aspects of the SNB's activities and its nature, ranging from monetary policy to the governance of the bank and including the new emphasis placed on financial stability, changing international relations, the renewed statutory framework in which we operate, and the adoption of a modern approach to managing our currency reserves. This second section, divided into eight chapters, was penned entirely by bank staff. We did not want a purely descriptive text. On the contrary, we asked the authors to adopt an analytical, critical approach, concentrating on key issues. In order to recognise the authors and their contribution to the book – and this is a departure from the previous commemorative works – they have been personally named at the beginning of each article. Some forty in-house authors contributed to the work.

For the third and last part of the book, which looks to the future, we took a step back. We called on the services of eight Swiss and foreign economists, all specialists of global renown, asking them to discuss those issues of greatest concern to today's central banks. We asked Ernst Baltensperger of the University of Berne to provide a more academic assessment of the SNB's monetary policy over the last twenty-five years. We called upon Marvin Goodfriend of Carnegie Mellon University to give his views on the optimum inflation rate, Frederic Mishkin of Columbia University to write about the policy of inflation targeting and to tell us to what extent it is truly a new phenomenon, and William White of the Bank for International Settlements in Basel to address the difficult question of whether price stability is really enough. Manfred Neumann from the University of Bonn was asked to provide an assessment of fixed and flexible exchange rate systems, Peter Kenen of Princeton University to give us his opinion on the need for foreign exchange reserves in flexible exchange rate systems, Martin Hellwig from the Max Planck Institute in Bonn to reveal his thinking on the co-existence of the Swiss franc and the euro, and Alexander Swoboda of the Graduate Institute of International Studies in Geneva to share his ideas with us on the reform of the international monetary system. This third section, which is aimed rather more than the first two sections at a specialised audience, is available in English only. The two other sections, meanwhile, are available in French, German, Italian and English.

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It only remains for me to that I hope you will find the book both engaging and interesting. To whet your appetite – and here my comments are aimed particularly at the representatives of the press – I should like to stress that we have been particularly transparent and candid in preparing this work, something which was probably inconceivable just twenty-five years ago. So start looking for the scoops which, no doubt, are hiding within the pages of the book - happy hunting!