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G30 Publishes *Central Banks: Confronting the Hard Truths Discovered and the Tough Choices Ahead*

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(Washington, D.C.) The Group of Thirty today released *Central Banks: Confronting the Hard Truths Discovered and the Tough Choices Ahead* by Philipp Hildebrand, G30 member and Vice Chairman of BlackRock.

In the paper, Hildebrand discusses six lessons, or 'hard truths' the central banking community has learned following the aftermath of the 2008 financial crisis: Worrying about inflation alone can be dangerous; The interest rate is sometimes not a sufficient instrument; Monetary policy, alone, can only achieve so much; Central banks, even though independent, are not immune to political realities; The causes of disinflation are not fully understood; And we have no precise idea of what will happen when QE is unwound. Hildebrand emphasizes that the unconventional policies used by central bankers have played a critical role in stabilizing the world economy during and since the crisis. However, he stresses that we must be cognizant of the evolving risks associated with these policies and recognize that more time is needed to fully understand the implications for central banking.

"Central Banking has reached new levels of complexity since 2008. Faced with extraordinary challenges, Central Bankers have had to invent and use unprecedented methods. These were necessary, but came with risks that will only be fully understood once the policy normalization has been successfully completed. That is the next challenge to look to and there is likely to be turbulence along the way." said Philipp Hildebrand.

Jean-Claude Trichet, Chairman of the Group of Thirty, welcomed the paper. "Philipp Hildebrand's views on central banking after the crisis are very stimulating as repercussions of the global financial crisis develop. We are pleased to add these reflections to our Occasional Paper series."

PDFs of this paper are online at www.group30.org/publications.shtml, or via email at info@group30.org. Hard copies are available for purchase.

The Group of Thirty, formally known as "The Consultative Group on International Economic and Monetary Affairs, Inc." was founded in 1978. The Group of Thirty is a private, nonprofit, international body composed of senior representatives of the private and public sectors and academia. The Group aims to deepen understanding of international economic and financial issues, to explore the international repercussions of decisions taken in the public and private sectors and to examine the choices available to market practitioners and to policymakers. The Group is led by Jacob A. Frenkel, Chairman of the Board of Trustees, and Jean-Claude Trichet, Chairman of the Group.