



15 September 2018

Governor Már Gudmundsson. Introductory remarks before presentation by Poul Thomsen, Director of the European Department of the International Monetary Fund, Harpa Concert Hall and Conference Center, 15 September 2018

Mr President, Speaker of Parliament, Minister of Education, Science and Culture, ladies and gentlemen:

I would like to welcome you all to this meeting on Iceland's post-crisis economic programme with the International Monetary Fund. Today's events will take place in English.

It is my great pleasure to introduce Poul Thomsen, who is Director of the European Department of the International Monetary Fund. The title of his speech here today is: Iceland's Successful Stabilization Program and the Role of the IMF. There will be a Q&A session after Poul's talk.

Poul played a key role in the design of the programme. He came to Iceland in October after the Emergency Act had been passed by Parliament. At that time, he was Deputy Director of the European Department of the IMF and had gained extensive experience in programme design.

That turned out to be our good fortune. The programme was designed in record time and speedily approved by the Board of the IMF. Furthermore, it is now widely accepted that the programme was very well designed. It had three key goals: stabilisation of the exchange rate, fiscal sustainability, and reconstruction of the financial sector. The policy measures were heterodox and included comprehensive capital controls.

What matters most is that the programme was successful. All three goals were reached. The programme ended in August 2011, and that autumn we organised a major international conference in co-operation with the IMF to mark the event. Poul was meant to speak in that

conference but had to attend to matters relating to Greece at the last minute. We repaid all programme financing ahead of schedule in autumn 2015.

When Poul came here in autumn 2008, there were no IMF programmes in advanced European countries. The financial crisis would change that, and Poul himself played a key role in many of them, including Greece.

Poul, we look very much forward to your talk. It is very interesting that it takes place exactly on the 10th anniversary of the collapse of Lehman Brothers, the event that triggered the total panic phase of the financial crisis. It is also fitting that it should take place here in Harpa, a building that is in one sense a monument to the hubris and excesses that often characterise the build-up to financial crises, but has become an integral part of cultural and intellectual life here in Iceland and will serve us well for years and years to come. Out of the windows we see, on the one hand, the Central Bank and the ministries where much of the action took place during those dark days of 2008, and on the other hand, the construction cranes and the new building that bear witness to Iceland's current economic prosperity.

Poul, the floor is yours.