

ARTHUR RUTISHAUSER

Editor-in-Chief, *SonntagsZeitung*

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I would like to welcome everybody. I am very honoured to have this very prominent group of some of the most respected leader of central banks in the world. We have the former President of the ECB, Mr Trichet, the President of the Polish National Bank, Mr Belka, Jacob Frenkel, who for a long time was Governor of the Bank of Israel, and Mugur Isărescu, the Governor of the Central Bank of Romania.

When I prepared for this session, I was thinking of the discussion we had about central banks in terms of quantitative easing and all these things, but with all the dramatic things going on in Europe and all over the world, I would like to open by asking Mr Trichet a question. When I heard the news that we had terrorist attacks in Mali, I wanted to know from someone who has a lot of experience of economies whether he thinks that the terrorist attacks we have seen in Europe will impact the European and global economies.

Jean-Claude TRICHET, former President, ECB

We are far from central banking with this question, but I will respond! My own understanding is that, after previous attacks of that kind in Madrid, London and elsewhere in the world, we have and always had an immediate impact, which was not negligible, of course, on confidence, on the overall attitude of economic agents in general, households and firms. However, in the cases I have mentioned it appeared to be a transitory phenomenon and not a lasting one, provided of course that the necessary measures are taken, and that the resolve of the peoples and authorities concerned are such that it recreates confidence, which I suspect will be the case, even if what we have observed was particularly dramatic and moving.

The fact that we have a new phenomenon of that kind in Africa, with the 170 hostages in Mali, is adding to this emotion, but again, it is a global phenomenon, a global challenge and a global enemy which is crystallising in many places around the world. It is really global. Again, in my opinion, it will have an impact, but transitory and we will emerge, as was the case in the past, from this transitory period with an appropriate level of confidence.

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Mr Frenkel, you had a lot of experience with these things happening in Israel, and you see governments spending more money on defence. This has an impact on the stability of a country. Do you think this will go away so soon, as Mr Trichet said, or do you think it will have a lasting impact for years?

Jacob FRENKEL, Chairman of JPMorgan Chase International, Chairman of the Board of Trustees of the Group of Thirty (G-30), Former Governor of the Bank of Israel

The answer depends on what will be done. The reality is that, regarding the immediate impact of atrocities of this kind, there is the human toll, of course, which we should never underestimate, but when we go to the macro, global picture in and of itself, it is not dramatic in the sense that growth of economies will be altered per se. What is important is that in some circumstances some sectors will be more impacted, especially tourism, and looking at Egypt, this is a very important issue. However, like Jean-Claude Trichet, I feel that we should also look at it not only as a challenge but also as an opportunity.

This is an extraordinary opportunity to exert and demonstrate leadership; if there is leadership that recognises that one does not talk about a local phenomenon but a global phenomenon, and that recognises that a global phenomenon needs to be addressed with a global perspective and global solidarity, something positive might come out of it. It is a



terrible reality, but there is no question in my mind that if that reality is addressed appropriately, it will receive due attention. It will not become a macro issue, but it depends on a macro approach to ensure this.

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Regarding my understanding of what I see in the news, that with all these crises about refugees in Europe the discussion about the stability of the Euro did recede a little. It is actually just an impression that I have, or do you think so too? I would like to ask this of Mr Belka, whose country is not a member of the European currency. Do you think the crisis of the Euro has now gone away, or has the news just gone away?

Marek BELKA, President, National Bank of Poland

I would prefer to call them problems of the Eurozone rather than problems of the Euro, and they have not gone away, but they are least momentarily dwarfed by the refugee crisis and particularly the crisis coming from the terrorist threat on Europe, but not only on Europe. Therefore, we have to deal with the refugees and with terrorism, but the problems with Greece and the fundamental issues of Eurozone stability or currency zone sustainability have not gone away.

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Is this actually an impression that you have in Romania too?

Mugur ISĂRESCU, Governor of the National Bank of Romania, Former Romanian Prime Minister

It is more or less the case. I could say that the refugee crisis added to several existing problems in the Eurozone. I recall when Professor Issing said several years ago that the Euro is an unfinished project, standing on just the monetary policy pillar. The remaining two pillars (joint fiscal policy and more political cooperation) are absolutely necessary to have a stable Euro.

The perception in Romania is something like this. We would like to join the euro area and we tried to comply with the Maastricht criteria, but we have understood, particularly from the Greek experience, that nominal convergence is not enough and that sustainability of nominal convergence is the key, which means a sufficient level of real convergence is required. Therefore, we have to wait for the moment when we are better prepared and when the Eurozone is in better shape.