

## 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

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I am hearing from all these Europeans why we should not do anything on interest rates. Are they all afraid? What do you think, Mr Frenkel?

**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**

They are not afraid; as was indicated, Europe is in a different phase of the cycle. The US started its actions early on. Europe started its actions a bit later. Therefore, we are now in a situation where if we want convergence for a while, they will move in opposite directions – while the US is discussing tightening, Europe is still discussing expansion, but there is no question that all of those are unconventional measures and not yet normal measures. Jean-Claude rightly said that growth in Europe will not take place only through the ECB. We can discuss the ECB, but we eventually want to aim at sustainable growth, and that is why the message to governments is again about structural measures.

You must make sure that the economy is more flexible if you really want to enhance normalisation of interest rate policy. A more flexible economy requires structural measures that will bring it about. Let us face it – the ECB has a much tougher job than the Federal Reserve. The governments are bringing together representatives from so many countries, and although officially they leave their passports at home when they come to the ECB and they all become senior members of the ECB, they come from countries with different political settings and structural policies. Therefore, I am much more patient with the ECB and its challenges than with the Fed, and that is why we will see full normalisation at the Fed sooner than at the ECB.