

JEAN-CLAUDE TRICHET

Former President, ECB

Arthur RUTISHAUSER, Editor-in-Chief, *SonntagsZeitung*

The Eurozone is not in very good shape. Mr Trichet, you started as the first president of this united currency, and your first statements were about stability and referred to a completely agenda from what we see now. Did the consensus about a central bank should be governed change since you started?

Jean-Claude TRICHET, former President, ECB

I will first echo what has been said by our two colleagues. You could present things quite differently – you could say that from the very beginning the Euro, as a currency, was considered with great scepticism, and I was a witness of that in America and Asia before the Euro was created. The idea was that it would be a total failure, and in any case that it was quasi impossible to create a currency from scratch with so many currencies merging. From that bias, you could also deduct that in case the advanced economies would have to go through a very grave financial crisis, the Euro currency will disappear and the Euro area as a whole will be dismantled.

What happened in reality? We had the stress test: it was the worst financial crisis since World War Two, and it could have been the worst financial crisis since World War One had the central banks not reacted very boldly and swiftly everywhere in the world. What happened was exactly the contrary of what was anticipated. Firstly, the currency proved to be credible, to inspire confidence and to preserve stability, to the extent that the main criticism against the currency during the crisis was that it was too strong, and for a currency which was supposed to disappear, this was very paradoxical. I experienced that myself, as you know, as President.

Secondly, how many countries were in the Euro area when Lehman Brothers collapsed? There were 15 at that very moment when we went through the worst crisis since World War Two. How many of the 15 are still there? The 15 are still in, including Greece, because around 70% of the Greek people, in several surveys, wanted to stay, and the main reason Greece is still there is that it was the will of people. On top of that, four new countries got in, the three Baltics and Slovakia, so we are 19 now, and these four new countries entered at the time of the crisis.

I only mention that not to say that that the Euro area is a fantastic success, but only to say that it is much more resilient than was anticipated by the overwhelming majority of observers. Secondly, the real measure of long term success will be growth and jobs, and we will have to work actively on that. I share entirely the views expressed by Mugur. We have to continue constructing Europe, improving the executive branch side of the Euro area, and improving the democratic legitimacy of the Euro area. These are the two directions where we need a lot of hard work.

Arthur RUTISHAUSER, Editor-in-Chief, *SonntagsZeitung*

Are you really sure that people support the Euro as much as you say? Nobody in Switzerland would vote to become a member of this currency, and if you voted in Germany they would say no.

Jean-Claude TRICHET, former President, ECB

You are wrong, sir; I am sorry to say that. We have some of the strongest support for the currency in Germany, paradoxically, as well as in Greece, as I just said. According to the last Eurobarometer, it is approximately the same level, around 2/3 of the population in both countries. I have no doubt about your position regarding Switzerland, knowing also how hesitant your country was historically to join any international institution. Perhaps you have a lot of very good reasons not to enter the EU. However, do not trust everything that is said. What surprised me very much when I looked at the last Eurobarometer in Europe, a survey which is done every six months by the Commission, was that there is a low level of confidence in any institution in general in Europe, but paradoxically there is more confidence



in the European institutions than in the national institutions, more confidence in the European Parliament than in the national parliaments, more confidence in the Commission than in the national governments, which is extremely paradoxical.

This means the people of Europe are not satisfied, and obviously they have very good reasons for that. They have a low level of confidence in their present leadership, whether national or European, and we have to address this crucial issue, but to say that Europe is rejected generally is not what I observed in the survey. It is not what the Europeans think.