

# JEAN-CLAUDE TRICHET

Former President, ECB

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

Is it exotic in Europe to take a treaty seriously?

**Marek BELKA, President, National Bank of Poland**

What treaty do you mean?

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

You accepted the rules of the European Community and did what you had to do, in a way, but if you look at the history of the Euro, there were at least five countries that did not do what they should under the Treaty on European Stability. Is that something we will have to accept in the future too, or will it be different?

**Jean-Claude TRICHET, former President, ECB**

Marek explained things very well, and he has the multi-ocular vision of someone who has been Minister of Finance and Prime Minister of Poland as well as a central banker. So when I hear him, it reminds me of the courage which was needed to go through the painful restructuring of the Polish economy, to change profoundly the economy and the society, and to get up to the *acquis communautaire*. That being said, regarding the governance of the Euro area, which is of a different nature, it is absolutely clear, in my opinion, that it was an enormous mistake for France and Germany to give credit to the idea that the Stability and Growth Pact should not be fully respected in 2003-2004. That was their position in this period under the chairmanship of Italy, so three big countries into the Euro area were allied in saying that the Stability and Growth Pact did not deserve to be respected.

It was a dramatic mistake in terms of governance of the Euro area. I had just been appointed President of the ECB, and my first speech in the European Parliament was to say that the Stability and Growth Pact was an integral part of the single currency framework. We were very bold in deciding to have a single currency without a federal government, a political federation and a federal budget, so the fiscal framework was absolutely key for the stability of the system. Unfortunately, it was the position of neither the big countries nor, finally, the council, and even if we saved a large part of the letter of the Stability and Growth Pact, we lost its spirit.

That being said, that was not the only problem. We also discovered in the ECB that there was no real monitoring of the competitiveness indicator inside the Euro area, and in the crisis we discovered that the absence of a banking union was a big drawback for the Euro area as a whole. We have now, as a lesson of the crisis, reinforced the Stability and Growth Pact, and I take it that it has to be fully respected. We paid a terrible price in the crisis for not respecting the framework. The framework is there and it was reinforced by the crisis, so it has to be respected.

Secondly, we have the MIP, the macroeconomic imbalance procedure, which is a second pillar for governance and concentrates on competitive indicators and domestic and external imbalances including current account imbalances inside the Euro area. It is in my opinion also very important: MIP is as important as SGB. We now have also the banking union, so two new pillars for the governance of the Euro area (MIP and banking union) have been created in the crisis as lessons drawn from it. These new pillars of governance have to be fully applied, implemented and respected. But that being said, we need to go further and reinforce the executive branch: we need a ministry and minister of finance for the Euro area, not only to care for fiscal, economic and financial governance of the Euro area but also to represent it in the international institutions.



We must also have a more assertive European Parliament in terms of the format of the MPs who are representing the Euro area in order to be sure that the last word is given to the representatives elected by universal suffrage in a manner that would be unchallengeable democratically when we have very difficult problems to solve, for instance the conflict between Greece and the European institutions and other problems of that kind. Therefore, we still have a lot of very hard work to do, but let us apply what we have just decided.