

Jean-Claude Trichet: The euro@10 – achievements and responsibilities

Remarks by Mr Jean-Claude Trichet, President of the European Central Bank, at the ceremony of the European Parliament to mark the 10th anniversary of the euro, Strasbourg, 13 January 2009.

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Mr President,

Honourable members of the European Parliament,

It is an immense honour and a great pleasure for me to take part in this celebration of one of Europe's most momentous achievements, the euro.

One of Europe's founding fathers – Jean Monnet – once said: “When an idea meets the needs of the time, it ceases to belong to its creators and becomes more powerful than those responsible for it”. And he added: “There is no such thing as premature ideas, there are only ripe times that one should wait for”.

For decades, the single European currency was merely an idea shared by a few people. Many others said that it could not be done, or that it was bound to fail. Today, the single currency is a reality for 329 million citizens. The creation of the euro will one day be seen as a decisive step on the long path towards an “ever closer union” among the people of Europe.

Since the introduction of the euro, fellow Europeans have enjoyed a level of price stability which previously had been achieved in only a few of the euro area countries. This price stability is a direct benefit to all citizens. It protects incomes and savings, and it helps to bring down borrowing costs, thus promoting investment, job creation and prosperity over the medium and long term. The single currency has been a factor of dynamism for the European economy. It has enhanced price transparency, increased trade, and promoted economic and financial integration within the euro area and with the rest of the world.

In recent months we have seen another benefit of the euro: the financial crisis is demonstrating that in turbulent financial waters it is better to be on a large, solid and steady ship rather than on a small vessel. Would Europe have been able to act as swiftly, decisively and coherently if we did not have the single currency uniting us? Would we have been able to protect many separate national currencies from the fallout of the financial crisis? I believe that we can be proud of the reaction of European authorities, parliaments, governments and central banks. Together we have shown that Europe is capable of taking decisions, even in the most difficult circumstances.

We owe the historic success of the euro to the determination and perseverance of a series of visionary leaders. And we owe it to the effective interplay between European institutions. The European Parliament played a crucial role at the pioneering stage. The Parliament was the first European institution to make proposals for a single currency, back in 1962. And in the past ten years, since the establishment of the ECB, our institutions have maintained a very close and fruitful dialogue. This dialogue has involved over 50 hearings of the members of the Executive Board before this Parliament. The dialogue between the Parliament and the ECB is a very important exchange in terms of accountability, allowing the ECB to explain its decisions and actions to the general public and their elected representatives.

Ladies and gentlemen, during its first years of existence, the euro had to face major trials: the establishment of a sound and credible central bank and the creation of a stable new currency inspiring confidence. These challenges were overcome successfully and the euro is today firmly established. Hence, this is certainly a time for celebration. But it is no time for complacency. Current challenges are pressing, and new challenges will arise. The continued success of EMU will depend on how these challenges are addressed. This is the main responsibility for all authorities involved.

Let me mention three major challenges.

First, the financial crisis. The crisis has revealed fundamental weaknesses in the global financial system. We are playing an active part in the global efforts to address these weaknesses and redesign the regulatory and institutional framework. A lot of work remains to be done.

Second, Economic Union. The solidity of the single currency rests on two pillars: a monetary policy firmly geared towards price stability and a set of sound economic policies. The particular challenges on the economic front include the firm and credible implementation of the Stability and Growth Pact, constant efforts to render our economies more productive, innovative and dynamic, and the avoidance of major competitive divergences within the euro area.

Third, enlargement. When we started out ten years ago, we were 11 countries. As of 1 January this year, we are now 16 countries. This says a lot about our historic endeavour. Handling enlargement in the best fashion possible is a very inspiring and demanding challenge for all of us.

The euro is a historic achievement. What matters most today is our responsibility for the future. New challenges are arising. If these challenges are faced with utmost lucidity and audacity, they can generate the powerful ideas which Jean Monnet referred to, and which have advanced us so far on the path of stability and prosperity in Europe.

Thank you very much for your attention.