

## Willem F Duisenberg: Time to say goodbye

Address delivered by Dr Willem F Duisenberg, President of the European Central Bank, on the occasion of a special ECOFIN dinner to pay tribute to his leadership of the European Central Bank, Venice, 29 October 2003.

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It is time to say goodbye. After more than five years of steering the ECB through the high seas, it is time for me to return to port and drop my anchor in more tranquil waters.

Over the past few weeks, a lot of people have asked me how I feel about retiring. I have told them that my feelings are mixed. Half of me, Wim Duisenberg the private man, wishes that I had gone already. As you know, I had announced my intention to retire already last July. But for the other half of me, Wim Duisenberg the central banker, it will be more difficult letting go.

Without a doubt, the last five years have been the pinnacle of my career. It has been an honour and a privilege to be the first President of the European Central Bank; to be bestowed the task of rearing, nurturing, and then guarding Europe's young currency. Europe has made history and I have been given a place at the heart of it. I couldn't ask for more than that. In years to come, history will be the judge of our success, or our failure. I hope that history will be kind.

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The last few years have already been littered with outstanding achievements.

It was not so long ago that most people doubted that the single currency would ever see the light of day. Then, when they saw that it would, they speculated that only a few countries would be able to join. But they underestimated the resolve of European governments to be part of this great step forward in Europe's history.

Since then, we have witnessed the two changeovers; the introduction of the euro in book-entry form and then in the form of banknotes and coins. Both went smoothly, not because they were easy, but because of the hard work of all involved. And of course, for nearly five years now, we have had a single monetary policy conducted by the European Central Bank for the euro area.

During this time, the Bank has not been without its critics. I have not been without my critics. The nature of that criticism depended on which newspapers you read. If you read the Anglo-Saxon press, then we paid too much attention to monetary growth. It seems that money shouldn't matter for monetary policy. If you read the German press, well the story was different. Some said we communicated too little. Others said we communicated too much. When you are flanked on both sides, then you must be somewhere in the middle of the park. I conclude from this that we must have positioned ourselves more or less right. Indeed over time, I think that the "ECB watchers" have increasingly come to understand and to respect our monetary policy. We have also become better at explaining it. It is an ongoing process. But things are on the right track.

Most importantly, we have done our duty. We have maintained price stability. And we have done it in a pragmatic fashion, with a steady hand. There were many who feared that in the early years of EMU, the euro area economy might be a sacrificial lamb on the altar of credibility. According to this view, the ECB would raise interest rates unnecessarily to prove its anti-inflation credentials. The facts do not bear this out. A number of shocks have hit the euro area economy over the past few years. But we did not over-react. We held our nerve. Even in its infancy, the ECB showed itself to be a mature central bank. I am proud to have been its President these past five years.

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I do not retire without some regret. There is a lot that I shall miss. I shall miss my colleagues in the Executive Board. I shall miss my colleagues in the Governing Council. I shall certainly miss the regular meetings and contacts I have with many of you, especially in the Eurogroup.

I have to say that I was touched when I received your invitation to this special dinner. And I am touched that so many of you have taken the trouble to travel to Venice to say goodbye. Since this is the first time that a President of the European Central Bank has retired, I have no way of knowing if this is just standard protocol, or if it is something more. I hope it is not just that you are eager, as you

said in your invitation, to “facilitate my departure”. I prefer to think that it reflects the warm relationship that has been built up among us during the past few years.

I remember when it was first proposed to establish a Eurogroup, or “Euro-X” as it was then called. And I remember that some people said that such a group would be a threat to the ECB and its independence. Frankly speaking, I also had some doubts. I was proved wrong. As I have since said in public on various occasions, the Eurogroup meetings represent a “golden opportunity”; a golden opportunity for dialogue; a golden opportunity to be open, to be frank, to be honest, to criticise, and to listen. If you liken EMU to a house, then we are its family, and the Eurogroup is the dinner table. It is where the family members get together to tell each other what they are doing, to listen to each others advice, and learn to live together, as they must do, responsibly.

Each member who joined this family did so on the understanding that his new house would be built on two stable pillars; not just a sound monetary policy, but also sound economic policies. They signed up to a package, a clear set of rules, including a Pact. This is a contract not just among governments but a contract with every single citizen of the euro area. It is on the basis of this contract that they have accepted the loss of their monetary sovereignty. And it is on this contract that the confidence in our new currency, not just of European citizens, but also of markets and of those on the outside looking in, is based. If you break this contract, this confidence will be lost.

I acknowledge that these are not easy times, that conditions are adverse. But the difficulties that some of you now face were not entirely unforeseen. Not unforeseen when the Pact was signed. Not unforeseen when the conditions were more favourable. You were warned. The rules were not designed just for the good times, but also for the bad. The difficulties that some of you now face do not provide grounds for tinkering with the rules. They call for their implementation. The rules are there to help not to hinder efforts to put the house in order. They should be allowed to do what they were designed for. Otherwise I fear the Pact will unravel, the contract with the people will be broken. Without the right foundations, you cannot build a stable house.

I hear some of you say that the house needs more than stability. It also needs growth. Of course you are right. Stability and growth go hand in hand. But for growth there is also a strategy, a good one, agreed in Lisbon. I welcome the efforts that have already been made and that are being made to implement this strategy. There has been some progress. I do not need to tell you that there is a lot still to be done. You have said so yourselves many times. These good words must be transformed into actions, and soon, because time is running out. It is no good having the right diagnosis if you don't apply the medicine and cure the disease.

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The challenges for EMU over the next five years are every bit as great as those already faced. I am fortunate enough not to have to deal with them. I have done my bit, as well as I could. This is where I “pass the buck”. Europe is making history. It now falls to my successor, Jean-Claude Trichet, and to you to do your best to make sure that in the end history judges our new, shared currency to be a success. I wish Jean-Claude well. I wish you well. I raise my glass to your success.