

## **Jean-Claude Trichet: Interview with FOCUS**

Interview with Mr Jean-Claude Trichet, President of the European Central Bank, conducted on 20 February 2007 by Ms Alexandra Kusitzky, Mr Bernd Johann and Mr Thomas Zorn, published in FOCUS on 26 February 2007.

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**Central bank presidents must take enormous care over what they say. Your US counterpart Ben Bernanke caused turmoil in the financial markets when he made remarks to a journalist at a party regarding Federal Reserve strategy. How do you guard against inadvertently divulging information?**

We central bankers know that we are watched very closely indeed and that any sign can be over-interpreted. But I do not think that we are very different in that respect from other people with important responsibilities in the public eye.

**But you could at least tell us what you expect the key ECB interest rate to be at the end of the year?**

I invite you to participate in my next press conference on Thursday, 8 March.

**As ECB President, if you so much as smile for slightly too long, that can give rise to speculation. With such intense scrutiny, is it at all possible to have a private life?**

My private life is unfortunately subject to tough constraints. Nevertheless, I try to make time for myself, even if I don't succeed all that often. European and international meetings are often held during weekends, of all times. But when I have a free Saturday or Sunday, I really enjoy it, believe me.

**What do you get up to?**

I love art, as well as literature and opera. We are privileged in Europe, and there are some wonderful exhibitions here in Frankfurt.

**But you must surely miss the spectacular cultural opportunities that you had when you lived in Paris?**

Paris is of course wonderful, but I have to say that the Rhine-Main area really was a very pleasant discovery. Within 30-45 minutes of my house you have the opera houses and theatres of Frankfurt, Wiesbaden, Mainz and Darmstadt. Where else can you find so many in such a small area?

**If you already live in Germany, do you also read German literature?**

Yes, indeed. Heine, for example. You know, a good poem is like a gold coin that goes into circulation and doesn't lose its value. It's something that lasts forever. I also read Rilke, but I only read him in French.

**Your German's coming along well.**

I'm learning German. That's also important to me for my work. Germany has the largest population and the largest economy of all the EU Member States. If you understand the language, you gain a profound understanding of how the people think. Because of their language, the Germans are more direct than the French or the English. For instance, simply saying "no" in French or English is always somewhat more complicated!

**But the most recent French criticism of the ECB's stability policy has been distinctly direct. In the presidential election campaign, both the conservative candidate Nicolas Sarkozy and the socialist Ségolène Royal argued that the ECB should, for example, do more to support economic growth.**

I will only remind you that, by the will of the French democracy, the Banque de France was made independent from French politics before the establishment of the ECB, with a primary mandate for price stability. To allow the central bank to become independent, both chambers of the French parliament changed the constitution of General de Gaulle with a three-fifths majority.

**It rather looks like people in your home country have forgotten that.**

Certainly not the people, who, according to surveys, are firm supporters of our independence. In any case, the Maastricht Treaty calls for the full independence of the central bank. Under the Treaty, governments are not even allowed to try to influence the ECB.

**Nevertheless, would it not be better for the ECB to be a little more flexible and – like the Federal Reserve – react more strongly to the needs of the economy as a whole?**

Our mandate is unambiguous. Our primary objective is price stability. And price stability is a necessary condition for sustainable economic growth and job creation. The central banks of nearly all industrialised and emerging countries have policies based around the combating of inflation, and that is precisely what our fellow citizens want. The Americans present things in a different way, but they too consider that price stability is a necessary condition for sustainable economic growth and job creation.

**Most Finance Ministers of the euro area countries and the European Commissioner for Economic and Monetary Affairs Joaquín Almunia want regular discussions with the ECB. Does that bother you?**

The Treaty already arranges for precisely that. I myself invite Jean-Claude Juncker and Joaquín Almunia twice a month to attend the meetings of the Governing Council at the ECB, and I am invited to attend the meetings of the Eurogroup. As I have always said, we have to apply the whole Treaty and nothing but the Treaty.

**Is there really no political pressure?**

Everyone in Europe and the rest of the world knows that the ECB is independent, even on the major financial markets of New York, Tokyo, Singapore and Hong Kong. There is no doubt about that. The ECB's credibility, which stands at a very high level, relies on its independence. It is that independence which allows us to solidly anchor inflation expectations. Our credibility is reinforced by the strong team spirit within the Eurosystem – including our excellent relationship with the Bundesbank and its President Axel Weber – and within the ECB's Executive Board, which features of course my colleague Jürgen Stark.

**But in the view of many consumers, the introduction of the euro actually pushed up inflation.**

At the level of the euro area, we have had inflation under control since the introduction of the euro. I know that the people are calling on us very strongly to deliver price stability. They can count on us doing that, in cooperation with the Bundesbank and all the other national central banks in the Eurosystem.

**With the economic upswing, the demands of the trade unions increase too. In Germany, for instance, IG Metall is demanding a 6.5% increase in wages.**

Wage moderation is and will remain important not just in Germany, but all over Europe. I say on behalf of the Governing Council that moderate increases in labour costs have been a key factor in increasing employment and reducing unemployment over the last few years.

**You have helped to shape the euro. Many Europeans, however, seem dissatisfied and, according to opinion polls, want their old currencies back. Is the euro really a success story?**

A very reliable survey conducted by Gallup for the European Commission last November reported that 48% of Europeans found the euro to be an advantage, compared with less than 38% finding it to be a disadvantage. Positive developments have been seen in employment since the introduction of the euro, with 12 million new jobs created in the euro area during those eight years. In the eight years before the introduction of the euro less than three million jobs were created.

**Since 2003 your place of work has been Frankfurt. Do you miss Paris a lot?**

It was quite a change. Paris is actually irreplaceable.

**Does it often draw you back?**

Not that often. I now live in Frankfurt and feel good.

**How many days a week do you spend there?**

It's difficult to say. To express it like a central banker: perhaps 3.25 out of 6.5 working days! The rest of the time I spend working elsewhere, in Europe and further afield.

**In 2011 the ECB will leave Frankfurt's city centre for a former industrial area on the edge of the city. Do you regret the fact that you will have to leave the city centre?**

On the contrary, I believe that the design of the renowned Viennese architects COOP HIMMELB(L)AU, with its two intertwined towers and incorporating the listed Grossmarkthalle building, will greatly enrich the city's skyline while creating a European icon.