

Jean-Claude Trichet: ECB and ESCB – ten-year anniversary

Address by Mr Jean-Claude Trichet, President of the European Central Bank, at the ceremony to mark the 10th anniversary of the European Central Bank and the European System of Central Banks, Frankfurt am Main, 2 June 2008.

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Mr President of the Republic,
Sehr geehrte Frau Bundeskanzlerin,
Mr President of the European Parliament,
Mr President of the European Union,
Mr President of the European Commission,
Mr President of the Eurogroup,
Ministers, Excellencies, fellow Governors,
Ladies and gentlemen,

Ten years ago, on 1 June 1998, the European Central Bank was founded, together with the European System of Central Banks, the ESCB. The primary mandate of the ECB and the ESCB was, and is, to preserve price stability and to safeguard the credibility of Europe's single currency, the euro, which was created seven months later.

It was the will of the democracies of Europe that led to the creation of the ECB. Its mandate and its independence in fulfilling its mandate were given by the people of Europe on a multi-national and multi-partisan basis. We are faithful to our mandate because we are faithful to the democratic will of the Member States.

Jean Monnet writes in his *Mémoires*: “Rien n'est possible sans les hommes. Rien n'est durable sans les institutions”. “Nothing is possible without men. Nothing is lasting without institutions.” The ECB is, in my opinion, a remarkable illustration of the lucidity of the conceptual founder of the Community: the institutional construction is solid and has proved to be remarkably effective in attaining its goals.

This ten-year period has been short compared with the duration of the deepening of the European Union, which is an historic endeavour. But this relatively short period of time has been rich in successes. These accomplishments call for celebration, for reflection and also for continuous efforts as regards the future.

In the first place, celebration.

My predecessor, our dear Wim Duisenberg, in his speech to celebrate the establishment of the ESCB ten years ago, referred to “the road we have to travel in the future to make the euro a success, which means to make it a stable currency”.

What can we say now, after ten years?

I can sum it up in five sentences.

Since day one, the single currency has fully inherited the degree of credibility and confidence that was the privilege of the most credible national currencies before the euro. The credibility was such that the medium and long-term market rates of the euro were at the same low level as those experienced by the most reliable national currencies before. In spite of a series of global shocks resulting from the prices of oil and commodities, yearly inflation since 1 January 1999 has been 2.1% on average. Price stability in the medium term is essential not only because it protects the incomes of all our fellow citizens – and particularly the most vulnerable and poorest ones – but also because it is one of the preconditions for growth and job creation. Since the euro came into being 15.7 million new jobs have been created, over one million more than on the other side of the Atlantic.

The euro has been a remarkable success. I don't intend to name and shame those who said that Europe's single currency would be impossible, or that its introduction would be a failure, or that it would be impossible for it to inherit the best previous credibility levels, or that fault lines in its construction would lead to a permanently weak currency. A success indeed. Europeans have achieved what was deemed impossible, what had never been tried. As Tocqueville said: "L'histoire est une galerie de tableaux dans laquelle il y a peu d'originaux et beaucoup de copies". "History is a gallery of pictures in which there are few originals and many copies." The single currency of Europe is indeed an original, according to Tocqueville's definition. This is a time for celebration.

This is also a time for reflection.

The first ten years have been extremely busy for the Executive Board, for the Governing Council, for the ECB and for the Eurosystem. The extraordinary motivation of our staff members is, in my opinion, due to their awareness of, and pride in, making history. And on the subject of history, I would like to make some observations.

Europe's single currency has ancient roots: apart from the single currency of the Roman Empire, two thousand years ago, I could mention George of Podebrady, a king of Bohemia in the 15th century, who called for a common currency for Europe, or Victor Hugo's call for a single market with a single currency in Europe in the 19th century. By implementing the Economic and Monetary Union enshrined in the Werner report 38 years ago, we have also achieved a much older plan, an ancient vision of a unified continent, including monetary union.

This historic vision has always been closely associated with the search for prosperity and the preservation of peace. Voltaire's remark: "En effet l'histoire n'est que le tableau des crimes et des malheurs" – "Indeed, history is nothing more than a tableau of crimes and misfortunes" – from the perspective of the mid-twentieth century could not have been more apt. It is no surprise that it was at that point in time that Europeans decided to accelerate the march towards European unity.

The single currency is the most advanced feature of European unity and in many respects its emblem. We owe it to the lucidity of the founding fathers and to the determination of a series of visionary leaders. We saw these founding fathers a moment ago on the screen. To them we owe an immense debt of gratitude. Gratitude also to the leaders who maintained a steady hand during the 1990s in the run-up to the euro, in a very difficult environment.

This anniversary is no time for complacency. But for continuous efforts, because the challenges lying ahead for Monetary Union will be numerous and demanding. As one of the major central banks in the industrialised world, we, like the others, have three challenges to cope with in our monetary policy-making: rapid technological progress, globalisation in all its dimensions, including the transformation of global finance, and population ageing.

On top of those three major challenges, the ECB and the Eurosystem have to cope with two other important, self-assigned challenges. The first is the deepening of economic and financial integration at continental level, the progressive completion of a single economy with a single currency; we are the only central bank which is actively contributing to a major structural transformation of its own economy. The second is enlargement: we are called upon to extend progressively the euro area across the European Union as a whole; we are also the only central bank to undertake such an endeavour.

Economic Union itself has its own challenges. I see three major challenges for the Eurogroup, for the governments of the euro area and for the Commission. The full and complete implementation of the Stability and Growth Pact, which is a crucial component of EMU in the absence of a European federal budget. The resolute pursuit of structural reforms in line with the Lisbon process, which are decisive in order to raise the long-term growth potential of Europe. And the lucid monitoring of the national competitive indicators, including unit labour costs.

Mr President of the Parliament,
Mr President of the Union,
Mr President of the Commission,
Mr President of the Eurogroup,

Europe can count on the ECB and on the Eurosystem to implement in this century the historic task which was assigned to us at the end of the last century. We will be faithful to the primary mandate given to us by the Treaty. We know that our fellow citizens are asking us to deliver price stability. We know also that price stability is a prerequisite for financial stability, a very important objective at the current juncture. All the members of the Governing Council make their decisions taking into account the interests of the whole of the euro area, of 15 countries. We do not consider any particular country, but all 15 of them.

Sehr geehrte Frau Bundeskanzlerin,

This year in Aachen, upon receiving the Charlemagne Prize, you quoted Konrad Adenauer: "Gerade in Aachen wird man die Mahnung verstehen, dass Europa uns heute Schicksalsgemeinschaft ist. Dieses Schicksal zu gestalten ist uns übergeben". "In Aachen, above all, people will understand the call: that Europe, for us today, is a community with a common destiny. It's up to us to shape that destiny." "Justement ici à Aix on comprend l'appel qui fait de l'Europe aujourd'hui notre destin commun. Il nous appartient de donner forme à ce destin."

A "common destiny": the words of the man with whom General de Gaulle achieved reconciliation after so many conflicts. These words apply even more to the countries belonging to the euro area. In the ECB and in the Eurosystem we are fully convinced that, with our fellow citizens, 320 million of them, we share a destiny in common – wir teilen dasselbe Schicksal – nous partageons un destin en commun.

I thank you for your attention.