

Jean-Claude Trichet: European integration – the benefits of acting collectively

Speech by Mr Jean-Claude Trichet, President of the European Central Bank, at the Feri Foundation award ceremony, Frankfurt am Main, 9 June 2010.

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Lord Mayor,

Mr Stammler,

Mr Sloterdijk,

Mr Görlitz,

Ladies and gentlemen,

It is a great pleasure to be here paying tribute to the winners of this year's Feri Foundation Award and share a few thoughts with you on this occasion. Given that we will have an ECB Governing Council meeting tomorrow, let me clarify from the outset that nothing in my remarks this morning should be interpreted with regard to current monetary policy issues.

Turning to today's event, I am impressed and deeply moved by the charitable work done by the various foundations that have won this award over the years.

As different as they are, they all have several things in common. They all strive to make a difference to our society. And they do so through targeted efforts, acting in a way that complements the work of public institutions. The work they do is a heartening expression of their solidarity with their fellow citizens, and they deserve the gratitude of society as a whole.

The challenges ahead of us

Solidarity will also be the focus of my remarks today. However, I will approach it from a slightly different angle – a European angle, as befits a European institution such as the ECB. My main message today is that, in the current circumstances, the very existence of solidarity can give rise to confidence.

The financial crisis, which has lasted quite some time, has placed our economies and societies under considerable strain. Policy-makers have had to make bold and far-reaching decisions in order to address the most acute of challenges. They have done so in order to preserve the cohesion within and across our societies.

We have also begun work on the more profound reforms that will need to be implemented if we are to address the underlying deficiencies that have become apparent in our financial systems. We need to make our financial institutions more resilient and re-establish a sense of values, in particular a strong sense of responsibility vis-à-vis the real economy. To achieve this, legislators and regulators may have to introduce a new set of incentives for those operating in the financial sector.

This is one of the lessons that we have learned from the financial crisis. Other lessons concern the construction of Europe, where we have to make a quantum leap in strengthening the governance of economic policies and surveillance. If we do this, I believe that we will exit the crisis with a policy framework that will be much better and stronger than the one we had when the crisis began.

Some observers have said that the solution to our difficulties lies in more – not less – European integration, and I agree with this view. Let me explain why.

Working together to meet these challenges is not just an act of solidarity; it is very much in the best interests of all the participating countries and their citizens. Monetary Union is not a matter of convenience; it offers us protection and improves resilience, provided that we embrace the underlying ideas and principles. Just as the idea of statehood is that citizens gain from acting collectively, the European Union embodies the idea that nations also gain from acting collectively.

European integration is a long-term process, one that began after the Second World War and has brought stability and peace to our continent. The crisis is now prompting us to ponder the direction in which our next steps should take us. This discussion is taking place not because we have failed, but because we have been successful. Europe has succeeded in virtually everything it has sought to achieve.

The ECB's responsibility

As regards the ECB, we are responsible for ensuring medium-term price stability in the euro area. The citizens of Europe can rely on us to focus on this objective at all times.

We have the tools we need to ensure price stability over the medium term. The fact that the ECB has full statutory independence gives us credibility in our pursuit of price stability.

The mandate and independence of the Eurosystem are enshrined in the Treaty. The people of Germany and the other countries of the euro area can rely on us to continue delivering price stability in the years to come, just as they have been able to rely on us in the first 11½ years of Monetary Union. During that period the general price level has risen by an average of just below 2% per year – in line with our definition of price stability and better than was achieved by any of the currencies that merged to form the euro.

Conclusion

Ladies and gentlemen,

Public policy-makers make decisions on behalf of the people. In Economic and Monetary Union, monetary policy decisions are delegated to an independent central bank: the ECB. This framework is appropriate and has delivered the results that the Treaty demands and that our 330 million fellow citizens expect from us, namely medium-term price stability.

The framework for policy-making in the area of fiscal policy needs to inspire the same level of confidence as the framework for monetary policy. The crisis has shown that reforms to improve fiscal surveillance and control are needed in order to achieve this.

These reforms are necessary, and they are under way. Looking back, it is a pity that it has taken a crisis for everybody to realise this. Looking ahead, I think that everybody now understands. Let me close my remarks this morning – which I repeat have no bearing on current monetary policy matters – by recalling that in Economic and Monetary Union we share a common destiny.

Wir teilen ein gemeinsames Schicksal.

Thank you for your attention.