

Benoît Cœuré: Interview in Süddeutsche Zeitung

Interview with Mr Benoît Cœuré, Member of the Executive Board of the European Central Bank, in *Süddeutsche Zeitung*, conducted by Mr Werner Rätz and Mr Mischa Aschmoneit of Blockupy and published on 28 June 2014.

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SZ: Mr Cœuré, have you ever taken part in a demonstration?

Cœuré: Since I've been working at the ECB, no. I have taken to the streets in the 1990s, including to campaign against the French government's anti-immigration laws. But that was long ago.

SZ: For you, Mr Rätz, demonstrations are part of your job description. What is your mission?

Rätz: Mission is something of an exaggeration, but standing up for your views in public is part of democratic and civic action. Demonstrating is an important tool in this respect, and it should be used.

SZ: Mr Aschmoneit, you define the right to demonstrate very broadly and propagate civil disobedience. What justifies this right in your view?

Aschmoneit: I came to this interview by train. On the way, a respectably dressed man in his early seventies came over and I moved over so that he could sit down. But he didn't want to. He said that he wanted the deposit bottle that was in the bin in front of me. A poor, old man who has to collect bottles to get by. This reminded me once again that what we are doing is legitimate, moving from protest to resistance. We will interfere with and obstruct the opening of the ECB's new premises because what happens at the ECB is immoral. We want it to stop.

SZ: So for you, social injustice is the issue?

Aschmoneit: Yes, indeed. It's not just about the loss of material things, but also about the loss of dignity. When an old man has to beg, it's degrading. I have nothing against you personally, Mr Cœuré, but your system has to go.

SZ: Mr Cœuré, do you understand the criticism?

Cœuré: Yes, on two scores. The right to demonstrate is crucial for our democracy. Everybody has the right to campaign against the ECB. Second, the ECB is part of our European system which has an obligation to strengthen social cohesion and provide justice and prosperity for all citizens. However, the ECB's role in that system is very narrowly defined by the EU Treaties. The ECB has the primary goal of ensuring price stability and, in so doing, it creates a precondition for prosperity. No more, but no less either.

SZ: Mr Rätz, what irritates you the most about the ECB?

Rätz: For us, it is the role that the ECB is playing within the Troika. Together with the International Monetary Fund (IMF) and the European Commission, the ECB pursued a policy that had dramatic – in some cases fatal – consequences in the crisis countries. In Spain, 400,000 people have been driven out of their homes; in Greece, almost one-third of the population no longer has access to the healthcare system and 40% of its people are poor. All of this is clearly linked to the Troika's policy. It is therefore a bit ripe to say that the ECB only wants the best. I believe you, Mr Cœuré, as a person, but the ECB is contributing to division in Europe, and not to cohesion.

Cœuré: Let us distinguish carefully between our core mission of conducting monetary policy and our role as part of the Troika. Since 2007, the ECB has taken a number of monetary policy decisions with the aim to foster economic growth in the euro area and, in so doing, to restore price stability. This has shielded a great number of European citizens from poverty.

As part of the Troika, we did not decide on a thing. We advised the Eurogroup and the European Commission on matters where we have technical competence, namely financial market stability, banking reform and macroeconomic imbalances. The decisions were taken by the individual countries that received the money, under their own democratic procedures, and by the Eurogroup that provided it.

SZ: You are hiding behind your advisory role. You could have refused to take it on.

Cœuré: Indeed, nobody forced us to take it on, since the ECB is independent. But we believe it was in the interests of everyone to recommend these measures, including to maximise the effect of our monetary policy decisions. We stand by that.

Aschmoneit: The IMF, which is not known for its left-wing extremism, says that saving is wrong. There is far too little investment. The International Labour Organization (ILO) says that the unemployment rate in the euro area has shot up and that one-quarter of the population is seriously threatened by poverty. The ECB is creating winners and losers from the crisis. Last year, the wealth of the rich in western Europe rose by 5.2%. The US investor Warren Buffett has said that there is class warfare and that it is his class, the rich class, that is winning. Your policy, Mr Cœuré, is geared towards reducing large portions of the population to poverty and safeguarding the profits of a few.

Cœuré: Our clients are not the rich, but the citizens of Europe. The ECB is accountable to the European Parliament for everything that it does, and the European Parliament is directly elected by the people. We are not responsible for changing the distribution of income in Europe. That is within the political domain, which is why we have political parties who argue about how income should be distributed. We would be in clear violation of our mandate if we were to aim at enforcing a certain wealth distribution. We should stay away from this. And by the way, we're not afraid of discussing inequality: we have ourselves created the Household Finance and Consumption Survey, which has uncovered new and sometimes controversial facts on wealth inequality in Europe.

Rätz: It's not all about the citizens of Europe for the ECB – they're not even being asked. Let's take Greece, for example. Since 2010, its economy has shrunk by 25%. This year, it is expected to grow by 0.7%, which is extremely little. We're not going to live to see Greece recover. The people of Greece are not being asked about the Troika's recommendations, even though the measures have a profound impact on society: salaries and pensions have been reduced, unemployment benefits have been cut and hospital care has deteriorated. That is not a policy for the people, it is a policy for the banks.

Cœuré: We supported the Troika's decisions, but for good reason, because we are talking about countries that had to borrow huge amounts of money from the financial markets because their tax revenue did not suffice. Greece, Portugal, Ireland and Cyprus had spent too much. Then suddenly the market stopped lending them money. Without assistance from the EU and the IMF, the situation in these countries would have been a lot worse, especially for the poor, because, overnight, they would have had to bring their expenditure into line with their income – in 2010, for example, Greece would have had to bring its primary deficit of 10.5% into balance at once. The social losses would have been even higher than under the reform programmes.

SZ: Mr Aschmoneit, what should the ECB have done instead?

Aschmoneit: It isn't really about the ECB. The system has failed. Capitalism is unable to distribute the collectively generated wealth such that the people's needs are fulfilled. Not even those who work have enough. Some people have three jobs and are still poor. That is why the capitalist system needs to be overthrown. We advocate the nationalisation of production facilities.

SZ: That has been tried before – without success.

Aschmoneit: The rich are getting richer, at the expense of the poor – thanks also to the ECB. The despair is driving some to suicide. The suicide rate in Greece has tripled. We remember the letter that the ECB sent to the Italian government in 2011, in which it threatened to terminate its bond purchasing programme if the Italian government did not immediately start doing what it was told. That was attempted blackmail.

Cœuré: The ECB does not blackmail anyone. The case you have mentioned refers to the purchase of government bonds under the Securities Markets Programme (SMP). What the ECB wanted to make clear was that our monetary policy can only be effective if governments themselves carry out reforms that address the root causes of the crisis. No monetary policy measure can have the desired effect if that is not given.

Rätz: Wheeling out instruments of torture – that's what that is.

Aschmoneit: This attempt at blackmail is only part of the mess. In essence, we want to change the economic and social system. Nothing else will work.

Rätz: Yes, it will work. Even under the existing economic system, the ECB could have acted differently. At times, the ECB has used its freedom through a creative interpretation of the Treaties, as with the OMT bailout measure. When it comes to the welfare of the people, however, the ECB is inflexible. Mr Cœuré, don't give the money to insolvent banks. It would be better if you set up investment programmes in the countries involved!

Cœuré: Let me first answer Mr Rätz. The very narrowly defined primary objective of the ECB is to maintain price stability in the euro area. To achieve this goal, we have a great number of different instruments at our disposal, which we have used as the situation required. The ECB can choose its instruments, but it is not allowed to reinterpret the Treaty. Turning to the subject of capitalism, I respect your views, Mr Aschmoneit, but the issue is outside the ECB's area of responsibility. We operate in an environment that is framed by Treaties which have been approved by the citizens of Europe and which provide for Europe to be set up as a social market economy. It is within this market economy that the ECB operates.

SZ: What is your personal view on capitalism?

Cœuré: My view on capitalism is similar to what the former British Prime Minister Winston Churchill said about democracy: It is the worst of all the systems, except for all the others that have already been tried. Capitalism can be extremely dangerous and cruel. The markets triggered the financial crisis, which is why we need strict rules. With those in place and being checked strictly, capitalism can function well. Over the past 40 years, the market economy system has enabled hundreds of millions of people to climb out of poverty. In Europe, we have political institutions that can regulate the market, while that is not the case at the global level: despite having a global market economy, there are no global institutions. It is Europe's biggest chance that we are able to control the market economy in this way, and we should make full use of it.

Rätz: That's not true. You are not controlling capitalism. You are giving capitalism ever more free reign. For example, the memorandum for Greece has interfered massively with the right to health care and the freedom of wage negotiations. I have never read any statement by the ECB in which it has said that Europe needs to do more to control capitalism. However, I do accept that the ECB is in a difficult contractual situation. With the focus being on price stability, its mandate is too narrowly defined. The ECB should actually be able to finance governments. Nevertheless, the ECB is independent and therefore not democratically accountable. The ECB itself might propose how its democratic accountability could be improved.

Cœuré: On monetary financing of governments, the answer is simple: the Treaties prohibit the ECB from taking on such a role. I personally believe that it is not a good idea to give governments the key to the printing press if you want to have a stable currency. This has been proven by history. Moreover, public expenditure must be financed with tax revenue, either today or tomorrow – and the decision as to who has to pay how much tax has to be

taken by national parliaments. If monetary policy is used to finance governments, democratic control over this key issue is lost. . Second, the more independent an institution is, the more accountable it should be. We have already made significant progress in this regard. We have a hearing before the European Parliament every quarter, we are working towards publishing the minutes of the meetings of the Governing Council and we have an intense dialogue with various stakeholders in all euro area countries. To give a couple of examples, I have discussed the adjustment programme with the trade unions in Portugal and, more recently with the ECB President, I have met the Greek opposition leader, Mr. Tsipras, who does not exactly share our views. It is important that we also speak to those people who think differently to us.

Rätz: The debt levels of the countries in Europe are not sustainable. They have no way of growing or saving their way out of it. Why does the ECB not play a more active role and propose debt cuts, as was done after the First and Second World Wars at the London debt conference in the 1950s?

Cœuré: The ECB has never been in favour of debt cuts for governments, as doing so can generate contagion to other countries and can undermine the confidence of investors in a long lasting way, and we are talking about countries that need to keep or regain market access. The situation with regard to haircuts for banks is different, however. I am very much in favour of bank creditors having to forgo their money where necessary to protect the taxpayer.

Aschmoneit: The ECB is maintaining price stability by letting the population of southern Europe sink so far into poverty that they can hardly afford to buy anything. Neo-liberal policy has to stop. You should move towards a Marshall Plan, i.e. you need to support the crisis countries and invest in them, rather than making them save until they go under. Your policy is jeopardising European society, as shown by the outcome of the European parliamentary elections. Racist tendencies are on the rise in many EU countries. On this basis, you won't be able to carry on doing what you've been doing thus far. You will have to end it – one way or another.

Cœuré: We think that governments need to undertake structural reforms to create sustainable growth, but I do agree with you on one point: we need more investment in Europe. Investment has decreased too much in the crisis and it is needed for the future of the citizens. But that is the responsibility not only of governments, which should give priority to investment within public spending, but also of the private sector. Governments need to create the right environment to stimulate private investment.

SZ: What types of protest are you planning next?

Aschmoneit: We are telling you quite openly what we intend to do: we want to stop your party to celebrate your move into the new premises and we intend to do so in a polite and friendly, but also full-on manner. Will you tell us when the party will take place?

Cœuré: That hasn't been decided yet, no date has been set. We will probably start to move in November, but celebrations will most definitely not take place in 2014, but rather next year.

SZ: One final question for you all: What do you feel when you walk past the euro symbol in front of the ECB?

Rätz: When I walk across the park, I think of how democratic protest is being stigmatised in Frankfurt. This is perhaps something that the ECB can do very little about, but the City of Frankfurt has tried, from the very outset, to suppress any democratic protest. I have been politically active for many years, but I have never before experienced anything like it anywhere else.

Aschmoneit: In my case, the euro symbol makes me grin. When we first demonstrated in front of the ECB, the police cordoned off the entire area. Nevertheless, some of us still managed to climb up the euro symbol and unfurl our protest banners. And that is also a

precursor to what I hope will happen: Your system, capitalism, is going to die out. I hope that whatever comes afterwards, will be a better world, a world of humanity, coexistence.

Cœuré: I have mixed feelings when I walk past the euro symbol, as it is the first thing I see when I go to work (laughs). The euro symbol is one of the most visible signs in Europe. When I see it, I think of how much there is to do to make Europe work, to ensure that people have jobs and that they can live a good life. That is why I am working hard at the ECB. It should be the purpose of everything that we do.