

Mario Draghi: Inauguration of the new ECB premises

Speech by Mr Mario Draghi, President of the European Central Bank, at the inauguration of the new ECB premises, Frankfurt am Main, 18 March 2015.

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Deputy Minister President Mr. Al-Wazir,
Lord Mayor Mr. Feldmann,
Former President of the ECB, dear Jean-Claude Trichet,
Fellow and former members of the Governing Council,
Former Lord Mayor, Mrs. Roth,
Honorary citizen, Mr. von Metzler,
Head of the Jewish Community, Mr Korn,
Heir of the Grossmarkthalle architects,
Mr. Elsaesser, and
Mr. Prix, the famous architect of our new house
Ladies and gentlemen,

I am delighted to welcome you all today to the inauguration of the new European Central Bank headquarters.

Creating our new home is a project as old as the ECB itself. It began in 1998 with the search for a suitable site. In 2001 we found that site here at the Grossmarkthalle. A year later, an international competition was launched for the best architectural design, which was eventually won by Wolf Prix and his team. And in May 2010 the foundation stone was laid and the main construction works started. Many people, some of them here today, have worked tirelessly over this period to make this project a reality. I would like to thank everybody involved for such tremendous work.

The euro, our single currency, has become the most tangible symbol of European integration – a piece of Europe accessible and valuable to each and every one of us. This building will inevitably become known as the “house of the euro”. It provides a sound foundation for the ECB to pursue its mandate of maintaining price stability for all euro area citizens.

In that sense, the building is a symbol of the best of what Europe can achieve together. But it is also a symbol of why we can never again risk to split apart.

We are standing here today in what used to be Frankfurt’s former wholesale fruit and vegetable market, a state-of-the-art functional building from the 1920s that has largely been preserved and incorporated into the new structure. Between 1941 and 1945, more than 10,000 Jewish people from Frankfurt and nearby were deported from here to the concentration camps. A memorial on the east-side of the building has been built to remind us, and those who come after us, of deeds that cannot and must never be forgotten.

An integrated, democratic and peaceful Europe was one of the key lessons from this dark chapter in history. We have come a long way since then – but nothing we have achieved should be taken for granted.

European unity is being strained. People are going through very difficult times. A recent Eurobarometer survey on how households in several countries are coping with the crisis showed that all respondents had been affected by a loss of income, and almost all said life was worse since the crisis hit.

As an EU institution that has played a central role throughout the crisis, the ECB has become a focal point for those frustrated with this situation. This may not be a fair charge – our action has been aimed precisely at cushioning the shocks suffered by the economy. But as the central bank of the whole euro area, we must listen very carefully to what all our citizens are saying.

There are some, like many of the protestors outside today, who believe the problem is that Europe is doing *too little*. They want a more integrated Europe with more financial solidarity between nations.

And there are others, like the populist parties we see emerging across Europe, who believe that Europe is doing *too much*. Their answer is to renationalise our economies and reclaim economic sovereignty.

I understand what motivates these views, why people want to see a change. Yet in truth neither offers a real solution to the situation we face today.

Solidarity is central to European integration and it is right that countries have supported each other during the crisis. But the euro area is not a political union of the sort where some countries permanently pay for others.

It has always been understood that countries have to be able to stand on their own two feet – that each is responsible for its own policies. The fact that some had to go through a difficult period of adjustment was first and foremost a *consequence* of their past decisions.

Nevertheless, standing on one's own feet is not the same thing as standing alone. Renationalising our economies is also not the answer.

It would not change the basic economic realities that European countries confront – that we are ageing societies which have to grow primarily through raising productivity. And it would not offer citizens any more economic security. There is no country in the world that is both prosperous and insulated from globalisation.

In fact, the Single Market process was introduced *precisely because* European economies, acting alone, could not create enough jobs in an increasingly open world. And that process led in turn to monetary union because – as the ERM crisis in the early 1990s showed – countries realised they could not integrate in part and benefit in full. The financial and sovereign debt crises since 2008 have only reaffirmed that truth.

So the answer is not to unwind integration. Nor is it to hold out an unattainable vision of where integration should lead. It is to complete our monetary union in the areas where it can and needs to be completed. We need ambition in our ends and pragmatism in our means.

We have already shown how this can be done with the solidarity and stabilisation mechanisms that were set up during the crisis. Banking Union is also a remarkable achievement. Now we need to make progress in the other areas that remain unfinished, notably in terms of economic and institutional convergence.

Still, I recognise that we cannot have a purely economic perspective on the questions facing our Union. While economic integration produces more jobs and growth on aggregate, this does not completely solve the problem that drives dissatisfaction with the euro and the EU. There is also the problem of distribution: who gains and who loses from that process?

For example, higher labour mobility across countries might reduce unemployment, but it can also stoke fears about immigration and create insecurity for low-skilled workers. Opening up a previously protected sector might reduce costs for consumers, but it can also leave citizens employed there with an uncertain future.

So, if we are to build lasting confidence in our Union, we still need to address this tension – to reconcile the economics of integration, which is about *efficiency*, with the politics of integration, which is about *equity*.

This is a complex issue, but a solution can be summed up in one word: skills.

Theoretical and empirical research both suggest that recent technological change has been skill-biased. In other words, production technology has shifted in a way that favours skilled over unskilled labour, by increasing its relative productivity and therefore its relative demand.

Equipping workers with the right skills therefore makes the economy more efficient and creates new job opportunities. And it also makes the economy more equitable by allowing as many citizens as possible to participate in those opportunities.

For this reason, education and training need to be as much a part of the reform agenda as creating more flexible markets and reducing red tape.

But there is also a second way in which the economics and politics of integration need to be reconciled. The more decision-making over economic issues moves to the European level, the more democracy needs to move with it.

This is not just because democracy is a core value of the EU. It is because making policy without adequate representation and accountability does not work. So we need to deepen our economic union and our political union together. And this means strengthening the channels for genuine European democratic legitimacy, like the European Parliament.

Inevitably European democracy will be different. Voters in any one country may initially fear that they have less influence over decisions than at present. But it is my belief and certainly what has happened in the monetary policy area that in giving up some *formal* sovereignty, people will gain in *effective* sovereignty.

They will empower institutions with euro-wide responsibilities able to tackle the pressing problems of jobs and growth – and so their votes may in fact make more of a difference to their lives than they do today.

In this way, I trust, we can reconcile those who feel left out, including many of the protesters gathered in Frankfurt this week, with a process of integration that has already generated so many benefits for three generations of Europeans.

Let me conclude.

This building is a credit to all those who have worked to bring it to fruition. It is a landmark for the city of Frankfurt. And it provides the ECB with an impressive new home to pursue its mandate.

But it also stands as a powerful symbol of what European integration is about. It reminds us of where we have come *from* and where we have come *to*. Of the horrors that can happen when we split apart, and the huge steps forward we can make when we work together.

So let us not undo what has been achieved. Let us not hanker for the past. Let us draw on the past to unite us in the present – to build a complete Union that can deliver the stability and prosperity we need.

We as the central bank will do our part in this process by ensuring the integrity of our single currency. Our shared money is the most tangible sign of the trust we place in one another. As the ECB's first President, Wim Duisenberg, put it at the launch of the euro more than 16 years ago:

“A currency is far more than just a medium of exchange ... A currency is also part of the identity of people. It reflects what they have in common, now and in the future.”

Thank you for your attention.