

Benoît Cœuré: Interview in *EBRA newspaper group*

Interview with Mr Benoît Cœuré, Member of the Executive Board of the European Central Bank, in *EBRA newspaper group*, (L'Alsace, Les Dernières Nouvelles d'Alsace, Le Républicain Lorrain, L'Est Républicain, Vosges Matin, Le Bien Public, Le Journal de Saône-et-Loire, Le Progrès, Le Dauphiné Libéré and Vaucluse Matin), conducted by Mr Francis Brochet and published on 11 September 2015.

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Can we have confidence in the growth in the euro area?

Yes. Growth has returned and the unemployment rate is falling in the euro area. We can trust in the euro to protect us in an international environment where major emerging economies are experiencing a slowdown and financial markets are very volatile. The European Central Bank is protecting growth by clearly stating that its policy of very low interest rates and its asset purchases will continue for as long as necessary. But growth is still not strong enough to create a sufficient number of jobs.

Many people see the euro area as more of a straitjacket than a form of protection...

Sharing a currency is like living under the same roof – there must be common rules. These rules, for example regarding deficit and debt reduction, do act as constraints, but they also establish collective trust, making it possible to have very low interest rates and stable prices. If a country were to free itself from these rules, it would be completely unprotected and find itself alone in the face of the volatility of global markets.

But Joseph Stiglitz, winner of the Nobel Prize for economics, recently said in this publication that the rules are too strict and that austerity kills growth...

In economics, as in politics, it's all a matter of degree. Today, the euro area as a whole has a balanced approach to fiscal policy, and fiscal adjustment, which was necessary, is no longer hampering growth. As for France, there is still some way to go.

Greece is still in the process of adjusting. Are you concerned about the result of the elections on 20 September?

There is a fairly broad consensus among the governing parties and, I believe, the Greek people that it is in the country's interests to remain in the euro area, and that this requires adjustment efforts. That is the rationale of the programme adopted in August.

Wasn't the agreement forced on the Greek people? Did they have a choice?

It is a political agreement between the 19 Heads of State or Government of the euro area that strikes a balance between two legitimate concerns – the mandate of Mr Tsipras, who was elected on a certain programme, and the fact that this programme is partially financed by the other euro area countries and their taxpayers, who also have the right to express their point of view. The important thing is that Greece and its partners trust each other again. On this basis, there will be room for manoeuvre when it comes to adapting the programme after the elections, for example in terms of labour market reforms and tackling vested interests, provided that the objectives of the programme are met.

You talk about unemployment, but the ECB is supposedly only worried about inflation...

When inflation is weak, the best way to bring it up to the 2% objective is to support economic activity. Today, therefore, growth and employment are prerequisites for price stability. There is no contradiction.

Are the days of foolish finance over?

Not entirely. The ECB is strongly committed to financial stability. European citizens should not be subjected to the ups and downs of the financial markets. This also requires financial actors to behave in a reasonable manner and respect the rules. A lot of work has been done since the crisis to make these rules stricter and banks stronger. However, I think it is still necessary to increase the personal responsibility of financial actors. Banks' senior managers must be accountable for the operations carried out by their teams. This is the only way to avoid certain abuses, such as the manipulation of indices for speculative purposes.

You want a more integrated euro area. This implies more sovereignty being transferred from member countries to Europe. Are people ready for this?

More integration will make Europe more effective. In a globalised world, France cannot stand alone; it is too small, regardless of its great history and many talents. But we cannot force people into this. Europe will first have to demonstrate its usefulness by creating more growth and more jobs.

But when you see the “every man for himself” approach to the migrant crisis, do you not despair of Europe?

It is true that each country's initial reaction followed national instincts. However, coordinated efforts are now gradually being made, and they will continue to evolve. I think that this crisis, which deeply moves us all, will actually be a wake-up call that makes us realise how essential Europe really is.