François Villeroy de Galhau, Governor of the Banque de France

Columbia University, 19 April 2017
Citizens’ support for the euro

Strong support for the euro

Benefits of the euro: better controlled inflation

Inflation

Source: ECB AWM database, INSEE
Benefits of the euro: lower interest rates

10 Y interest rate spread
France-Germany and Italy-Germany

Spread France-Germany
Spread Italy-Germany
Average France
Average Italy

1992: Maastricht Treaty

Source: Eurostat.
Monetary policy: successful crisis management
Monetary policy: financial conditions have eased

Credit growth

Interest rates on bank loans to non-financial corporations

Source: ECB
Growing convergence of growth rates

**GDP growth rate (%)**

- **United States**: 2.6, 1.8, 2.1
- **United Kingdom**: 2.2, 1.8, 1.8
- **Euro area**: 1.6*, 1.6, 1.8

*not taking into account exceptional accounting effects for Ireland (+0.3%).

Domestic sources: National sources for the US and the UK (Bureau of Economic Analysis and Office for National Statistics); Eurostat and March 2017 ECB staff projections for the euro area.
Requirements for action in Europe: domestic reforms give results

- Several euro area countries have succeeded in carrying out in-depth reforms: Germany, Netherlands, Spain,... while preserving the European social model.

![Graph showing Aggregate GDP growth 2014-2016 (%)]

![Graph showing Aggregate growth in market sector employment 2014-2016 (%)]

Source: Eurostat.
Requirements for action in Europe: the “growth triangle” of Economic Union

Financing Union for Investment and Innovation

Microeconomic dynamics (competitiveness)

Convergence / macroeconomic stabilisation

National structural reforms

Collective economic strategy

Euro area policy-mix