

Carlos da Silva Costa: Farewell speech in honor of President Mario Draghi

Address by Mr Carlos da Silva Costa, Governor of the Bank of Portugal, at the ECB Governing Council Dinner in honor of President Mario Draghi, Frankfurt am Main, 23 October 2019.

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As prepared for delivery

Dear Mario, dear friends,

As the longest serving Governor of a national central bank in the Governing Council, I have been awarded the privilege and honour to say a few words at Mario's farewell dinner.

When Mario took office as President of the ECB eight years ago, Europe was diving deep into the sovereign debt crisis. Financial markets questioned the ability of highly indebted euro area countries to pay back their debts. A break up of the euro was a real possibility and redenomination risk premia appeared.

Eight years have passed, the euro is here to stay, and rests on much stronger foundations.

Mario's contribution to this outcome cannot be overemphasised. His leadership as President of the ECB has shown a remarkable ability:

- ♦ To evaluate the context;
- ♦ To separate what is essential from what is secondary;
- ♦ To build consensus within the ECB's Governing Council to pursue the required unconventional policies;
- ♦ And last, but not least, to convince European leaders of the need to strengthen the foundations of the EMU. Mario provided impetus to the creation of the Banking Union, and took upon the ECB the task of setting up the Single Supervisory Mechanism.

Mario has had the courage to search for solutions that tested the limits of our common mandate, while being open and flexible on how to achieve it. In doing so, he had to cope with a lack of understanding by important sectors of public opinion.

With its balanced and determined decisions to define the Outright Monetary Transactions mechanism and to provide conditional financing to the Greek banking system, the ECB effectively saved the euro.

With its bold unconventional policies, the ECB effectively prevented the euro area from sliding into deflation. It also allowed the time for political agents to adjust their fiscal policies, to adopt structural measures and to agree on institutional improvements needed for a sustainable Economic and Monetary Union.

Mario has proven to be intellectually curious and open, looking at facts and questioning theories. He has instilled mental discipline among all of us working with him, and throughout the ECB. Without annulling differences in opinion, Mario was able to make us converge to a common course of action.

Mario, dear President,

- ♦ You understood the problems we were confronted with like few others;
- ♦ You had the courage and the sense of urgency that the situation required;

- ♦ You showed the authority, the expertise and the resolve to act decisively;
- ♦ You were able to think – and act – out of the box, exploring the room for manoeuvre provided by the EU Treaty and our Statute;

In brief, you were always ahead of the curve. What better definition could we have of a true leader?

So, Mario:

- ♦ Thank you for your vision and your genius intuition;
- ♦ Thank you for your bold and skilful leadership of the European Central Bank;
- ♦ Thank you for leaving us a credible, mature and independent ECB, fully committed to its price stability and bank supervision mandates;
- ♦ And, coming from a country that underwent such a profound crisis, thank you for the support you – and the ECB under your leadership – extended to us. It made a difference, it still does.

On a more personal note, and I finish here, I cannot thank you enough for the trust and solidarity you showed me two years ago. Portugal was being ravaged by wildfires, and many advised you to cancel that year's ECB forum in Sintra. Following my assurances, you decided to go ahead with the forum. A different decision would have been an enormous blow not only for Portugal, but also to the ECB forum. Once again, you were proven right.

Thank You, Mario!