

8<sup>th</sup> September 2010

## **Introduction by Yves Mersch**

*Bridge Dialogue Forum*

*“Economic and Monetary Union 40 years after the Werner Report”*

*Place: Atrium EIB East Building*

*8<sup>th</sup> September 2010, 18h*

Altesse Royale,

Monsieur le Premier Ministre,

Monsieur le Président de la Cour de Justice de l’Union européenne,

Monsieur le Président de le Cour des comptes,

Monsieur le Président de la Banque européenne d’investissement,

Monsieur le Ministre,

Mesdames et Messieurs représentants les institutions et organismes européens,

Messieurs les Députés,

Excellences,

Mesdames et Messieurs représentants les forces vives du Luxembourg,

Chers collègues et amis

Ladies and Gentlemen,

we are here tonight to celebrate the 40<sup>th</sup> anniversary of the Werner Report, that epochal document, published 40 years ago, and to reflect

on the present state and the future prospects of the European Economic and Monetary Union. This Union, as we well know, has suffered multiple traumas over the last three years, and is now emerging from a state of shock.

The chairman of the committee of central bankers and monetary experts who prepared the report was Pierre Werner, the long-serving prime minister of this country who rendered great service to the cause of European unity.

The Committee had been installed at the initiative of the French Prime Minister Raymond Barre who a couple of years later was my professor introducing me to monetary economics in Paris. I later served Prime Minister Werner who sent me to the European Monetary Committee which was central to preparing and steering the process of monetary integration in Europe.

P. Werner was also on the first Council of the Luxembourg Central Bank and particularly knowledgeable and outspoken on the role and the necessary endowments of a Central Bank in a country with a large financial center.

My clearest memory of P. Werner happened after his health accident, when I went to see him to present him with the first euro banknote. He could not speak but pressed my hand with all his remaining strength. His eyes were moist.

Today I am glad to commemorate the 40<sup>th</sup> anniversary of the Werner report and I would like to especially welcome among us Prof. Dr. Hans Tietmeyer, the only member of the Committee still able to bear witness. I believe Mr. Tietmeyer must have been particularly active in writing the report. This task is very commonly given to the youngest member of a Committee, as Mr. Tietmeyer was at that time.

Thank you very much Mr. Tietmeyer for attending our commemorative event and also for having given the first Central Bank Pierre Werner Lecture in 2003: “From the Werner Plan to the Euro”.

As chair of the Bridge Forum Dialogue I would like to thank the EIB for inviting us to their premises and the Pierre Werner Institute as co-organiser.

The large audience, attending this conference in these beautiful new premises of the European Investment Bank, is evidence of the importance of the present debate on the economic governance of the European Union.

The audience also pays tribute to our speakers of today who together have a wealth of years of experience throughout their career that exceeds the history of European integration after WWII. They do not need introduction.

As a public servant I had the advantage of following both our speakers throughout the eighties and nineties in their capacity as Ministers in charge of budget, economy, trade or treasury in both meetings of the Luxembourg-Belgium Monetary Association and at meetings at the European level.

I might have observed evolutionary policy positions but one position in both mens' trajectory had been remarkably constant: their unwavering fight for deepening of European integration. Both were instrumental in many key discussions leading to the Maastricht Treaty. I might pay tribute to Philippe Maystadt who agreed during those discussions to include and put into the Treaty stipulations that Luxembourg would have its own Central Bank. And I have to recall the central role played by Jean-Claude Juncker in the break-through for a Stability and Growth Pact.

While Philippe Maystadt continued to promote the European integration at the helm of the European Investment Bank.

Jean-Claude Juncker as Prime Minister and Finance Minister was a key figure in the first ten years of the euro-area as Head of the Eurogroup.

The division of labour agreed, will be that President Maystadt will speak first to share his personal view of the evolution of monetary integration in Europe over the last 40 years. He will be followed by Prime Minister Juncker who will doubtless tell us what is needed for the next 40 years.

In between is the present which inevitably influences both what we draw from the past and how we prepare for the future.

*These events starkly show:*

- *The de facto interdependence of all EU States, so that the default of even a single member state may jeopardise the credit of others; this is commonly called “contagion”;*
- *That large banks, whose failure may create “systemic” risk, are multinational and few individual states have the resources, or even perhaps the political will, to serve as lender of last resort for taxpayers of other countries;*
- *That regulators failed to an astonishing degree to foresee the collapse of the financial system, and failed to see how their first actions might exacerbate the crisis;*
- *That a closer collective surveillance of member state budgets, statistics and policies is vital to ensure economic policy control and to head off a new crisis;*
- *That the widening competitiveness gap among the Eurogroup states threatens the stability of our national economies.*

May I draw your attention to the documentation available to participants, the Werner Report itself and a booklet that outlines the background to the Report. May I point out that the proceedings are translated into French and English and are recorded in view of future publication.

I have great pleasure inviting Mr. Maystadt to address us.