

Transcription of the interview with Jean-Claude Trichet (Paris, 24 September 2012)

Caption: Transcription of the interview with Jean-Claude Trichet, Governor of the Banque de France from 1993 to 2003 and President of the European Central Bank from 2003 to 2011, carried out by the Centre Virtuel de la Connaissance sur l'Europe (CVCE) on 24 September 2012 in Paris. Conducted by François Lafond, Managing Director of EuropaNova, the interview particularly focuses on the following aspects of the life of Tommaso Padoa-Schioppa: his personality, his activities at the European Central Bank from 1998 to 2005 and his work as Italian Minister for the Economy and Finance from 2006 to 2008.

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I. Jean-Claude Trichet and Tommaso Padoa-Schioppa

[**François Lafond**] I should like to start by asking you about your last recollection of Mr Padoa-Schioppa. When did you see him for the last time and what came to mind when you learnt of his death?

[**Jean-Claude Trichet**] To begin with, his loss was a serious blow because he was in excellent health, very active, brimming over with ideas as always, and the last lengthy conversation we had was when he left the Central Bank and its Board. That was in Brussels, where we did not have a formal appointment but met by chance and talked for at least an hour and a half about a problem which is now very much in the news, namely banking union, how to go about centralising prudential supervision of banks and financial bodies, and how to make progress on this issue. This was well before the crisis made us so acutely aware of the need for banking union, but as always Tommaso had a head start on coming difficulties, so to speak, leading the way in his defence of Europe, flying the colours of the European Union. That was the last proper contact that I had with him, and once again I must stress that he had his wits about him, looking extraordinarily youthful and fit, with his mind on various projects.

[**François Lafond**] I should like to backtrack a little now. In what capacity did you first meet him? Were you Governor of the Banque de France?

[**Jean-Claude Trichet**] Yes, I think it was actually a little earlier because we met briefly on many occasions in Brussels, of course, at functions when I was not yet Director of France’s Treasury, when I occupied a humbler position, doing my bit to contribute to European integration. So I met Tommaso on many occasions. But it is true that we established closer links when I was Governor of the Banque de France, and these links subsequently turned into even closer professional ties and finally into bonds of friendship, true friendship, because once again Tommaso was so well cultivated that there was plenty of scope for understanding, and I must say that I spent more time talking to him about books than with any other of our colleagues.

II. Tommaso Padoa-Schioppa's work at the European Central Bank

[**Jean-Claude Trichet**] But of course, the period during which we worked together most intensively, when I worked hand-in-hand with Padoa-Schioppa, was the time when he was a member of the Board [of the European Central Bank], tasked with international relations and also in charge — displaying such energy — of matters relating to financial stability, on behalf of the Board. So I must say that in my capacity as President, I always found him extremely dependable, highly professional, remarkably familiar with all his portfolios. As befits a central banker he was very cautious, and yet he was also an ardent advocate of Europe, ardently in favour of European integration.

[**François Lafond**] You have already mentioned elsewhere that, in the discharge of his duties at the ECB regarding international relations, he made substantial progress, in particular with respect to [the] Basel [Committee on Banking Supervision]. Could you explain briefly in what way such progress contributed to the workings of the European Union and why Mr Padoa-Schioppa was able to achieve progress where others might have failed?

[**Jean-Claude Trichet**] Well for one thing he was put in charge of the bank's international relations from the outset. At that time the bank, as an institution, was starting from scratch, so a substantial part of his work involved establishing working relations with all the other major banking institutions, which were of course international bodies, with the other central banks and also, in a very well organised manner, with various groups of central banks. So I have to say that when I took office I was most impressed by all that had been accomplished in so little time, because, once again, all this happened in just a few years, and yet we had already established relations with all the central banks in Latin America, regular relations with all the central banks on the southern shores of the Mediterranean, where a great deal was obviously at stake, with — I must say, because I was particularly pleased about this and helped to make it a permanent fixture, which it was not necessarily to begin with — a group comprising all the central banks belonging to the Eurosystem, which meant the members of the euro zone, the countries to the south of the Mediterranean, including Israel, Turkey, and the Palestinians. So there really was a single forum in which we could exchange views in our capacity as professionals, as central bankers, under conditions, I have to say, of great mutual trust. But these are just a few examples. In a general way, here again, in a very short time, the drive displayed by Tommaso really enabled us to establish constructive relations, they being founded on mutual trust.

[**François Lafond**] You have just mentioned the contacts, or should I say the coordination with the central banks of countries south of the Mediterranean. Do you think that the fact that Mr Padoa-Schioppa was Italian ... that as a result he was particularly attentive to and aware of the value of establishing such relations? I imagine someone of a different nationality might not have had ...

[**Jean-Claude Trichet**] Quite frankly, no, I don't think so. I don't think that there was ... no, because we shared the same enthusiasm, which he displayed in equal measure in his work establishing links with all the Asian countries. So I don't think it would be right to say that. Tommaso was — 'is', because though we can't see him any longer, he is still there — was a true European. I don't think he was someone who could be pinned down in terms of his nationality or his Latin character, if you like. Furthermore, as you probably know, his family came from Trieste, a part of Europe that is both Latin and Germanic. I have always seen him as being deeply European in outlook, in tune with the European spirit, a keen advocate, but I wouldn't identify him with any particular culture. No, he was

extraordinarily cultivated and, as you know better than anyone else, there was no way of distinguishing the French citizen Tommaso from his Italian counterpart, here again because he was a European, profoundly European. I think his family's cultural background was very important in this respect, very important indeed.

III. Tommaso Padoa-Schioppa and his work at the Italian Ministry of the Economy and Finance

[**François Lafond**] At the end of his life — we may now say retrospectively — he had some experience of politics in a government led by Romano Prodi, in which he served as the Finance Minister. Did you have the opportunity to talk to him during this two-year period? It was a difficult time for him, learning a new profession in a sense and as part of a coalition — I don't know whether you recall the Prodi government, but it was a broad coalition, including greens and communists among others — so Padoa-Schioppa had to enter the political arena. Did you have an opportunity to talk to him about this episode?

[**Jean-Claude Trichet**] Yes, of course. For one thing, we met regularly, once a month, by institutional necessity, if I may put it that way, because as a minister he played a very active role in the Eurogroup. Added to which Italian budgetary issues were obviously high on the agenda, so I saw him very regularly, I always made a point of listening to what he had to say, and he was equally attentive to me during our discussions. But I must say that personally I was most impressed by the fact that, in the last analysis, this man had a very high-powered career in prudential supervision, in stock exchange supervision, and as a very keen advocate of European integration intervening in a wide range of fields, because he was extremely able, remarkably able at a European and global level, chairing top-level international committees on matters of prudential supervision. So we were dealing with a man who was remarkably professional, extremely militant in the best possible sense of the term, but who, as you say, had no political experience and was, to my mind, actually proud of rising above any political affiliation to work for the common good. So I was quite impressed to see that he was able to retain the same extraordinary level of commitment to the common good, to sustain it in a perfectly credible way, and in full view of everyone, I believe, at the same time as being a government minister with of course all the random events which are part of politics in a vibrant democracy. The democratic process is certainly very lively in Italy, much as — I wouldn't say more so — but much as elsewhere. My impression, in fact, was that Tommaso was really quite comfortable with all this. Of course it has to be said that the task of a finance minister — regardless of the political setup, regardless of individual sensibilities, of shifts in majority and opposition — is not ultimately open to dispute. I think one may reasonably argue that in any government the finance minister is probably the one who is most attached to the common good, to the overarching common good. In this respect he or she is ultimately quite close to a central banker who, once again, issues currency on behalf of every possible outlook, and who consequently has not only the feeling of working, but really does work for the common good too, for everyone, accommodating all possible outlooks. In any case, he greatly impressed me as a minister, taking office after serving as a high-ranking official, and seeming quite comfortable.

[**François Lafond**] How do you explain that, because after all he was both an academic — he taught at university — he was capable of ... he was a writer, producing some remarkable books on Europe, to which we shall return shortly ... he was a banker and a senior official? How is it possible for one

human being to find room for so many different fields?

[**Jean-Claude Trichet**] No, I would say he was a militant European, which is of course perfectly consistent with government responsibilities; also a writer, again perfectly consistent; and cultivated, also entirely consistent. So, I really don't see ...

[**François Lafond**] But how can one excel in all subjects, so to speak, or in all positions, responsibilities? They're not all the same ...

[**Jean-Claude Trichet**] Yes, but excellence ... excellence constitutes a whole, if you like. He had a brilliant personality and so ... no, really, it doesn't surprise me. What I do find more surprising is that he should have succeeded in always being the same, in other words always serving an overarching common good, in a way which was not open to dispute, nor indeed was it disputed, which is unusual in politics. That, to my mind, is unusual.

[**François Lafond**] Last week, I believe, you were awarded an *honoris causa* degree in Italy. In the interview you gave to an Italian newspaper, at the end of the article — I am backtracking to the Central Bank and in a way to the role of the European Central Bank — you are quoted as saying: 'Central banks cannot and must not make up for any failure to act on the part of governments.' This is my translation. I don't know whether it is exactly what you said, but I assume that as you said it twice during the interview, that must be the general idea. Do you think that Padoa-Schioppa would have thought along similar lines? This would explain why in a way he switched from being a banker to being a politician — so perhaps he said to himself: 'I have a mission; Romano Prodi is asking me to do something and I cannot say no, even if it isn't my original profession.' In the end did he reach the same conclusion as yourself, that being a banker meant acting as the guardian of the temple, but that at a certain point you cannot do any more because it is not part of your job and so in the last analysis you have to cross the dividing line, enter politics, and take action to change the rules? So in the last analysis, did he reach the same conclusions as yourself?

[**Jean-Claude Trichet**] I believe, very deeply, of course, that that was what we both thought, yes of course. You know that central banks cannot — I wouldn't even say they 'must not' — because they cannot take the place of governments. And it is just as well, just as well indeed. Governments, in our democracies, must shoulder very, very heavy, important responsibilities weighing on our political democracies. We cannot replace political democracies by organisations which are designed to be multi-partite and which, however committed to the common good they may be, cannot actually take the responsibilities which are those of the executive in a democracy. But you see I don't think this line of reasoning should lead all central bankers to conclude after a while that they should become involved in politics. I don't think that was the case with Tommaso, really not. Tommaso, the advocate of European integration, found himself in a position where his own government was saying to him: 'We need someone with your level of ability, your degree of personal credibility.' And I think that after that ... actually, 'think' is not the right word, because we talked about it at the time he received this proposition, and he looked at the pros and cons, and obviously I think he took the right decision because he was credible, he was able and, as it happened, given the position of the Italian government at that time, a very great deal was at stake for the future of Europe, largely depending on the Italian budget. So I think that in fact his ability, his professionalism and his credibility merged with the militant in him, the militant who in a way could not refuse responsibility or combat, at a point in time when, as he knew better than anyone else, a very great deal was at stake for the future of Europe. And that is what he did, and did well, under conditions which were — and of course always are — very difficult, very harsh. And he retained — this is what I find remarkable — he retained his credibility,

his authority, throughout, which is not necessarily the case for all policy-makers.

IV. The personality of Tommaso Padoa-Schioppa

[**François Lafond**] You once described in a tribute to Padoa-Schioppa ... you cited Fernand Braudel's three levels of time: the *longue durée* [long-term perspective]; the *époque* [a particular period]; and lastly events. Ultimately, this perhaps adds up to everything we have just described about the personality of a man who managed to operate at all three levels: in the long term, with regard to events and to a particular period. Isn't that the characteristic which stands out in your mind when defining a statesman, a person serving the common good? Also this ability to stay keenly aware of the time factor?

[**Jean-Claude Trichet**] Yes, but ... I would say much more than an intellectual grasp, a very good understanding of European history too, linked to his family background and his own roots. But I would add that it was his faith, if you like, which to my mind really characterised Tommaso, his deep-rooted conviction that there was a meaning to history, that there was a meaning to European history, and that it was not predestined, and consequently he had to campaign. But he had faith in a union of Europeans, a profound faith, indeed it was his faith which seems to me to have been Tommaso's most striking feature. It wasn't his intellectual capacities — albeit absolutely outstanding — or his intimate understanding of various cultures, various outlooks, which made up his extraordinarily composite European outlook, or indeed the fact that he always felt comfortable. Wherever he went, he was at home, you see. He was at home in Austria, in Italy. We lived in the same place in Germany for many years, and of course in France, where he was perfectly integrated. So we are looking at a man who had all these qualities, but on top of that he had faith.

[**François Lafond**] The titles of two of his books in Italian are fairly symptomatic [of this feature] and I wonder if they aren't actually a definition of his personality. In 2001 he published a book *Europa, forza gentile* — a gentle force — and certainly the word 'gentle' springs to mind for anyone vaguely familiar with Padoa-Schioppa. The second book was *Europa, una pazienza attiva* — an active patience. Do you think the titles of these books, which referred to Europe, also reflect his character and personality? Knowing him well and having worked alongside him, do you think they fit his personality ... looking beyond the public figure?

[**Jean-Claude Trichet**] Here again, ultimately the man I got to know well was above all the private persona, because we worked together for several years on an almost daily basis and, as I said, he was probably the person with whom I talked the most about books and culture in the broad sense of the term. Lastly, Tommaso was an emblematic friend, and as I said before, he had a remarkable ability for building various bridges with his correspondents and friends. I was very struck to see how tightly knit his network of friends was. As for Tommaso himself, I wouldn't exactly say that he was '*gentil*' (nice), because ... well, the connotation of the word in French at least isn't really right for Tommaso. I would say that he was a friend, an emblematic friend as I said, an exemplary friend in the sense of being approachable, courteous but also firm. He was a solid friend, someone you could rely on, a friend, I would say, who takes a lot and gives back an enormous amount. That's how I see him.

[**François Lafond**] Would it be fair to say he was an optimist?

[**Jean-Claude Trichet**] Yes, definitely. Well, lucid, lucid and profoundly optimistic. The optimism

that comes with faith.

[François Lafond] Is there anything you would like to add, something essential we should keep in mind, apart from the fact that he was a convinced European, that he was committed to the common good ... what would be the characteristic, or maybe another recollection that comes to mind, which we should really bear in mind?

[Jean-Claude Trichet] As I've already said, Tommaso was, still is because though he is invisible he is still amongst us — it was Chateaubriand who said that. Our dear friends who have passed on are still amongst us, the only difference being that now they are invisible. But Tommaso is still here and I would say that this very dear friend ultimately symbolised what I would perhaps call European qualities, that is to say that he was indeed elegant and drew his inspiration from an overarching whole. Once again, he was rooted in the various cultures of Europe, yet he was not trapped by any one culture, nor two, nor yet three. He was extremely open, extremely aware that Europe owed its wealth to its history and culture ... and I must return to his fundamental confidence, his faith in European integration, which was not a naive faith, nor the faith of someone who believes things will work themselves out on their own. I have known very few people who had, at all times, a project in their pocket, ready to present it at the right moment, well aware that history is not predetermined but being made all the time. That was his most striking characteristic, I think, faith and the operational readiness for progress, ready to progress at any time.