

Transcript of interview with Klaus Regling, ESM Managing Director

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Interviewer: Geoff Cutmore

Klaus Regling (*comment on economist Joseph Stiglitz predicting the death of the euro*): Well, to some extent, we are a bit used to that, because there have been predictions like that around for a while; they have been proven wrong. Before the euro was there, in all the member states, we worked very hard in Europe to make this possible. Quite a number of very significant measures were taken in the last five years to make this possible, that's the euro area states together. We are convinced that the euro is a success; there is a good reason why we have it. It's very strange to read sometimes that the euro was only created for political reasons, that's completely besides the point.

CNBC: This is what Mr Stiglitz has said.

I think he's one of them, exactly, and he issued a book recently, and predicts the end of the euro again. I think for instance that markets don't share that view, otherwise we would see some reaction in the markets, and I think markets are right not to share that view. We had these prediction before in the past – they were wrong.

From the likes of Mr Krugman.

That's another example, yes. We have taken many steps to make the euro area function better, like creating the institutions that I manage – the EFSF and ESM. We've disbursed a lot of money to countries that went through problems in the last few years: €260 billion. We disbursed money to five countries; four of them exited their programmes. They are in fairly good shape; some are real success stories. Greece is very special – you may want to talk about that. But it's important to have the ESM. And we've created other institutions, we have the Banking Union now, so a European supervisor for the most systemically important European banks. And very importantly, the countries that went into trouble, some of them lost market access – they have done their homework.

I'm just intrigued why you think there continues to be this narrative, particularly in North America, that talks down Europe, that talks down the euro.

I don't know why it happens. I think some of the people who do it have not really looked at the facts, that we have really taken important measures to get out of the crisis. Basically the crisis is behind us. Greece is a very special case and we know why it is special. Otherwise the crisis is behind us. Europe is doing well. The EU is a success and the euro is a success. Looking at growth numbers, often people think growth in Europe is very low. Well, they forget that we have certain demographic trends very different from the US. If I take out the differences in population growth, GDP per capita growth on average in Europe is the same as in the US. It was like that for 25 years before the crisis. It's again now, looking at the forecast. Actually this year, GDP per capita in Europe will be a lot higher than in the US. But that's normal, some years we are higher, some years we are lower; on average, it's the same GDP per capita growth in Europe and the US. And GDP per capita is of course the relevant indicator when you want to measure how the standard of living is developing. So our standard of living is going up, on average, then on top of that, we have a much better income distribution in



Europe – a very strong point for Europe. In the last 15 years, 80% of European households have seen a real income gain. In the US we know it's only 10-20%.

I've been interviewing you for years, all through the crisis, and this is about the most angry I've ever seen you on this issue.

Maybe I'm getting a little bit tired of reading again and again these negative views on Europe which have nothing to do with the facts.