



Peterson
Institute for
International
Economics

LESSONS FROM THE CRISIS:

*Challenges for the Advanced Economies
and for the European Monetary Union*

JEAN-CLAUDE TRICHET

Former President of the European Central
Bank, Former Governor of Banque de
France, Chairman of the Group of Thirty

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ELEVENTH ANNUAL
Stavros Niarchos
Foundation Lecture

May 17, 2012





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About

THE STAVROS NIARCHOS FOUNDATION LECTURE SERIES

The Stavros Niarchos Foundation has generously created the annual Stavros Niarchos Foundation Lecture Series at the Institute. The program enables the Institute to present a leader of world economic policy and thinking for a major address each year on a topic of central concern to the US and international policy communities. The initial lecture was presented by Alan Greenspan, former chairman of the Federal Reserve Board, on October 24, 2001; the second by Ernesto Zedillo, former president of Mexico, on May 19, 2003; the third by Lawrence H. Summers, former director of the White House's National Economic Council, on March 23, 2004; the fourth by Long Yongtu, former vice minister of China's Ministry of Foreign Trade and Economic Cooperation, on May 23, 2005; the fifth by Mario Monti, former commissioner of the European Union and now Prime Minister of Italy, on May 8, 2006; the sixth, by Heizo Takenaka, former minister for economic policy of Japan, on May 9, 2007; the seventh, by Petr Aven, president of Alfa Bank, on May 8, 2008; the eighth by Nandan M. Nilekani, cochairman of the Board of Directors, Infosys Technologies, LTD. and now Chairman of Unique Identification Authority of India, on May 7, 2009; the ninth by Dr. Niall Ferguson, Laurence A. Tisch Professor of History, Harvard University, on May 13, 2010; and the tenth by John Lipsky, Acting Managing Director of the International Monetary Fund, on May 19, 2011.

The Stavros Niarchos Foundation (www.SNF.org) is one of the world's leading international philanthropic organizations, making grants in the areas of arts and culture, education, health and medicine, and social welfare. The Foundation funds organizations and projects that exhibit strong leadership and sound management and are expected to achieve a broad, lasting and positive social impact. The Foundation also seeks actively to support projects that facilitate the formation of public-private partnerships as effective means for serving public welfare.

From 1996 until today, the Stavros Niarchos Foundation has approved grant commitments of €975 million/\$1.273 billion, through 2,237 grants to nonprofit organizations in 108 nations around the world.

The Foundation, concerned with the continuing socio-economic crisis in Greece, announced recently a grant initiative of \$130 million (€100 million) over the next three years to help ease the adverse effects of the deepening crisis. In the last three months and as part of the initiative, the SNF has committed grants totaling \$27.7 million (€20.9 million) in support of numerous not-for-profit organizations around the country.

The Foundation's largest single gift (€566/\$796 million) is the Stavros Niarchos Foundation Cultural Center (SNFCC), in Athens. The project is approaching the beginning of the construction phase, with excavation works already in progress at the site. The Stavros Niarchos Foundation firmly believes that the project is of national importance, even more so under the current socio-economic conditions. It remains a testament and a commitment to the country's future, at a critical historical juncture. It is also an engine of short- to mid-term economic stimulus, which is essential under the current circumstances.

Program

5:00 P.M. **WELCOME**

C. Fred Bergsten *Director,
Peterson Institute for
International Economics*

Andreas C. Dracopoulos
*Co-President, Board of Directors,
Stavros Niarchos Foundation*

Peter G. Peterson *Founding Chairman, Peterson
Institute for International Economics*



LECTURE

Jean-Claude Trichet *Former President of the European
Central Bank, Former Governor of Banque de France,
Chairman of the Group of Thirty*

DISCUSSION

6:30 P.M. **RECEPTION**

7:00 P.M. **DINNER**

Remarks on the Career of Jean-Claude Trichet By:

*The Honorable Ben S. Bernanke, Chairman of Board
of Governors of the Federal Reserve System*

*The Honorable Timothy F. Geithner, Secretary of
the United States Department of the Treasury*

*The Honorable Alan Greenspan, Former Chairman of
the Board of Governors of the Federal Reserve System*

*The Honorable Christine Lagarde, Managing
Director of the International Monetary Fund*

*The Honorable Paul Volcker, Former Chairman of the
Board of Governors of the Federal Reserve System*

About

JEAN-CLAUDE TRICHET



Born in Lyon, Jean-Claude Trichet is an Inspecteur général des Finances and Ingénieur civil des Mines. He is a graduate of the Ecole nationale supérieure des Mines de Nancy, of the Institut d'études politiques de Paris, of the Université de Paris (in economics) and of the Ecole nationale d'administration. He worked in the competitive sector from 1966 to 1968. He was appointed to the Inspection générale des Finances in 1971.

He was assigned to various posts at the Ministry of Finance in the General Inspectorate of Finance and later in the Treasury Department, where in 1976 he became Secretary General of the Interministerial Committee for Improving Industrial Structures (CIASI).

Jean-Claude Trichet was made an adviser to the cabinet of the Minister of Economic Affairs (René Monory) in 1978, and then an adviser to the President of the Republic (Valéry Giscard d'Estaing) in the same year. In this capacity, he worked on issues relating to energy, industry, research and microeconomics from 1978 to 1981. He subsequently became Deputy Director of Bilateral Affairs at the Treasury Department from 1981 to 1984 and Head of International Affairs, also at the Treasury, and was Chairman of the Paris Club (sovereign debt rescheduling) from 1985 to 1993. In 1986 he directed the Private Office of the Minister of Economic Affairs, Finance and Privatization (Edouard Balladur), and in 1987 he became Director of the Treasury. In the same year he was appointed Censor of the General Council of the Banque de France and Alternate Governor of the International Monetary Fund and the World Bank. He was Chairman of the European Monetary Committee from 1992 until his appointment as Governor of the Banque de France in 1993. He was the Chairman of the Monetary Policy Council of the Banque de France as of 1994, a member of the Council of the European Monetary Institute from 1994 to 1998 and thereafter a member of the Governing Council of the European Central Bank. At the end of his first term as Governor of the Banque de France, he was reappointed for a second term.

Jean-Claude Trichet was elected Chairman of the Group of Ten (G10)

Governors on June 29, 2003. He was elected President of the “Global economy meeting” of Central Bank governors and President of the Group of Governors and heads of supervision (GHOS) in Basel (until October 2011). He was appointed President of the European Central Bank on October 16, 2003 by common accord of the Governments of the Member States that have adopted the euro at the level of Heads of State or Government for a term of office of eight years starting on November 1, 2003 and ending October 31, 2011. Since late 2010 and until end of October 2011, Mr Trichet has also been Chairman of the European Systemic Risk Board (ESRB).

He was named “Person of the Year” by the Financial Times (2007), “Policymaker of the year” twice by The International Economy magazine (1991 and 2007), and has received a number of awards, including the “Zerilli Marimo” prize from the Académie des Sciences morales et politiques (1999), the international “Pico della Mirandola” prize (2002), the “Prix franco-allemand de la Culture/ Deutsch-Französischer Kulturpreis” (2006) and the “Ludwig Erhard Memorial Coin in Gold” (2007). He was also named “Central Banker of the Year” by The Banker (2008), “European Banker of the Year 2007” by The Group of 20 + 1 (2008), and “Central Bank Governor of the Year 2008” by Euromoney. He was awarded the 2011 International Charlemagne Prize of Aachen for his contribution to European unity and also received the 2011 Global Economy Prize from the Kiel Institute for the World Economy. He has been awarded honorary doctorates by the universities of Liège, Stirling, Montréal, Tel Aviv and Sofia. Jean-Claude Trichet is a Commandeur de la Légion d’honneur and a Commander of the National Orders of Merit in Belgium and Portugal. He has received the Commander’s Cross with star of the Order of Merit (Poland), the Knight Grand Cross of the Order of Orange-Nassau (the Netherlands) and the Grand Cross 1st class of the Order of Merit (Germany). He has also received honors from Argentina, Brazil, Côte d’Ivoire and Ecuador. He is a member of the Institut de France (Académie des Sciences morales et politiques). He was appointed Chairman of the Group of 30 in November 2011. In April 2012, Trichet was appointed Chairman of the Board of Bruegel, a Brussels-based think tank focused on international economics.

About

THE PETERSON INSTITUTE

The Peterson Institute for International Economics was created in 1981 to fill a conspicuous gap in the roster of US research centers: the absence of any such institution devoted to global economic issues. It was already becoming clear that these issues were moving rapidly toward the top of the agenda for both US economic policy and US foreign policy. Hence the Institute was created with four central purposes: to anticipate (and sometimes influence) the policy agenda for those topics, to prepare analyses of the highest quality to improve understanding of the global economy, to develop practical recommendations for future policy, and to present its findings in a manner that would be intelligible (and even appealing) to the broad policy community and thus effective in influencing the policy debate. The goal was to address medium-term issues that would be relevant for policy but beyond the immediate time horizon of most governmental attention. It is one of the very few economics think tanks that are widely regarded as “nonpartisan” by the press and “neutral” by the US Congress, and its research staff is cited by the quality media more than that of any other such institution.

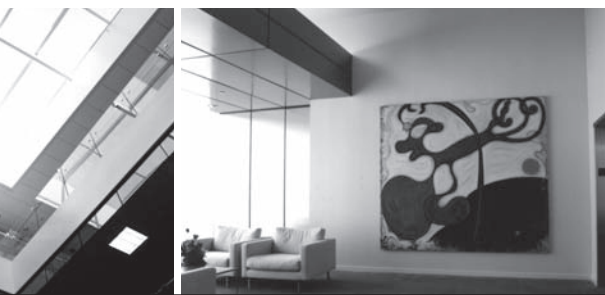
The Institute’s staff numbers about 50, including over two dozen economists working on international macroeconomic, monetary, financial, trade, investment, environmental, development, and other global issues. Its expertise covers the world with special emphasis on Asia, Europe, Latin America, and the Middle East. Virtually all of the senior staff have both PhD degrees in economics, with extensive research and publication records, and practical experience in national governments and/or international economic organizations. C. Fred Bergsten has been director of the Institute throughout its existence after his earlier service at the US Treasury and State Departments, the National Security Council, and several other think tanks.

The Institute has published over 370 books and monographs. It now averages two or three longer and shorter publications a month and hosts at least one luncheon or dinner meeting, conference, or seminar almost every week. The Institute’s annual budget is about \$11 million. Its capital fund totals about \$50 million. Support is provided by a wide range of charitable foundations, private



corporations, individuals, and from earnings on the Institute's publications and capital fund.

An outstanding and devoted Board of Directors has guided the operations of the Institute throughout its history. Peter G. Peterson, cofounder and chairman emeritus of the Blackstone Group and former secretary of commerce, was founding chairman and remains in that role today. George David, former chairman and chief executive officer of United Technologies Corporation, is vice chairman of the Board. James W. Owens, chairman and chief executive officer emeritus, Caterpillar Inc., is chairman of the Executive Committee. The other members of the Executive Committee are Andreas C. Dracopoulos, copresident, board of directors, Stavros Niarchos Foundation; Jessica Einhorn, dean of the School of Advanced International Studies at Johns Hopkins University and former managing director of the World Bank; Carla A. Hills, chairman and chief executive officer of Hills & Company, former secretary of housing and urban development and former United States trade representative; Caio Koch-Weser, vice chairman, Deutsche Bank Group, former deputy minister of finance for Germany and former managing director of the World Bank; and Richard E. Salomon, managing partner, East End Advisors, LLC.



Praise FOR THE INSTITUTE

“I don’t think there have been many institutions outside the government, if any, that have had the same kind of impact on global economic thinking as the [Peterson] Institute for International Economics”

LAWRENCE H. SUMMERS, *Former US Secretary of Treasury and Director of the National Economic Council*

“In terms of [the Peterson Institute for International Economics’] ability to shape policy discussion and influence the outcome, there isn’t an organization outside government that can touch it.”

STEVE PEARLSTEIN, *Washington Post*

“Fred Bergsten, together with his associates at the [Peterson] Institute for International Economics, has no equal in setting out relevant issues of economic policy in a comprehensible way.”

PAUL A. VOLCKER, *Former Chairman of the Federal Reserve and the President’s Economic Recovery Advisory Board*

“Fred Bergsten, backed by the quality of the people at the Institute, has managed to create that fine blend of publications that are both extremely timely and policy-relevant and also of a very high policy quality.”

ROBERT B. ZOELLICK, *President of the World Bank*

“One of the things that has always astounded me about [the Institute] is they always have a book coming out about the subject that you just realized was important.”

DAVID WESSEL, *Wall Street Journal*

“There is no institute anywhere in the world...that comes close to having the breadth and depth that the [Peterson] Institute for International Economics has in its devotion to international economic studies all over the world.”

STUART EIZENSTAT, *Former Deputy Secretary of the Treasury and Undersecretary of State*

“...research institutes vary widely in both quality and honesty. Among the best on both counts is the [Peterson] Institute for International Economics.”

PAUL R. KRUGMAN, *Professor of Economics and International Affairs, Princeton University*

“...without any doubt the preeminent organization in the world operating outside government and outside universities...in analysis of international economic problems. Its publications over the years have been an invaluable reference source for all journalists working the field...”

MARTIN WOLF, *Associate Editor and Chief Economics Commentator, Financial Times*





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MAY 19, 2011 | John Lipsky, Acting Managing
Director of the International Monetary Fund

MAY 13, 2010 | Dr. Niall Ferguson, Laurence A.
Tisch Professor of History at Harvard University

MAY 7, 2009 | Nandan M. Nilekani, former cochairman
of the Board of Directors, Infosys Technologies, LTD
and future member of the Indian cabinet as chairman
of the Unique Identification Authority of India

MAY 8, 2008 | Petr Aven, president of Alfa Bank

MAY 9, 2007 | Heizo Takenaka, former
minister for economic policy of Japan

MAY 8, 2006 | Mario Monti, former
commissioner of the European Union

MAY 23, 2005 | Long Yongtu, former vice minister of China's
Ministry of Foreign Trade and Economic Cooperation

MARCH 23, 2004 | Lawrence H. Summers, former
secretary of the treasury and future director of the
White House National Economic Council

MAY 19, 2003 | Ernesto Zedillo, former president of Mexico

OCTOBER 24, 2001 | Alan Greenspan,
chairman of the Federal Reserve Board



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