

## Transcription of the interview with Jean-Claude Juncker (Luxembourg, 27 January 2011)

**Caption:** Transcription of the interview with Jean-Claude Juncker, Prime Minister of Luxembourg and President of the Eurogroup, carried out by the Centre Virtuel de la Connaissance sur l'Europe (CVCE) on 27 January 2011 at the Ministry of State in Luxembourg City. The interview was conducted by Elena Danescu, a Researcher at the CVCE, and particularly focuses on the following subjects: Pierre Werner, Economic and Monetary Union from the Delors Report to the Treaty of Maastricht, the Stability and Growth Pact and the coordination of European economic policies, the future of the euro, and Luxembourg's role in the European integration process.

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## Transcription of the interview with Jean-Claude Juncker (Luxembourg, 27 January 2011) — Full version

### Contents

- I. Pierre Werner, architect of European integration
- II. The road to EMU: from the Delors Report to the Treaty of Maastricht
- III. The Stability and Growth Pact and the coordination of economic policies
- IV. EMU: a variable geometry euro zone
- V. The future of the euro
- VI. Luxembourg's role in the European integration process
- VII. Jean-Claude Juncker, the European

### I. Pierre Werner, architect of European integration

**[Elena Danescu]** Today, 27 January 2011, Mr Jean-Claude Juncker, Prime Minister of the Grand Duchy of Luxembourg and President of the Eurogroup, has kindly welcomed us to the Ministry of State to offer his own account of recent history as part of the research project on Pierre Werner and Europe. Good afternoon, Prime Minister.

**[Jean-Claude Juncker]** Good afternoon.

**[Elena Danescu]** We are extremely grateful to you for meeting us today. May I start with a question on Pierre Werner and your relations with him? When did you meet Werner for the first time and what do you recall of that encounter?

**[Jean-Claude Juncker]** I think I first set eyes on him, at some distance, at the very beginning of 1974, during the election campaign. There was a general election on 26 May 1974, which Mr Werner's party lost. For the first time in the history of the 20th century he found himself in the Opposition. I was attending a campaign meeting, I believe. He greeted me and asked what I did in life. I explained that I was studying for my baccalauréat and then, after this brief exchange, we parted. I became more closely acquainted with Werner in 1979, at the age of 22. I was myself a candidate in the general election, for which Werner was campaigning as the national leader of the Christian Social Party. I got to know him even better when I was appointed as parliamentary secretary of the Christian Social Party in October 1979, by which time Werner was once again Prime Minister. I worked a great deal with him and came to know him very well indeed when I was appointed as junior minister in his government in December 1982.

**[Elena Danescu]** What do you recall of your work with Prime Minister Pierre Werner?

**[Jean-Claude Juncker]** Actually I was a bit scared of him. He was a very experienced Prime Minister by then, having already been in office for 15 years. Then, after a period in the Opposition from 1974 to 1979, he returned to power and he asked me to join the government. I was very impressed by him, as a public figure whose reputation was already well established. I would studiously prepare my cases for Cabinet meetings because I was always afraid he might ask me a question I was unable to answer. So I diligently studied all the items on the Cabinet agenda. As Head of Government he was very demanding and would not allow unacceptable language or a gap in our knowledge of the cases with which we were dealing. He taught me a particular way of working very thoroughly.

**[Elena Danescu]** Do you remember what Pierre Werner thought about European integration?

**[Jean-Claude Juncker]** Pierre Werner and I talked a great deal about Europe, initially when I was a young party activist, particularly as for us he represented a certain conception of Europe. And then when I was a

minister or junior minister in his government I often had the opportunity to discuss the matter with him, in the course of Cabinet meetings or on the sidelines of meetings for my party. Or again when I accompanied him abroad in my capacity as Junior Minister for Labour and we were negotiating with the Belgian, French and German Governments on issues related to the steel industry, a field in which the social factors regarding the handling of the steel crisis played an essential part. I remember a man who, however pompous or trite this may sound, thought that the history of Luxembourg should quite naturally prompt its people to be actively pro-European and to seek European integration at all times. He taught me, and I have stuck to his teaching, that Luxembourg should always be part of the leading group among those who want more Europe. In his opinion, much as for all the men and women of his generation, Europe was a matter of war and peace. He had lived through the war, not as a soldier but as an employee in a Luxembourg bank. He had seen the disaster caused by European discord. As a civil servant and then as a young Finance Minister he had made a substantial contribution to setting up the European Coal and Steel Community (ECSC) and the Common Market. He also helped lay the foundations of the common agricultural policy, always taking an interest in the economic and monetary integration of Europe. So in any question regarding Europe, I cannot separate Werner's career from the great adventure of European integration to which he contributed so much.

**[Elena Danescu]** Did he have a direct influence on your own awareness of European issues?

**[Jean-Claude Juncker]** Well I was already very much aware of European issues thanks to my father, who was a soldier during the Second World War, forcibly enrolled in the Wehrmacht, as were three of his brothers. So as a young child I learnt from my father, who was a steel worker, that Europe was a matter of war and peace. I was consequently well prepared to embark on a European career and to assist Werner in his contribution to European integration. As a slight over-simplification, he taught me that, if in doubt, one should always play a European hand rather than defending national interests. He showed me that in European negotiations it was important to know how to give ground and make concessions; that faced with a parting of the ways on some basic issue, one should choose the European rather than the national path; because, as he put it, 'national paths always end up coinciding with European paths'. European paths are always more virtuous, because ultimately they will influence national paths, which would be more restrained, more thoroughly thought out, if they were European from the outset. But at the same time he was capable of stubbornly defending Luxembourg's national interests if need be. Europe and European integration do not mean we have to give up national objectives or convictions. Europe is the virtuous intersection between remote European interests and immediate national interests.

**[Elena Danescu]** Pierre Werner left his mark on European integration with the plan that bears his name, the Werner Plan, the plan for an economic and monetary union by stages. Did he discuss the work of the Werner Committee with you at the time?

**[Jean-Claude Juncker]** He discussed it with me when I was a young junior minister and subsequently a young Budget Minister and equally young Finance Minister. I was appointed to the latter position in 1989, by which time Werner had been out of office for five years. The Delors Committee was starting work at the time and quite understandably I turned to him [Werner] for information, to gain a better grasp of the origins, background and gradual emergence of the idea that Europe should have its own currency. He went back, in a friendly, paternal way, over how his thinking had evolved since the mid-1950s, when he started taking a closer interest in monetary matters, the European dimension and monetary matters. I learnt a great deal from him.

**[Elena Danescu]** Did you have any further discussions with him after the Werner Plan was dropped or after it was shelved? Do you know how he felt at the time?

**[Jean-Claude Juncker]** Well, I accompanied him for part of the time between 1974 and 1979 when he was leader of the Opposition and no longer Prime Minister. He consequently had much more time to talk to young people, and I often accompanied him, even abroad, when he gave talks on the Werner Plan and the measures which, in his opinion, should have followed. I recall going to two or three meetings, when I was a student in Strasbourg, at which he gave speeches on the plan which bears his name. I was struck by his steadfast commitment and refusal to be discouraged about the plan he had set up. Werner never stopped advocating European integration and the single currency, even during the time when he was out of office.

**[Elena Danescu]** On 31 December 1998, the day before the euro was launched as an accounting currency, in an address to an extraordinary meeting of the Ecofin Council, you sent Pierre Werner a vibrant personal message in Luxembourgish. What prompted this move?

**[Jean-Claude Juncker]** History. The story of the euro is inseparable from the work of Pierre Werner and the day on which we launched the euro, on 1 January 1999 — we had gathered for a meeting of Finance Ministers on New Year’s Eve 1998 — it seemed only right to send a message from Brussels to the man who should be seen as one of the founding fathers of the euro, if not the founding father of the single currency. And I knew I would be seeing him that evening in Luxembourg where we were celebrating the introduction of the euro. I felt it was my filial duty.

**[Elena Danescu]** One cannot help drawing a parallel between Pierre Werner’s career and yours. After joining the government while still quite young, your subsequent political progress has been similar. You have taken particular interest in the same issues: currency, the economy and social progress. You share the same commitment to European integration too. Do you see yourself as a spiritual child of Pierre Werner, continuing his work?

**[Jean-Claude Juncker]** More as a spiritual child than as continuing his work, because I would not want to be compared to Werner who was a major figure in European politics. But certainly none of what I have been able to achieve in Europe would have been possible without the lessons I learnt from Pierre Werner. It is a tradition which is deeply rooted in the basic behaviour of my political party, my political family, the Christian Democrats, particularly in Luxembourg, who were keen advocates of European integration from the outset. No one in my party can lay claim to a position of leadership if they do not subscribe to this continental drive which means that we strive with ever increasing energy to ensure that the continent changes in the right direction. So, yes, his spiritual child indeed, deeply impressed and inspired by the European career of Pierre Werner.

## **II. The road to EMU: from the Delors Report to the Treaty of Maastricht**

**[Elena Danescu]** I should now like to move to various questions on Economic and Monetary Union, in which you are both a key player and an eyewitness. In June 1989 you were appointed as Finance Minister at the start of the first phase of Economic and Monetary Union. In 1991, in your capacity as President-in-Office of the Ecofin Council, you became one of the leading architects of the Maastricht Treaty, in particular for the Economic and Monetary Union aspect. Did you also have the opportunity to keep track of work by the Delors Committee, and to what extent did the committee’s report prepare the way for Economic and Monetary Union?

**[Jean-Claude Juncker]** The Luxembourg Government held the rotating European Union presidency — though it was the European Communities and not yet the European Union — from January to June 1991. The then Prime Minister, Mr Jacques Santer, had asked me in my capacity as Finance Minister to supervise the work of the intergovernmental conference on the monetary chapter of what was to become the Treaty of Maastricht, although he was also the Treasury Minister and should consequently have assumed this responsibility. To this day I remain grateful to him for giving me this task, despite its difficulty. As I knew that Jacques Santer planned to ask me to chair the Council and consequently the intergovernmental conference during the first half of 1991, I quite naturally took an interest — by inclination and necessity — in the work of the Delors Committee, which I believe was set up at the European Council meeting in Hanover in 1988. I was already well acquainted with Delors, because as Minister for Labour I had frequently had occasion to meet him. We would discuss the various forms of interaction between the internal market — the large market, the single market — and Europe’s social dimension. This was a field — the relationship between the internal market and social policy — where we soon found we shared common ground. So by then I already had the beginnings of a friendship with Delors, and it subsequently developed into true friendship. So I followed the work of his committee. I may say, it drew largely on the work of the Werner Committee, which led to the

Werner Plan, because Delors, much as Werner — and because Werner foreshadowed him — had considered introducing the single currency in three separate stages, which were separate in terms of their timeframe and substance from what had to be done during the overall time span of the three stages. There were many similarities between the work of the Delors Committee and Werner's outline — which was more than just an outline, it was rather a plan. What is more, when the two men talked they always agreed. I sometimes had the rare privilege of being present at their discussions on essential issues.

**[Elena Danescu]** Which were the most sensitive items or moments in the work of the Intergovernmental Conference on Economic and Monetary Union?

**[Jean-Claude Juncker]** As I said, I chaired the intergovernmental conference for six months. Naturally I also took part in the meetings of the intergovernmental conference during the second half of 1991, during the Dutch Presidency, when my friend and the future Dutch Prime Minister Wim Kok was directing our work. We were very often the ones who believed there would be a positive outcome. Indeed, initially only a very few of us were upset to see that things were progressing so slowly. There were so many difficulties to overcome, so many pockets of resistance to be resolved that all the way through 1991, and in particular the first six months of the year when I was chairing the conference, we worked very hard every day to establish the Maastricht Treaty. I remember the point when I had to bridge the gap between the German position, represented by [Chancellor Helmut] Kohl and his Finance Minister [Theodor] Waigel, and the French, represented by President [François] Mitterrand and his Finance Minister Pierre Bérégovoy. At times I thought I would not be able to bridge the gap, because the French and German positions diverged on many issues, in particular on the degree of independence which should be granted to the European Central Bank, which constituted an independent monetary authority wholly foreign to French traditions. For the Germans the concept was absolutely essential, central to their post-war traditions. Jean-Claude Trichet, who was the head of the Treasury at the French Finance Ministry at the time, did not much like the idea of the European Central Bank being independent. But I have to say that since then he has learnt his lesson well. Another difficult moment arose in May 1991, in Luxembourg, when at an informal meeting of Finance Ministers I first raised the possibility of the United Kingdom opting out. Such an idea had previously been inconceivable because in theory all the members of the European Union — or what was to become the European Union — should belong to the currency area. I had prepared the ground for this idea in the course of discussions, and in bilateral meetings with the Dutch, French and German Governments, which were the main players in the intergovernmental conference, but also with the Italian Government, in particular the then Treasury Minister Guido Carli. I had to make this move because the British had another plan in mind, which is no longer mentioned. They wanted to launch a parallel currency, a hard currency, as part of a plan concocted by my friend John Major, still under the aegis of Margaret Thatcher. Mrs Thatcher resigned in the course of 1991 and was replaced as Prime Minister by Mr Major. As I did not want the other governments to be attracted by this British idea, and as I could not see how I could reconcile all the views we held — Waigel, Bérégovoy, Maystadt, the Belgian Finance Minister, Kok, his Dutch counterpart — not to mention their President, Prime Minister and Chancellor — I had to make sure this idea did not stay on the table. And as I could not, as I have just explained, reconcile British and continental views, if I may put it that way, I had to find a way of reducing the importance of the British problem. And the only way to do that, both for the Europeans on the continent and for the British, was to raise the possibility of the British opting out. The idea was promptly taken up by Jacques Delors, with whom I had of course discussed this approach beforehand. Funnily enough, although I invented the idea, the British opt-out clause became known in Germany as the Delors Plan for several months. Of course it was not the Delors Plan, it was mine! Delors himself would be the first to agree on this point, having described in his memoirs exactly how events unfolded. It was in fact the only way to make any progress. I will always remember how the Chancellor of the Exchequer, Norman Lamont, came up to me before the end of the meeting to say that I must not tell the outside world I had suggested that the British opt out, because, as he put it, for the British Government it was a good idea but it was not the right time to float it because they wanted to be able to announce the idea as a British victory at the end of intergovernmental conference in November or December. So I did not mention the matter to the press, as Delors has explained elsewhere. The result was that for some time the idea was associated with him and I have to say it gained a great deal in the process, because being able to present the idea of opting out as an idea hatched by Mr Delors was very helpful to the European Parliament and more broadly for gaining acceptance for this anomaly by which a Member State is not obliged to bow to the common will of the others.

**[Elena Danescu]** A moment ago you mentioned the discussions centring on the issue of European Central Bank policy. The Delors Report, and the subsequent Maastricht Treaty, provided for the independence of the Central Bank and the priority of maintaining price stability. What is your view on these questions and on the monetary policy of the European Central Bank?

**[Jean-Claude Juncker]** I never comment on the monetary policy of the European Central Bank because the Central Bank sets its monetary-policy targets quite independently. It is consequently not for governments to comment on monetary policy. All I would say is that, on the whole, I am pleased with the overall direction taken by the monetary policy of the European Central Bank. We made a choice when we were drafting the Maastricht Treaty, indeed even before that during the first six months of 1991 when Luxembourg held the rotating presidency. Subject to powerful German influence we set a central goal for monetary policy and therefore for the European Central Bank: to make monetary stability the prime duty of the European Central Bank. In fact the European Central Bank has no other objective but to maintain monetary stability. It is committed, under the terms of the treaty, to make every effort to contribute to the success of the economic policies deployed by Member States of the European Union. But the objective of the European Central Bank is price stability. This is due to the fact that the Germans were about to give up the Deutschmark and were terribly afraid of inflation, having lost all they possessed, their entire national heritage, twice in the course of the 20th century. Obviously from their point of view the battle against inflation, not for price stability, should be the prime, perhaps even the only, objective of the European Central Bank. So that was what we chose to do. The US Federal Reserve has other objectives, notably contributing to growth and employment. The European Central Bank does not have such a large scope with such a wide range of missions, just the goal of price stability. All things considered, I think we made the right choice, because during the crisis we have endured since 2008 the Central Bank has shown that it has sufficient imagination to fulfil its role within the framework of this central objective, without neglecting or losing sight of other economic-policy objectives.

### **III. The Stability and Growth Pact and the coordination of economic policies**

**[Elena Danescu]** Although monetary union has proved a success, criticism has focused on the lack of any real coordination of economic policy, or indeed the need for economic governance. Is this due to a basic shortcoming in the various treaties, to a lack of political will or to ideological divergences?

**[Jean-Claude Juncker]** All three. You must bear in mind that in February, March and April 1991 we spent a lot of time discussing the coordination of economic policy. And even then there were two schools of thought. There were those who asserted that the single currency could only succeed if there were greater integration of the economic policies of the Member States forming the currency area. There were some who advocated going as far as possible with fiscal, social and, in a way, economic harmonisation. There were others, such as Bérégovoy, the Belgian minister Maystadt and myself, who argued in favour of very extensive policy coordination, and then there were those, such as the Germans, the Dutch and others, who thought that economic-policy coordination would establish itself naturally, in a way as a natural consequence of setting up the single currency. As we have seen, this has not come about — in particular because the Dutch, the Germans and others would not hear of coordinating economic policy until December 1997. At that point Luxembourg was holding the presidency of the European Union and I tabled a motion at the European Council meeting for a decision by Council, a resolution by Council on stricter economic policies. In the motion we detailed all the areas in which economic policy should be coordinated. It has to be said that the Member States did not display as much enthusiasm as we had hoped in following up the wise decisions we took that December, when we established the Eurogroup and the modalities for strengthening economic policy. There is a more centralised tradition in France, if you like, by which governments state their intentions with regard to economic policy and add the necessary mechanisms to translate their economic thinking into political reality. There is another tradition, which prevails in Germany and the Netherlands, according to which governments do not meddle too much in economic processes. We have now moved some way forward in our thinking, and the ideas of the various parties overlap, to such an extent that the consensus view is now that coordination of economic policy — the task for which the Eurogroup was set up — was inadequate.

**[Elena Danescu]** What were the circumstances and reasons for adopting the Stability and Growth Pact in 1996?

**[Jean-Claude Juncker]** It's a long story, due in particular to a debate on internal policy, an academic debate in Germany. Many people in Germany thought that simply setting forth the convergence criteria as decided in the Maastricht Treaty — and therefore in the implementing provisions of the treaty — would not ultimately be enough to secure the stability of the single currency, and in particular stable prices. So, in the face of strong domestic opposition in Germany, the then Finance Minister, Mr Waigel, proposed a stability pact, which France did not want, which Italy did not want, which Belgium did not want but which the Netherlands and ourselves [Luxembourg] did in fact want because we thought, much as Germany, that unless the treaty was extended along the lines of tougher rules enshrined within a stability pact, it would not be sufficient to secure price stability. It was a long, difficult discussion, with uproar, shouting and people walking out, but in the end we did manage to decide on a pact.

**[Elena Danescu]** What was your part, specifically, in negotiating the pact?

**[Jean-Claude Juncker]** There was very deep disagreement between France and Germany on the question of setting up the stability pact. France, the President of the time, [Jacques] Chirac — because we were already in 1995–96 — would not hear of setting up a stability pact, because he thought that the treaty was clear, that the convergence criteria had been set forth and that there was consequently no need to restate the meaning and exact extent of the criteria. On the other hand Chancellor Kohl and his Finance Minister Waigel were under pressure from the Bavarian CSU wing of the Christian Democrats. They also had to cope with certain misgivings on the part of the German Social Democrats about adopting the single currency. So they thought it essential to specify the convergence criteria. France did not want to be subject to stricter rules than those established by the Maastricht Treaty and Germany was absolutely determined that all the countries should be subject to more comprehensive rules than those set forth in the treaty. So I negotiated this aspect of the matter between France and Germany, proposing to the two of them that Germany should uphold its requirement that everyone should be subject to the regulations supplementing the treaty, and that France should agree to these rules at its own initiative, and not because it was required to do so by other parties. Ultimately neither country complied with the rules of the pact.

**[Elena Danescu]** How has implementation of the pact proceeded so far, and above all, in view of the current economic and financial crisis, how is it likely to evolve?

**[Jean-Claude Juncker]** The first pact, in its 1997 version, was very strict and left very little latitude for national governments to respond to the criteria, in particular regarding the deficit, with the 3 % limit on the deficit established in the implementing provisions of the treaty. By 2003 neither France nor Germany was complying with the pact. They disregarded the rule on the deficit which, in the terms of the treaty and the implementing provisions, should not exceed 3 %. This brought about the pact's first crisis. When I again assumed the presidency of the European Council I made every effort to reform and amend the stability pact, which needed to be given a more economic perspective. Fortunately in 2005 we decided that, if a recession occurred, compliance with the 3 % deficit limit and the 60 % rule for public debt should not be as strictly enforced as during a period of strong growth. In the reform of the pact decided in 2005 we made a distinction between periods when conditions were favourable and other more difficult times. If instead of changing the rules of the pact, we had enforced it in its initial form, 16 of the 17 members of the euro zone would, at the present time in January 2011, be unable to comply with the rules of the pact. And some of these countries would have to pay fines for violating the rules of the stability pact. Ultimately the reform of the pact proved its worth, but now we need to reform the pact yet again to strengthen its preventive side. This means that even if a member country complies with the rules of the pact, if it is diverging from those rules it cannot demonstrate its medium- and long-term ability to control its budgetary policies and sustain the solidity of its public finances. We now need to strengthen this preventive side of the pact by providing for procedures enabling us to alert, or even sanction, member countries which, though they are fulfilling its criteria, are on a course which will prevent them from fulfilling those criteria in the long term.

#### IV. EMU: a variable geometry euro zone

**[Elena Danescu]** In the context of the opt-out concept, what do you now think about countries such as the United Kingdom or Sweden which are more reluctant to join the euro zone?

**[Jean-Claude Juncker]** Yes, well, the United Kingdom and Denmark have a waiver with respect to the treaty, whereas Sweden does not. The treaty states that Member States which meet the criteria for joining the currency area must do so. Sweden is taking a certain liberty with regard to this perfectly clear provision of the treaty. But from the outset our British and Danish friends chose to demand, in keeping with this idea of opting out, a waiver signifying that these two countries would not be obliged to join the currency area even if they met the criteria. I think that basically these two countries are mistaken. I am quite sure that first Denmark, then the United Kingdom, will join the European currency area. Moreover I think that both of them — and behind closed doors they agree — have to a large extent based the overall direction of their economic policy on the monetary stability surrounding them. If we were still governed by the rationale of the European Monetary System, with its many re-evaluations and competitive devaluations — and there were plenty of them once the European Monetary System was established — the continent would not enjoy monetary stability. As a result the British and Danish economies — and indeed their Swedish counterpart — would suffer a great deal from the monetary instability which would characterise the monetary situation in Europe if the euro did not exist. Without the euro we would be deep in every imaginable form of monetary chaos. The United Kingdom, Denmark and Sweden derive considerable advantage from the monetary stability the euro has brought to Europe.

**[Elena Danescu]** One consequence of variable geometry membership of the single currency has been the Eurogroup, set up in 1997 when Luxembourg was holding the rotating presidency. In September 2004 you became the first permanent President of the Eurogroup and your appointment has been renewed several times. Following recognition of this informal body by the Lisbon Treaty, you were formally elected for a two-and-a-half-year term of office. Please could you explain exactly what the Eurogroup is, the role it plays and how it has evolved?

**[Jean-Claude Juncker]** The European Central Bank is in charge of monetary policy, which it applies independently. The Eurogroup is in charge of coordinating economic policy, which it does in a less organised manner than the monetary policy decided by the European Central Bank. The Eurogroup is an informal group, because the countries which are not members of the euro zone did not welcome the formation of the Eurogroup because they felt excluded from the core of economic-policy coordination in Europe. So the Eurogroup was established as an informal group which has now, thanks to the Lisbon Treaty, gained greater status but in principle is still an informal body. All this explains the difficulty of giving the outside world an account of all the economic-policy decisions taken inside the Eurogroup, the difficulty of explaining to others the nature of the discussions that we have, the difficulty of not being able to explain the debates we devote to smoothing out banking and economic differences between the various euro zone Member States, these differences in fact representing the real problem which could be a threat to the unity of the euro zone if they developed further. But the Eurogroup is a body in which governments can say things to one another which could never be expressed at a formal Council meeting. Between ourselves we have very frank, sometimes even brutal exchanges of views, as if we were a national government. It is a body which has demonstrated its usefulness, but which has not been able to reveal its full worth.

**[Elena Danescu]** What sort of relations exist between the Eurogroup and the Ecofin Council?

**[Jean-Claude Juncker]** At the start of each Ecofin meeting, I brief those present on the work of the Eurogroup because we want those Member States that do not belong to the euro zone to know what we have decided. The Eurogroup meets on the evening preceding Ecofin meetings. The Finance Ministers of the 27 meet on Tuesdays, so the 17 ministers gather on the Monday evening for the Eurogroup meeting. At the start of the meeting on Tuesday morning I inform our non-euro counterparts of the nature and progress of our work, and we discuss the various decisions taken by the Eurogroup with those who do not belong to the euro zone. I

would not want there to be too great a gulf between the concerns — particularly with regard to economic matters — of members of the zone and all the members of the European Union. Twenty-seven nations are involved in European integration, and the 17 countries which belong to the euro zone entertain closer relations than the others, but we can sometimes talk to the others about these closer relations.

## V. The future of the euro

**[Elena Danescu]** Have you ever been afraid the euro might not survive?

**[Jean-Claude Juncker]** No, I've never taken part in this sort of morbid discussion. I don't think the euro is under threat, neither with respect to its existence nor its permanence. In 2008, 2009, 2010 and 2011 we endured, indeed we are still enduring, a crisis which does not relate to the euro itself but to public-sector debt in certain Member States belonging to the euro zone. We must do all we can to restore the public finances of these countries to a more satisfactory overall state, more in line with the requirements associated with membership of the currency area. But there is no threat to the existence of the euro. What is more, all the way through the crisis, the euro has remained a stable currency. It has of course suffered from the fluctuations in exchange rates but has never been reduced to the state of a weak currency. In fact, with our euro, we have the strongest currency in the world.

**[Elena Danescu]** Drawing on your present experience, how do you see the future of Economic and Monetary Union?

**[Jean-Claude Juncker]** Well, I think that the Member States which belong to the euro zone need to learn to manage the single currency more effectively, collectively and in a spirit of solidarity. To be a member of a monetary union, to share with others the same currency — which is both European and national — requires its joint owners to display solidity and solidarity. All Member States must comply with the same rules — which is not currently the case — and as a matter of principle they must be prepared to work towards greater solidarity with their fellows. We share a common destiny. We cannot share our currency without sharing the essential part of the substance which constitutes the European Union.

## VI. Luxembourg's role in the European integration process

**[Elena Danescu]** Prime Minister, if I may I should like to return to a general question related to the Grand Duchy of Luxembourg. How do you rate the part played by Luxembourg in European integration, and more particularly in the process of economic and monetary integration?

**[Jean-Claude Juncker]** Well, having played a part in the process personally, I probably tend to exaggerate Luxembourg's influence, but with regard to economic and monetary policy it has to be said that our influence has outstripped the limits usually placed on us by our population and geographic position. With the monetary thinking developed by Werner in the 1960s and the Werner Plan adopted in 1971, we were among those who brought the monetary union into being. We led the intergovernmental conference which resulted in the Treaty of Maastricht and consequently in monetary union. We were among those who succeeded in bridging the gap between German and French positions at a time when they were in fairly serious disagreement. We set up the Eurogroup and an initial approach to policy on economic coordination. We chair the Eurogroup and we have consequently been present at all the important steps in achieving monetary union. More generally, in keeping with the invaluable lessons learnt from Pierre Werner, Luxembourg has always been present as the desire to achieve greater European integration has emerged or reached a turning point. Wherever you find the strongest European spirit, you will always find Luxembourg. We are the only country which has always played a part, ahead of the others, in promoting European ambitions.

**[Elena Danescu]** In the course of European integration, what vital interests has Luxembourg had to preserve,

under Pierre Werner and to this day?

**[Jean-Claude Juncker]** Well, I think our prime interest, which is both European and national, is to ensure that European ambitions do not fade, subside, shrink or lose their vigour. There is no distinction to be drawn between major European affairs and the affairs of Luxembourg. Our affairs make sense because they fit into a European context. Luxembourg is able to cope with European affairs because we see ourselves as a part of this vast continent-wide movement that is the European Union. But there are sometimes national interests which may appear, for just an instant, to run counter to European integration. For a long time there was a difference of opinion on fiscal matters between Luxembourg and some of its partners, not in fundamental terms but with regard to the point in time when we should take a more European approach to fiscal matters. For many years Luxembourg struggled to uphold its interests with respect to the seat of the European institutions. Werner had to defend our position on both issues, but I was not so enthusiastic in my defence because being a member of the government at a different time, being Prime Minister at a different time, I did not feel that Luxembourg should restrict its diplomatic efforts to just taxation or the issue of the seat of the institutions. In Werner's day, in addition to the major advances Europe achieved under his guidance, these were two fields in which Luxembourg, isolated and lacking the support of its neighbours, had to show its teeth.

**[Elena Danescu]** What were the most difficult situations you encountered in the European arena as Prime Minister of Luxembourg?

**[Jean-Claude Juncker]** There weren't that many, but there were a reasonable number all the same. Personally I suffered a great deal because, during the run-up to the euro launch on 1 January 1999, we had great difficulty setting up the European Central Bank and in particular appointing its first president. I suffered a great deal — and I measure my words — because I was not in a position, in my capacity as the President of the European Union in 2005, to convince all my fellows to accept the proposals I had made regarding the financial perspective, and consequently regarding the future funding of the European Union, because some of the richest countries, in particular the United Kingdom, were not prepared to entertain even the most basic solidarity towards the new Member States joining the Union, which are much less prosperous than the older democracies in Western Europe. I was deeply shocked by such a short-sighted attitude to Europe's needs and the over-emphasis on exclusively national interests, actually rooted in the base instincts of domestic policy.

## VII. Jean-Claude Juncker, the European

**[Elena Danescu]** Prime Minister, I'm extremely grateful to you for the time you have spent with us, and as we have now reached the end of the interview which you kindly agreed to grant us today, I should like to leave you to conclude.

**[Jean-Claude Juncker]** Well, I would like those who still harbour doubts about Europe to continue to do so, but not for too long. I would like to remind them of the disaster to which the absence of European unity led, a disaster younger generations no longer recall but which previous generations, in particular those of our parents and grandparents, remember and will remember forever. I should like Europeans to display greater pride in Europe. Ours is the only continent to have established lasting peace on its land. It is completely inconceivable that European countries could wage war against one another. We are part of a continent which has succeeded in setting up a single market, yet we are neither a state nor a nation. We have introduced the euro, yet we are neither a state nor a nation but a group of states, of nations working together and cooperating to achieve greater integration. We have succeeded in reconciling Europe with its history and its geography after the events of 1989 and the collapse of Communism in Eastern Europe. The Romanians, Bulgarians, Poles and Czechs, among others, are every bit as European, perhaps even more so than their Western counterparts, who wrongly think they enjoy a monopoly of all things European. We should realise that since the Berlin Wall came down, Europe has seen the emergence on its territory and close to its borders of some 28 or 29 new states, new actors and subjects of international law. If the European Union with its sphere of solidarity and its sphere of peace did not exist, and if the euro did not exist, our continent would not have been able to achieve the state of calm which has prevailed for the past 20 years and today enables it to look forward to the future

with confidence.

**[Elena Danescu]** Prime Minister, once again may I thank you very much for sharing your thoughts with us.

**[Jean-Claude Juncker]** Thank you, it was a great pleasure.