

Klaus Regling in interview with ZDFheute (Germany)

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Interviews

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Interview with Klaus Regling, ESM Managing Director

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ZDFheute: Mr Regling, when we look back on the euro crisis during the current crisis, the crisis back then seems comparatively harmless, doesn't it?

Klaus Regling: It may seem that way in retrospect because we also mastered the euro crisis. And everything that can be managed no longer seems so dramatic. But it was dramatic at the time. And if it had gone wrong, Europe would look different today. The monetary union would be much more vulnerable – and politically Europe would be much weaker.

And if you compare it with today's crisis of today: How dramatic do you think the situation is now?

We are entering an economic crisis, that is quite clear. It's a massive crisis, which is of course because people's purchasing power is falling because of high inflation. And there will be more insolvencies than in the past. In this respect, it is an economic crisis affecting the entire euro area – but that is different from the euro crisis, in which a few countries were greatly affected.

During your time, your ESM rescue fund launched financial assistance programmes for five countries: Spain, Portugal, Ireland, Cyprus and Greece. Have taxpayers lost money with this assistance?

So far, taxpayers have not lost any money at all. The ESM was designed precisely so that we can help countries without burdening taxpayers. It is true that risks were assumed, equity was given to the ESM. Without this, however, we would not have had the opportunity to borrow large sums on the market at very low interest rates. We passed on these favourable interest rates directly to the borrowers. As a result, these five countries have saved a lot of interest – according to our estimate €130 billion.

When will the last instalment of loans be repaid?

Four of the five countries have loan terms of between 15 and 20 years - so that is foreseeable, the repayments have already begun. It's different with Greece because the problems there were particularly big and most of the loans were necessary. The last repayment there is not until 2070, which may seem too long to some people – but then I would like to remind you that the London Debt Agreement of 1953 also allowed Germany to extend maturities. And the last payment was made in 2010, almost 60 years later, without anyone noticing.

Now two EU commissioners have proposed a new fund for this crisis, financed by joint debt. Do you think that makes sense?

It might make sense – depending on how the economic situation develops. But at the moment, the discussion is very controversial, and legally such an instrument is only possible in extreme situations.

Some economists fear that this crisis will soon turn into another euro crisis. Do you think that is out of the question?

I would rule it out for the next few years, yes. For two reasons: Firstly, we do not have these problems in individual states as we did before 2012. Secondly, all euro countries – although they have higher debts today – nevertheless have a lower interest burden.

You will be leaving the ESM on Friday, how do you feel about that?

With mixed feelings – after twelve years of building up this institution. I have very good colleagues here whom I hate to leave. On the other hand, after twelve years it is time to do something new. And I am also a little past retirement age. So, I will work less and move back to Germany, I am looking forward to that.

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