The Long-term Outlook for the European Project and the Single Currency

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Group of Thirty, Washington, DC

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About the Author

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Contents

This Occasional Paper was adapted from a speech given by Jacques de Larosière on April 19, 2012, at a meeting of Swiss Re in London.

I. Introduction

The long-term outlook for the European project and the single currency is a subject that should not be addressed from a European perspective only. Global factors affect Europe, as they do other industrialized regions. Those factors include:

- *The rise of emerging countries:* The share of all developed countries in total world gross domestic product (GDP) is decreasing and will continue to decrease.

- *The debt overhang:* A result of overextended fiscal policies in advanced countries, is a global phenomenon (the eurozone public debt to GDP, which is 87 percent, is much lower than in the United States where it is 100 percent, or in Japan where it is 229 percent).

- *Aging population:* From 2010 to 2050, according to the United Nations, while Africa and Asia will show the sharpest demographic expansion with 2.5 billion more people, the European population will be stagnant and older. The population of some countries, like Germany, will actually decline by 9 percent,[1] and that of North America would increase only slightly.

- *The rising costs of commodities* (metals, fossil fuels, and so forth) *and environmental problems that will affect all regions.*

1 With respect to fertility, France is in a better position.

Regardless of monetary arrangements, Europe will remain a major player in terms of the size of its market, its share in international trade, and its industrial base, especially due to the resilience and world importance of the euro, which have been tested during the crisis.

Nonetheless, the eurozone has a specific, immediate challenge, the solution of which will influence its long-term destiny, and that is: How can it grow out of its present problems and develop harmoniously?

To address that challenge, we first need to understand what went wrong structurally in the working of the eurozone during the last 10 years. Then, we should try to determine whether, how, and in what time frame the divergences among members of the European Union (that have been allowed to grow under the present structure and rules) can be corrected. That should lead us to the ultimate question: How can that adjustment be made viable and politically acceptable in the long run?

I will deal with these three issues in succession.

II. What went wrong?

First, instead of convergence, the eurozone has resulted in more economic divergence among member countries.

- *Fiscal deficits* increased everywhere but to different degrees. Two extreme examples from 2007 to 2009 are Greece and Germany. In Greece, the fiscal deficit deteriorated by 9.3 percentage points of GDP (from -6.5 percent to -15.8 percent), while in Germany, the fiscal deficit deteriorated by only 3.4 percent (from +0.2 percent to -3.2 percent).

- *Private credit expansion* increased inordinately in some countries. Private borrowing in Spain doubled from 2004 to 2009 (from 100 percent to 200 percent of GDP), while in Germany it increased by only 20 percent (from 100 percent to 120 percent of GDP).

- *Competitiveness problems* worsened in a number of countries. The most striking examples are the following (in terms of harmonized competitiveness indicators and real exchange rates as calculated by the European Central Bank). From the average of 1996–2000 to December 2011, Greece's competitiveness deteriorated by 11 percent and Spain's deteriorated by 10.5 percent, while Germany's improved by 7.4 percent. Such differentials are just not sustainable.

Second, the existence of the Monetary Union, as it was run, encouraged these discrepancies:

- *Financial markets behaved as if all members of the Union formed a block.* From 2000 to 2009, the countries that were running severe imbalances saw no increase in their spreads,[2] and those spreads were almost equal to those of Germany.

- *These practically zero risk premia encouraged a number of governments to engage in high public spending and deficits.*

- *The practically zero risk premia also facilitated the expansion of private credit* in countries like Ireland and Spain, where housing could be financed at low interest rates since monetary policy was, by definition, single and, in fact, too accommodative for the periphery.[3]

These construction booms increased public receipts and, therefore, did not show up in fiscal deficits (actually, Ireland and Spain were praised, before the crisis, for running fiscal surpluses until 2008). But those surpluses were, of course, fragile and dependent on the credit boom.

Third, the end result of these developments was unsustainable external imbalances:

- In a system of "no bailing out" as the one of the Maastricht Treaty, balance of payments remains national. But this was not part of market assessments until 2008–2009. Actually, markets and rating agencies behaved as if there were an implicit bailout mechanism. When it was realized that such a mechanism did not exist, reality struck with revenge and spreads bounced up. Countries had no other choice but to reduce their external imbalances.

- While the Monetary Union's current account was globally in balance over the last 10 years, some countries were dangerously increasing their current account deficits.

The most striking cases were Greece, which, from 2002 to 2011 ran an annual current account deficit, on average, of -9.2 percent of GDP; Portugal, which ran an annual deficit of -8.8 percent; and Spain, which

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2 See Annex.

3 In "peripheral" countries, nominal growth rates went much above interest rates. In Spain, the gap between 2002 and 2009 was, on average, 4.8 percent relative to T-Bills, 4.9 percent for Greece, and 5.3 percent for Ireland compared to -0.2 percent for Germany.

ran a deficit of -6.5 percent. By contrast, during the same period, Germany registered an average annual *surplus* of 5.1 percent.

The system encouraged imports and trade imbalances in a number of countries through higher domestic consumption fostered by private credit expansion. From 2002 to 2008, real domestic consumption in Greece, Portugal, and Spain grew, on average, by 4.15 percent annually compared to 1.85 percent for the whole Union.

Therefore, two models coexisted: one of export-led economies (Austria, Germany, the Netherlands…) and one of import-consumption-led economies ("peripheral" members).[4]

Over the last 10 years, we have experienced a system with a federal monetary policy and a federal Central Bank, but with national fiscal and economic policies.

This system—with the help, or the blindness, of markets—in fact eliminated the external constraint on debtor countries. Thus, it allowed those debtor members to persistently borrow more in order to consume more than they produced.

Thus, "the belief in the growing integration of economies within an expansionary cycle took attention away from a development that was becoming increasingly evident: increasing external imbalances. Spain, Greece, Portugal, Ireland, France and Italy, on the one hand, suffered notable deterioration in their current account positions. On the other hand, Germany, the Netherlands and Austria saw considerable improvement."[5]

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4 See Annex.

5 "Monthly Report," number 347, La Caixa, June 2011, http://www.lacaixa.comunicacions.com/se/ieimon.php?idioma=eng&llibre=201106&cpn=003150s.

III. Can such macroeconomic imbalances be corrected? And, if so, how?

Before dealing with this issue, *the preliminary question* is: "Is remaining in the eurozone worthwhile?" For me, the answer is a strong yes. Indeed, the cost of exits would be extremely high for the departing countries for the following reasons:

- Debts are denominated in euros, and a devaluation, which would be inevitable after an exit, would weigh heavily on local borrowers.
- A devaluation would translate, through higher prices of imports (some peripheral countries are especially dependant on imports), into a significant fall in living standards.
- It would, in all likelihood, destroy the local banking systems.
- A devaluation does not relieve a country of the need for structural reform.
- It would cut off such countries from external financing.

In contrast, the Latvian option during 2009–2010, in favor of an "internal devaluation" (through cuts in real wages) was successful and much less damaging than a devaluation would have been. A devaluation was recommended at the time by all leading economists.

How can adjustment be conducted? In the traditional ways: fiscal discipline and structural measures.

First, fiscal deficits must be reined in. This is an absolute must. Present deficits are not financeable at "normal" interest rates. A country like Spain currently borrows at a spread of around 6 percent (10-year government bonds), which is at least 300 basis points higher than its nominal growth rate. This is unmanageable over time. However, it can be done. For example, Brazil, Canada, Sweden, and others reduced their fiscal deficits to GDP for long periods, and it is already being done in Europe. Fiscal deficits are shrinking, as shown in table 1.

TABLE 1: EVOLUTION OF FISCAL DEFICITS (AS % OF GDP)

Country	2009 (%)	2011 (%)
France	-7.5	-5.6 (-1.9 in 2 years)
Greece	-15.8	-9.7 (-6.1 in 2 years)
Portugal	-10.1	-4.3* (-5.8 in 2 years or 2.3 without pension transfer)
Spain	-11.2	-8.5 (-2.7 in 2 years)

*-7.8 percent if the pension fund transfer is not counted.

In 2012, primary accounts will be moving to surplus in Greece, Italy, and Portugal, and close to balance in Spain (cumulative reductions between 6 percent and 9 percent of GDP over two to three years).

Second, the February 2012 Euro Fiscal Compact will play a role. Under this pact, individual budget trajectories must be agreed at the Union level by the Commission, the Council, and the European Parliament, and monitoring those budgets is a responsibility of the Union. "Golden rules" are to be generalized in the Union (which will make deviations more difficult), and sanctions will be applied in cases of violations of European budgetary programs. With this new governance deal, the 2003 violations of the Stability Pact by France and Germany—which had such a negative impact on the credibility of the eurozone—would be made virtually impossible.

The first external impacts of already applied measures are positive. Most European countries have engaged in adjustment policies (some supported by the IMF, such as Greece, Ireland, Portugal, while other European countries have implemented adjustment policies of their own accord). Tables 2 and 3 display recent results on the external front, which are significant.

TABLE 2: EXPORTS (VOLUME) – ANNUAL PERCENTAGE CHANGES

Country	2008 (%)	2009 (%)	2010 (%)	2011 (%)
Greece	3	-19.5	-16.3	0
Ireland	-1.1	-4.2	+6.3	+4.3
Italy	-2.8	-17.7	-11.4	+6.3
Portugal	-0.1	-10.9	+8.8	+7.4
Spain	-1	-10.4	+13.5	+9

Source: BNP Paribas.

TABLE 3: BALANCE OF GOODS AND SERVICES (AS % OF GDP)

Country	2008 (%)	2009 (%)	2010 (%)	2011 (%)	Last quarter 2011 (%)
Greece	14.4	-11.4	-8.9	-7.5	—
Ireland	—	—	+15.5	+19.1	—
Italy	—	-0.5	-1.9	-1.5	-0.5
Portugal	10.1	—	-7.2	-3.9	-1.2*
Spain	-6.7	—	-2.1	-0.6	—

Source: BNP Paribas.
*Coverage ratio: from 76 percent (2008) to 97 percent (2001).
— = Not available.

After having crumbled during the crisis, exports picked up in all peripheral countries in 2010–2011. This is encouraging; it shows that the dampening of domestic demand over the last three years has started to show up in both exports and significant import reductions.

Perhaps more important, it reflects the fact that competitiveness problems are being addressed; whether a country can successfully compete in an open world shows up first and foremost in its export performance.

Table 4 shows the dramatic change in competitiveness observed over the last two to three years (in terms of unit labor costs).

TABLE 4: CHANGE IN COMPETITIVENESS, 2009–2011

Country	Annual average increase of unit labor costs, 1999 to end 2009 (peak) (%)	Evolution from peak to end 2011 (%)
Greece	+3.8 (peak: end-2008)	-5.2
Ireland	+3.8	-3.2
Italy	+2.4	=0
Portugal	+.28	-2
Spain	+3.1 (peak: end-2008)	-1

But ongoing fiscal adjustment and discipline have their limits. They often lead to a fall in domestic demand that can boost exports for a while. However, that is not automatically going to create a durable offsetting process of job creation in export-led sectors, unless policies tackle the deeper structural imbalances that have crippled the external accounts. Let us touch on this fundamental long-term issue.

IV. How could the eurozone be viable in the long term?

The key idea is to combine macro discipline and growth. I shall address two issues: that, by itself, a monetary zone does not solve growth potential problems, and what measures are needed to make it viable.

First, a monetary union does not, by itself, create economic convergence.

On the contrary, a monetary union tends to concentrate economic prosperity in certain regions that are better endowed with productive capital and human resources.

There is, indeed, a natural process of economic specialization in such a diversified region as the eurozone—diversified in terms of size, capital base, per capita wealth, and so forth. Countries like Greece, Portugal, or even Spain to some degree, tend to focus on tourism, transport, and nontradable services. Traditionally, these sectors generate low productivity gains.

Moreover, some of these sectors tend to be sheltered from competition, which reduces their efficiency and increases the price of those services for both households and the industrial sector. This also deters foreign investment.

Belonging to an economically and financially integrated zone exacerbates this phenomenon. In a monetary union, the elimination of foreign exchange risk fosters greater capital mobility which, in turn, encourages productive specialization within the zone. Countries like Germany that already have strong industrial sectors attract capital seeking economies of scale. Less industrialized countries like Greece, Portugal, or Spain tend to concentrate on services or on construction (which can be overly encouraged by the relatively low interest rates of the Union).

This process leads, from a competitiveness perspective, to increasingly divergent subzones and compounds existing productivity differentials.

Of course, there would be no point in trying to replicate 26 other homogeneous smaller industrial Germanys in the Union. Some countries just do not have the capital base and industrial size or resources to do it. In all large diversified monetary unions (like the United States), there are inevitably different levels of productivity by regions. This is also true within individual countries of the European Union. They all have, to some degree, their own internal "mezzogiorno"[6] challenges and regional asymmetries. But some larger and wealthier economies are better placed to cope with these problems than smaller and less productive ones. The weakest elements of the eurozone do not have the sufficient rebalancing fiscal tools found in Germany or the United States.

Second, how should we conceive reforms that could, in the long run, make the Union viable?

The two normal levers to cope with this inevitable "specialization" effect are well known.

First, labor mobility is an essential ingredient of an effective monetary union. Populations of subregions with fewer growth prospects tend to move to more dynamic parts of the union. This is particularly the case in the United States, where labor mobility is, on the whole, high and responsive to economic developments. This is less the case for Europe, where language and national cultural barriers make it more difficult to move.

The other correcting factor is public transfers. In the United States, for instance, individual states must present balanced budgets. But, in fact, a significant part of public expenditures, in the areas of infrastructure, health care, education, unemployment benefits, and others, is federal[7] and acts as a buffer in times of economic slowdown. This buffer does not exist in the eurozone countries, which have an almost purely national setting for their budgets.

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6 "Mezzogiorno" is the term used for the part of Italy south of Rome which has not developed economically and in other ways at the same pace or to the same degree as areas north. The term is used here generically to signify the disparities in economic development that exist in many countries and economies.

7 The transfers from the federal government account for 27 percent of states' revenues and 4 percent of the revenues of the other local governments.

I would suggest, on the basis of the above analysis, that the conditions for a more harmonious and viable monetary union in Europe should be conceived on the following lines.

First, fiscal discipline must become a tangible reality in all parts of the Union. This looks like a simple housekeeping policy, but it is essential. No responsible state will—or should—ever accept financing current public deficits generated by some profligate members of the Union. That would never work politically. So all countries must reach balanced budgets within a realistic—but relatively short—timetable. What is being engaged currently entails deficit reductions on the order, depending on different states, of 1 to 3 percentage points of GDP per year. In a country like France, the two main political parties agreed, for the first time, that the budget should be balanced by 2016 (or 2017) in structural terms (meaning that the structural part of the deficit would have been eliminated by then). This amounts to reducing the 2011 deficit (-5.6 percent of GDP) to close to balanced in 2016 (that is, 1 percent a year, which seems politically doable).

The recently signed European Fiscal Compact is designed to help achieve such results through better control by the Commission and the Council at the preparatory and execution stages of each national budget.

Of course, the European fiscal strategy does not concentrate only on deficits. It also applies—as it should—to the contents of budgetary measures. It is understood that the recommended measures must give priority to cost reductions versus tax increases. Furthermore, the choice of budgetary cuts must be guided by the objective of optimizing growth potential. For instance, investments in training, research and development, and infrastructure should be prioritized vis-à-vis current expenditures.

However, cutting public expenditures and deficits—without sacrificing growth-oriented investment—is bound to initially reduce domestic demand. European Union countries are all on the way to *reducing their primary fiscal deficits* (that is, without the cost of interest on public debt). Greece and Italy are already on positive ground and Portugal is almost there. If France complies with its objective of a 3 percent fiscal deficit in 2013, it should be close to its primary balance in 2015.[8]

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8 Recent history shows that it is possible to achieve such results in a lasting way. Denmark maintained primary fiscal surpluses averaging 8.2 percent of GDP for seven years from 1984 to 1990, and 5.9 percent of GDP from 2004 to 2008. Similarly, Belgium's primary surplus averaged 6 percent of GDP for seven years from 1997 to 2003. The same results can be found in Finland and Sweden (5 percent surplus from 1997 to 2001). Canada achieved surpluses averaging 7 percent of GDP for 12 years from 1996 to 2007. But it is fair to note that, in the context of accomodative monetary policies, the adverse effect of fiscal consolidation on domestic demand in those countries had been offset by the positive impact of lower exchange rates on exports.

However, growth is being affected, as shown in table 5.

TABLE 5: PERCENTAGE GROWTH

Country	2011 (%)	2012 (%)
Greece	- 6.8	- 4.4 (forecast)*
Italy	+ 0.5	- 1.5 (forecast)
Portugal	- 1.5	- 3.3 (forecast)
Spain GDP	+ 0.7	- 1.7 (forecast)

*European Commission forecasts, February 2012.

Second, structural measures toward increasing growth potential should be encouraged and monitored (as precisely as fiscal measures). Convergence toward fiscal balance—and, later on, surpluses—is essential to start *reducing* public debt outstanding.

But this is not in itself sufficient. It is one thing to achieve good fiscal results, but another thing to concentrate the primary surpluses in the depressed part of the Union—the peripheral one—for a long time without significant pro-growth incentives.

In order to avoid too much one-sided austerity and its social, political, and fiscal negative consequences, I believe the eurozone should start equipping itself with more adequate instruments. Let me state the following ideas:

- Eurozone regular discussions and monitoring exercises should not only cover fiscal performance but also macroeconomic policies (including the ones of surplus members), as well as competitiveness issues encompassing competition rules, privatization, and labor market flexibility reforms.

- In this vein, a "pro-growth"-oriented European policy must, at last, be enforced. It has been formulated (the Lisbon Strategy,[9] the 2020 program), but *coordinated action* is needed. Structural differentiated measures are indispensable if the increasing potential growth gaps are to be reduced (note, for example, the marked differences regarding the skills of the labor force: 15 percent below the second cycle of secondary education in Germany compared to 39 percent

9 The Lisbon Strategy (2000) did not work. It was based on the—misconceived—view that markets would always self-correct deviations.

in Greece, 46 percent in Italy, 48 percent in Spain, and 70 percent in Portugal). The same is true with research and development expenditure: 2.8 percent of GDP in Germany, 1.5 percent in Portugal, 1.4 percent in Spain, 1.3 percent in Italy, and 0.6 percent in Greece. Regarding fixed capital (nonresidential) per capita, the differences are also striking: 140,000 euros in Germany but just 80,000 in Spain and Portugal and 50,000 in Greece). Countries with the highest unemployment rates are the ones where labor market regulation is the most rigid. Spain is starting to move decisively on that front (decentralizing wage bargaining in order to tailor wages to the specific needs and productivity conditions of individual firms).

- Given the intertwined problems of sovereigns and banks especially in the "Southern" part of the Euro area, it would be advisable to allow the European Financial Mechanisms to finance *directly* the recapitalization of the most vulnerable banks. Such a measure would have to be accompanied by the federalisation of banking supervision at the level of the ECB.

- The European budget (1 percent of GDP) could be increased in the long run. This would help to finance structural measures designed to promote research, training, education, growth-led infrastructure, long-term environment investments, energy, and more.

- The European Investment Bank could have its capital resources beefed up, and countries undergoing adjustment reforms could be selected as targets for additional infrastructure and innovative projects.

- When sufficient progress has been achieved on the fiscal front (balanced structural budgets), it would be easier politically to envisage the issuance of Eurobonds. This would not be a "mutualization" of bad risks. It would help countries having achieved fiscal balance to finance at lower spreads their "normal" (that is, less than 60 percent of GDP) refinancing needs (by definition, no "new" indebtedness would benefit from this mechanism; indeed, any measure leading to additional deficits would be, on the contrary, penalized by markets). Strict rules would have to be enforced with a strong collective surveillance and the possibility of an exclusion from Eurobonds financing.

- Macro supervision should prevent or correct, early on, nascent private credit bubbles, especially in debt-prone countries. This can be done by specific regulatory tools and differentiated measures that are compatible with the existence of a single monetary policy of the European Monetary Union. (The recently created European Systemic Risk Board should be instrumental in this regard.)

- On the institutional plane, I believe that the budgetary compact that was signed in March 2012 should develop—if it is to be effective—in a more integrated system. Since national budgets are vetted at the Union level, at one point it would make sense to move toward a politically binding decision-making process. A "Commissioner-Minister" responsible for economic and fiscal affairs would coordinate fiscal and structural policies, have the means to act in cases of national deviations or violations, and be accountable to the European Parliament. This could lead, over time, to a more democratic setting whereby the president of the Commission would be elected by the people of the Union and be endowed with limited but real powers in the economic and fiscal fields. Is this totally infeasible? Not necessarily. In any case, the avenue must be explored and efforts should be undertaken to make it acceptable.

V. Conclusion

In sum, the eurozone is—belatedly—embarking on the right course: more fiscal responsibility and integration, and more supply-side reforms geared to increased productivity as well as steps toward a "banking Union." But, if we are to achieve a viable long-term solution, more solidarity[10] will have to appear.

As economics journalist Martin Wolf recently wrote, "The eurozone is in a form of limbo: it is neither so deeply integrated that break-up is inconceivable, nor so lightly integrated that break-up is tolerable. Indeed, the most powerful guarantee of its survival is the costs of breaking it up. Maybe that will prove sufficient. Yet if the eurozone is to be more than a grim marriage sustained by the frightening costs of dividing up assets and liabilities, it has to be built on something vastly more positive than that."[11]

But this move toward more integration can only be politically envisaged if sufficient fiscal discipline were—in a tangible manner—to start reversing the trend of ever growing debt burdens.

I am hopeful that this two-pronged effort—adjustment and solidarity—will eventually come to bear. The June 29, 2012 eurozone decisions are a significant—albeit insufficient—move in that direction.

10 Beyond the present "firewalls" of the European Financial Mechanism.

11 Martin Wolf, "Much Ado about Greece," Financial Times, February 15, 2012.

It has been argued[12] that at the root of the Union was an implicit vicious trade-off: low interest rates for consuming debtor countries (lower than what they would have been had those members not been part of the Union) against, for Germany, a competitive exchange rate (with its leading position on exports, a "non-euro" Germany would have no doubt faced strong upward pressures on its exchange rate).[13]

This implicit deal should be replaced by a healthier understanding according to which:

- Budgets would be kept under control.
- Better coordination of macroeconomic and structural policies—involving debtors as well as structural creditors—would attempt to bring more balance in the working of the system.
- As a last resort, some limited public transfers would be relied upon in cases of asymmetric external shocks (independent from discretionary policies).

This model implies both the political will to move toward more integration, and a high degree of acceptance of structural reforms and trust among members of the Union (trust that has been severely damaged during the years leading to the crisis).

In sum, it implies that members of a monetary union must act *together* to make it work, and not behave as passive individual bystanders hoping that things will turn out fine.

The road map is getting clearer, the first steps are being taken, and the stakes are high and better understood. I hope—and am reasonably confident—that things will unfold in that way.

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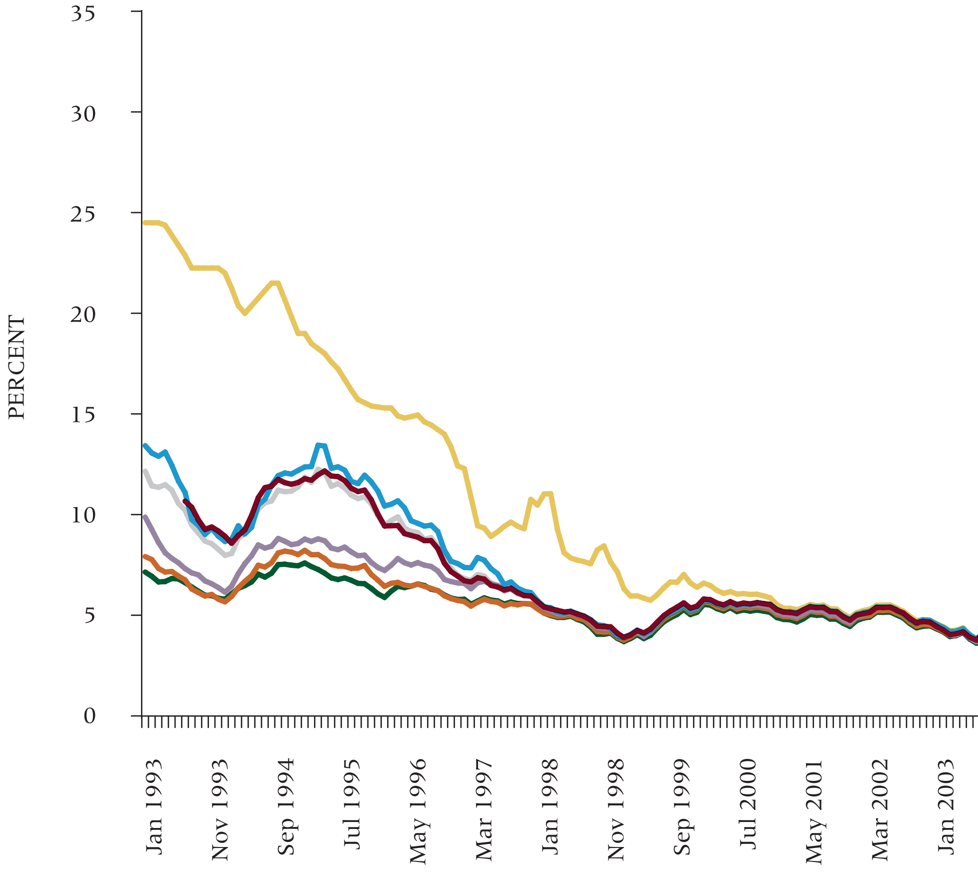
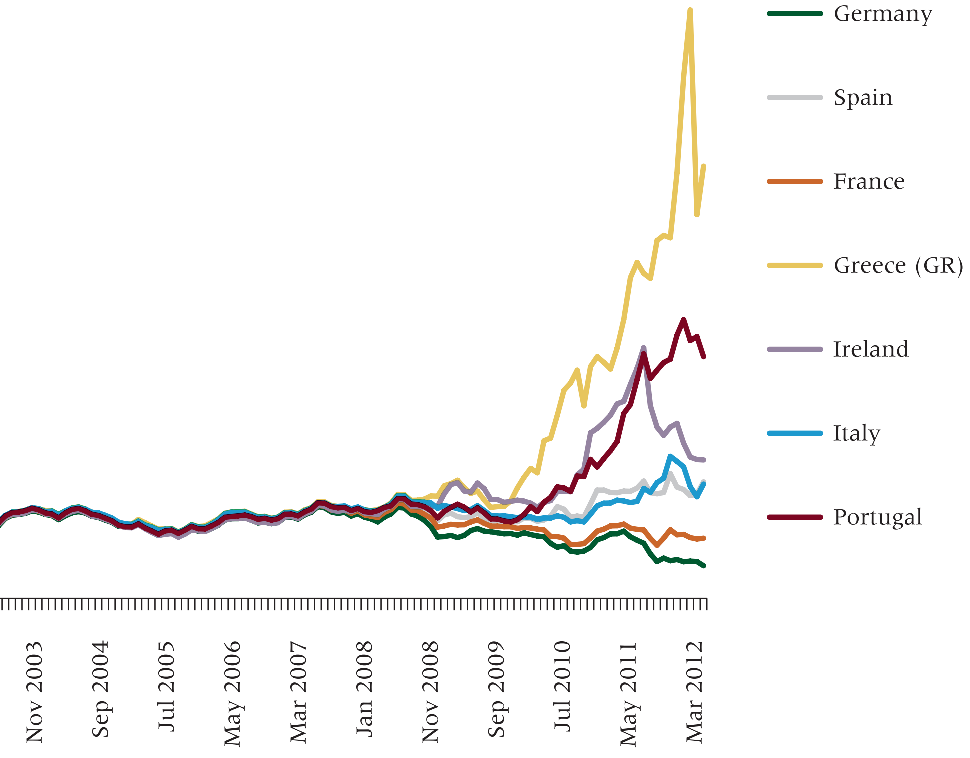
12 See Niall Ferguson, Harvard University professor, "La Tribune," 2010.

13 German exports represent 42% of its GDP. This includes the exports to the Eurozone, which make up 17% of its GDP.

Annex

CONVERGENCE OF INTEREST RATES IN EUROZONE MEMBER COUNTRIES THROUGH INTRODUCTION OF "EURO" CURRENCY




Nov 2003
Sep 2004
Jul 2005
May 2006
Mar 2007
Jan 2008
Nov 2008
Sep 2009
Jul 2010
May 2011
Mar 2012
Germany
Spain
France
Greece (GR)
Ireland
Italy
Portugal

Group of Thirty Members 2012[14]

Paul A. Volcker
Chairman Emeritus, Group of Thirty
Former Chairman, President Barack Obama's Economic Recovery Advisory Board
Former Chairman, Board of Governors of the Federal Reserve System

Jacob A. Frenkel
Chairman of the Board of Trustees, Group of Thirty
Chairman, JPMorgan Chase International
Former Governor, Bank of Israel
Former Professor of Economics, University of Chicago
Former Counselor, Director of Research, International Monetary Fund

Jean-Claude Trichet
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Honorary Governor, Banque de France
Former President, European Central Bank
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Leszek Balcerowicz
Professor, Warsaw School of Economics
Chairman of the Board, Bruegel
Former President, National Bank of Poland
Former Deputy Prime Minister and Minister of Finance, Poland

Mark Carney
Governor, Bank of Canada
Chairman, Financial Stability Board
Member, Board of Directors, Bank for International Settlement

Jaime Caruana
General Manager, Bank for International Settlements
Former Financial Counsellor, International Monetary Fund
Former Governor, Banco de España
Former Chairman, Basel Committee on Banking Supervision

Domingo Cavallo
Chairman and CEO, DFC Associates, LLC
Former Minister of Economy, Argentina

E. Gerald Corrigan
Managing Director, Goldman Sachs Group, Inc.
Former President, Federal Reserve Bank of New York

Guillermo de la Dehesa Romero
Director and Member of the Executive Committee, Grupo Santander
Former Deputy Managing Director, Banco de España
Former Secretary of State, Ministry of Economy and Finance, Spain

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14 As of May 22, 2012.

Mario Draghi
Governor, European Central Bank
Member, Board of Directors, Bank for International Settlements
Former Governor, Banca d'Italia
Former Chairman, Financial Stability Board
Former Vice Chairman and Managing Director, Goldman Sachs International

William Dudley
President, Federal Reserve Bank of New York
Member, Board of Directors, Bank for International Settlements
Former Partner and Managing Director, Goldman Sachs and Company

Martin Feldstein
Professor of Economics, Harvard University
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Former Professor of Economics, London School of Economics

Paul Krugman
Professor of Economics, Woodrow Wilson School, Princeton University
Former Member, Council of Economic Advisers

Guillermo Ortiz
President and Chairman, Grupo Financiero Banorte
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Raghuram G. Rajan
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Kenneth Rogoff
Thomas D. Cabot Professor of Public Policy and Economics, Harvard University
Former Chief Economist and Director of Research, IMF

Tharman Shanmugaratnam
Deputy Prime Minister & Minister for Finance & Manpower, Singapore
Chairman, Monetary Authority of Singapore
Chairman of International Monetary & Financial Committee, IMF
Former Managing Director, Monetary Authority of Singapore

Masaaki Shirakawa
Governor, Bank of Japan
Vice-Chairman, Board of Directors, Bank for International Settlements
Former Professor, Kyoto University School of Government

Lawrence H. Summers
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