

26.06.2012

Investiture address

Luis M. Linde
Governor

Honourable Ministers, Secretaries of State, dear friends and colleagues, ladies and gentlemen,

Firstly, I should like to thank his Majesty the King and the Prime Minister for my appointment. And my thanks extend to the Deputy Prime Minister and to all the members of the Spanish Government.

Needless to say, were it not for the confidence, friendship and encouragement of the Ministers of Economy and of Finance, I would not be here today. And I am grateful, naturally, to the representatives of the Parliamentary groups who, in keeping with the provisions of the Law of Autonomy of the Banco de España, considered and favourably viewed the government's proposal for my appointment.

I should like to place on record my acknowledgement of the work of Miguel Ángel Fernández Ordóñez and the two deputy-governors who collaborated with him. I have known Fernández Ordóñez, Viñals and Aríztegui for many years, and I can attest to their absolute personal integrity, their competence and their dedication to public service.

My gratitude extends also to all the Directors General and all the Council Members of the Bank, mentioning in particular the members of the Executive Commission, the governing body at the very heart of our institution: Angel Luis López Roa, who is now into his second mandate; Vicente Salas, whose term of office concluded very recently; and Ana Sánchez, a great economist and an admirable person who has devoted her entire working life, most effectively and discreetly, to the Banco de España. And I should also like to mention Maximino Carpio, our new Council Member, thanking him most sincerely for having accepted this responsibility.

To conclude this round of gratitude, my thanks once again to Prime Minister Rajoy and his government who, in agreement with the main opposition party, have accepted my proposal to appoint Fernando Restoy as deputy-governor. The Bank has thus recovered a truly outstanding professional, with a magnificent academic background, extensive experience and far-reaching knowledge of the Spanish and international financial system.

I confess to being greatly moved by the confidence placed in me and by the responsibility I am assuming.

I began working for the public sector over 40 years ago and, with the exception of my time at the Inter-American Development Bank, where I had a fascinating job and of which I have fond memories, my only boss has been the State.

During this period of over 40 years I have met and known exceptional people, whose example and friendship have been most important for me. I am thinking of Juan Antonio García Díez and Leopoldo Calvo-Sotelo, for whom it was an honour and a pleasure to work in the difficult and now remote years of the Transition; and of Mariano Rubio and Luis Ángel Rojo, who built up and were such an inspiring force behind the modern-day Banco de España. As certain veterans of the Bank are aware, I have reasons to be grateful for the many things both of them taught me, with the utmost patience.

I truly never imagined that at the end of my career I would be given such an important, honourable and challenging assignment. Being the Governor of the Banco de España has always meant assuming a heavy responsibility, and all the more so, I believe, in the current circumstances.

I would briefly highlight three areas – two of substance, one procedural – where the priorities and pressing tasks of the Bank lie today.

Firstly, and most evidently, we must clean up and strengthen our banking system so as to regain confidence, restore normal financing flows and bring about, as soon as possible, a recovery in activity and employment in Spain.

The economic and financial crisis we are going through can be overcome by a major drive for reforms, saving and rationalisation in our public finances, and by a major drive by our credit institutions to clean up their balance sheets and shore up their capital bases, with the help, in a number of cases, of State aid and funds that the European Union is going to make available to us. Further, within the Monetary Union and the European Union as a whole, we must also contribute to launching new initiatives to press ahead with fiscal coordination and banking and financial integration.

Secondly, drawing on the experience and lessons from the crisis that began in 2007, the Banco de España must, as some of our peer central banks and the European Central Bank itself are doing, start thinking about what we refer to, for short, as “financial stability”. Without neglecting its traditional functions, the Bank needs to adjust its remit and organisation to this end. I do not know when this work, which will be long and complex, may be completed, but we must begin at once.

And thirdly, the Banco de España performs its functions within a legal framework of autonomy and independence, which is, moreover, obligatory given our membership of the European System of Central Banks. There is consensus on this across the political spectrum, and this is a source of great strength for the Banco de España. But this strength naturally entails obligations: it heightens our responsibility and compels us to strive to ensure that what we do and why we do it is well understood. In short, those of us working at the Bank have to demonstrate that we are using judiciously the confidence political forces have bestowed on us .

The Banco de España is a strong institution, a well-oiled machine, organised and experienced, with professionals of the highest calibre who are proud of the work they do. But we need understanding and assistance from all quarters: political parties, economic agents and the media. And, from this point onwards, I venture to ask for this assistance and understanding.

I do not need to ask for anything of my colleagues at the Bank. I know they will do all in their power to ensure the Banco de España remains an exemplary institution at the service of all Spaniards and of Spain.

To conclude, allow me a literary quote to lighten this very solemn meeting at such a difficult juncture, and to offer a message of confidence.

The quote is by Josep Pla, one of our greatest writers, with an interest in understanding economics, where, for sure, he had an exceptional private tutor in his friend Juan Sardá, a figure so closely linked to the Bank. Pla said that one of the worst things that could befall Spaniards would be for the Banco de España to fail.

Well that is not going to happen. We will not fail. Pla's spirit, watching over us, will have no reason to reproach us.

Thank you all for your presence here today and for your attention.