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This is Aspen Ideas to Go from the Aspen Institute. I’m Tricia Johnson. Just like the United States, Europe has taken steps to help the economy during the pandemic. The European Central Bank lowered borrowing costs and increased lending to help companies, governments, and citizens weather the economic crisis. Christine Lagarde is president of the European Central Bank, which serves the 19 EU countries that use the euro.

We did what we had to do and what was needed in order to support the economy in order
to avoid fragmentation, in order to make sure that liquidity was flowing and that banks were able to lend to enterprises and to households.

**Tricia Johnson** 01:18

Still, she predicts Europe won’t see a robust economic rebound until the second half of 2021. Ahead, she explains why. Aspen Ideas to Go brings you compelling conversations hosted by the Aspen Institute. Today’s discussion is from the Aspen Security Forum and the Aspen Economic Strategy Group. The European Union economy is the largest in the world so its bounce back from the pandemic will have far reaching ripple effects. Last year, the eurozone economy shrank by 6.6%, reports the Associated Press, and it may have contracted in the first quarter of this year. Christine Lagarde says the economy is on crutches and isn’t ready to stand on its own yet. But there’s light at the end of the tunnel. Europeans are getting vaccinated and the pandemic’s peak is likely past. Still, Europe’s rebound is lagging behind other major global economies like the United States. Lagarde speaks with David Rubenstein, co-founder and co-chair of the Carlyle Group, about the pandemic, predictions for the eurozone, sexism in the finance industry, the impact on Europe from Brexit and more. Their conversation took place on April 28. Here’s Rubenstein.

**David Rubenstein** 02:25

Let me just start by saying that some people in Washington, as you know, were surprised that you were willing to take on this position because you were the director of the IMF, which is a global organization, and has enormous amounts of power around the world. The ECB is very important, of course, but it’s focused mostly on Europe. Any second thoughts about having taken this position in light of what has happened in terms of the pandemic, and so forth? Since you took on the job?

**Christine Lagarde** 02:52

Um, straight into your question, David, as usual. No second thoughts, it’s a different perspective, I would characterize it as a smaller window, but a much bigger toolbox. Smaller window, because instead of looking at all countries of the world, assessing their economic developments, reviewing their policies, making recommendations, and occasionally offering some financial support in consideration for efforts to restructure the economies, which was the traditional job of the IMF, and look at the others from a smaller window, because Europe is obviously only one region of the world, and not 190 countries as the IMF looks at, but much bigger toolbox and much, much bigger hammer, or bazooka, whatever you want to call it. But certainly the tools that can be used, the speed
at which they can be used. And the impact that those tools have has nothing to do with
with what we had at the IMF. It's heavy, it's very fast, and it has an instant impact.

**David Rubenstein** 04:00
So when you want to get something done at the IMF, I don't know, I assume you could get
it done. You had to lobby some people, maybe directors and so forth. When you want to
get something done at the ECB, do I assume you have to lobby some prime minister or
presidents or so forth? What is easier to get something passed? Is it easier to get
something done at the IMF or easier to get something done at the ECB?

**Christine Lagarde** 04:20
I would say, David, that given the status of the European Central Bank, which is an
independent central bank, I mean, it's actually written down in the treaty, that I can take
no instructions, no order from any heads of states in the European Union. And no
European Union leader can attempt to direct my actions are determined my policy, it's in
the treaty. The European Central Bank is an independent institution. So I don't have to
lobby them. I don't have to seek a consent approval. If I want to inform them, alert them,
I'm at liberty to do that. But it's a matter which is dealt with by the Governing Council of
the Central Bank and the 25 members around the table have to come to a conclusion
about the policies that we want to put in place. So I'd say faster at the European Central
Bank than then it would be at the the IMF. The IMF is, look, it's not a sleepy institution by
any means. That's not what I want to say. But it has to prepare, alert campaign lobby, and
so on and so forth, particularly when there are some political issues that can oppose
different geopolitical forces.

**David Rubenstein** 05:39
Okay, let's talk about the European economy right now. In your view, has the pandemic's
effect on the European economy -- Is the worst is behind Europe now? Or do you think it's
too early to say the worst is behind Europe, and the pandemic could rise again. So in your
view, where's the state of the economy because of the pandemic?

**Christine Lagarde** 05:57
You know, I think it's still too early to say. And I remember vividly back in last June, after
the first wave had come and gone, we thought, okay, this is over. And everybody went out
for the summer and enjoyed themselves with some caution. But essentially, assuming it
was gone, and then it came back and the second wave was was on us all. So we have
gone through the third wave here in Europe, in many countries, most scientists would agree that the peak is now behind us. And we are gradually going down in terms of hospitalizations in terms of contagions in terms of all the downside impact of the third wave. But there’s still countries which are taking some lockdown measures, containment measures, and where the virus is still extremely active. So I’d say probably past the peak of the third wave. There are downside risks, obviously, because there are still variants and new evolution of this this damn virus going around. But the big difference that we have compared with last June, is that there is definitely light at the end of the tunnel, and we see it because the vaccinations be them, you know, mRNA messenger or traditional vaccines, are really being rolled out. And it’s now finally accelerating over here in Europe. So by all accounts, it seems that end of June, about 70% of the population should be vaccinated, at least with the first jab.

David Rubenstein 07:40
In the United States, vaccinations are at a higher percentage than in Europe. Do you think that there is a problem in Europe and that people don’t want to be vaccinated? There’s a fear of being vaccinated the way there is in some parts United States. Is there a kind of a political or a health related reason why some people just do not want to be vaccinated? Or is that not going to be a problem in Europe when you want to try to get everybody vaccinated?

Christine Lagarde 08:05
First of all, there are different vaccines, some of them are much more standard and traditional and give rise to less anxiety on the part of people. So that has to do with the category of vaccinations. Second, there are some trials that have had their little hiccups along the way, which has also shaken a little bit the confidence that people had in the simple principle of vaccinations. And third, you have a category of people that are reluctant to any kind of vaccinations. I mean, this is not peculiar to Europe. It is also the case, as I understand in California, where quite a lot of a good percentage of the population is is simply hostile to vaccination as a matter of principle. So we have all that combined, but what we have observed lately, is a much larger proportion of the population that is prepared to be vaccinated. I think in the last two months, it has really changed quite a bit and we see more a larger proportion of people here in Europe who are prepared to be vaccinated. It varies within Europe, by the way, the French tend to be less willing to be vaccinated than others.

David Rubenstein 09:19
I assume you’ve been vaccinated? Did you have any side effects or do you did okay?

Christine Lagarde 09:24
I only had the first jab so far. So, so far, so good.

David Rubenstein 09:28
Okay, so let’s talk about the economy in Europe right now. The United States, they’re projecting a six or 7% GDP growth this year, which is fueled a bit by the enormous amount of stimulus we put into the economy. What type of growth rate are you predicting now for this year in Europe?

Christine Lagarde 09:45
Europe this year is looking like a tale of two halves. If I may borrow from Charles Dickens. The first half, not not particularly good, and the first quarter in particular, not good, most likely negatives still second quarter better. And, clearly we’re seeing good signs in terms of PMI, in terms of high frequency numbers, that is indicating that we are now on the way up, and the second half of 21 with a robust rebound and good solid economic growth. So that’s what I say, you know, story of two halves. In 21, our baseline is still the same, we’re still seeing 21 at 4%, let’s put it that way, for the whole of the euro area, and 4.1%, the year after, so it’s not as strong as the numbers that you have in the US. But the stimulus package that was put in place in 21 by the the Biden administration is clearly helping along the way, and the vaccination rollout that you have very effectively also put in place in the United States is helping.

David Rubenstein 11:00
Now, as in the United States, the ECB as taking enormous action to help the economy, lending money and buying bonds and so forth. Um, do you think that you have taken as much action as you need to keep the European economy on a good glide path? Or are you prepared to consider additional actions at this time, or you think it’s not necessary at this time?

Christine Lagarde 11:22
You know, I would observe, David, that what we have done in the last year has proven quite efficient. It was needed and it was effective. When I look at the result in terms of financing, availability of liquidity, spreads, yields. All of that is, is telling us that we did
what we had to do and what was needed in order to support the economy in order to avoid fragmentation in order to make sure that liquidity was flowing, and that banks were able to lend to enterprises and to households. So I think all that has been very, was very needed, proved to be efficient. And I think our commitment to you know, make sure that there is favorable financing conditions available for all economic actors on an ongoing basis, as we are still going through this pandemic, as we have not yet crossed the bridge towards full fledged recovery remains intact. So we need to continue to support. We are on our way, but certainly not well into the way of the recovery where we need to be. I’ve said on a couple of occasions that the European economy is is on two crutches: the fiscal one and the monetary one. And those crutches have to remain supporting the patient until it can walk on its own. We’re not there yet.

David Rubenstein 12:57
In the United States, obviously, we have a different situation where one country with one fiscal policy or theoretically one fiscal policy. You have more than one fiscal policy. Is there anything that you think that the ECB or Europe can do to improve the situation where you have one monetary policy and maybe something closer to one fiscal policy? Or is that too far into the future to worry about?

Christine Lagarde 13:22
You know, the European Union and the United States are structured in a different way. And and the European Union is has been a work in progress for the last 70 years, and will continue to be so for probably another few decades. For the moment, what we have is clearly a monetary union. That works well. And we have different fiscal authorities in each of the 19 member states that form the monetary union. Sometimes it doesn’t work so well, and it produces headwinds in the in the (undistinguishable) of monetary policy. Sometimes it works well. And it actually leverages and optimize monetary policy and vice versa. I think in the crisis that we have just seen, monetary policy and fiscal policy actually worked hand in hand well and complemented each other. Now, granted, it originated from 19 different countries, but it was well coordinated. And it was disciplined so that it could reinforce what monetary policy was doing. And vice versa. Monetary policy was amplifying what the fiscal authorities decided to do in order to face this unbelievable economic situation that we were facing after this horrible health pandemic that affected all of us.

David Rubenstein 14:43
Your predecessor famously said that he would do whatever it took to support the euro.
You haven’t had quite the same existential threat to the euro. But the Euro is actually doing reasonably well compared to what some people might have thought. Do you worry about the euro’s future or its value vis-a-vis the dollar, and how do you look at the euro?

Christine Lagarde 15:05
I tell you something, David, I didn’t repeat what Mario rightly said at the time that ECB would do whatever it takes within its mandate. But what I said very clearly on March the 18th, at 11:30pm, if I recall, by way of a tweet, because that’s the way you have to communicate these days, is that our support to the euro had no limit. And anybody in their right mind, who knows how the ECB functions, who knows how monetary policy support functions in this part of the world, got the message that because of the exceptional circumstances that we were facing, we have put in place an exceptional response that was pandemic emergency based, but that would have no limits that would hamper the effectiveness of the monetary policy we had to put in place. So I think, you know, our support to the euro has no limit was a message that got through very well and produced the impact that it had to produce. Now, in terms of the euro itself, I would like to just mention that we just yesterday, had the result of an annual survey that is conducted about the euro and whether people in Europe actually like the euro, support it, feel comfortable with it. And the same with the ECB. And we have seen notable improvement and progress on both accounts. Europeans are very attached to the euro, they want it, they like it, they support it. And that has improved over the course of the pandemic. And the same goes through as well for the for the ECB, but the euro itself as a currency because that was your point. It’s not something that we actually target. It’s something that we monitor relative to other currencies around the world. And we monitor very carefully -- any movement with depreciation and even more so appreciation, and we are particularly attentive to the impact that it has on price and pressures that you can apply to prices.

David Rubenstein 17:10
Now, do you coordinate very much or have consultations with the US Fed Chairman, Jay Powell? How does that work?

Christine Lagarde 17:17
We talk on a regular basis with Jay Powell, and particularly in times of crisis. During the second half of March, I think we spoke, not daily, but every other day, we were on the phone to each other. And clearly, we had particular matters to address at that point. We responded collectively with other key central banks around the world to make sure that
there will be masses of liquidity around because there was this dash for cash, people in the trade, in the markets wanted to hang on to dollars and strong currencies. So we put in place the swap in the open swap lines that we had to reactivate. And we did that on a very, you know, expedited, very efficient and well coordinated basis. But in normal times, we talk also on a regular basis about our respective economic circumstances which we are facing. We talk about innovation, new developments, climate change, cbdc, and what have you. One thing that we, you know, do not coordinate is clearly our monetary policy, because we operate, as you know, in different environments with a different point in the cycle. And we are independent of each other.

David Rubenstein 18:34
Let’s talk about climate change. We just mentioned that Jay Powell has talked about the impact of climate change on the US economy. And I think it’s obviously a subject of great interest in Europe as well. How do you look at climate change and the impact on the European economy? Is that something you can deal with or simply outside of your mandate?

Christine Lagarde 18:54
I would say it’s not for us, but it’s for all of us. Those who are driving that bus of the fight against climate change are the governments, are the fiscal authorities, are the ministers of energies. And whether they remove subsidies to fossil fuel, or whether they set the right price for a carbon emission and set it up in the form of ETS of carbon tax or whatever, it’s for them to decide, and those are the most critically important decisions. In the same vein, it is for policymakers and government to regulate in such a way that we take the right both social, societal, cultural and economic decisions and deviate from where we are heading. So they are driving that bus. But it’s for us all because in whichever position we are, we can play a role. Now clearly for a central bank like the ECB, we have a mandate, but climate change has an impact, has an impact on how we are going to model our assessment of the economy, our forecast, it has an impact on how we’re going to devise monetary policy, it has an impact on where our star is going to be and how much space we have in terms of monetary policy action, it has an impact on how we manage portfolios. And as you know, because we are buying not only sovereign bonds, but also corporate bonds, clearly, we have to assess that portfolio and do proper risk management of those bonds that we have in stock and those that who will continue to buy under the purchase programs that we have in place. And we have to take that into account very much when we simplify the banking sector. So in those three dimensions, climate change actually plays a role that we need to factor in our models, our monetary policy design, and our supervision.
David Rubenstein 21:01
In the United States, income inequality has been a big issue before the pandemic. The pandemic seems to have exacerbated income inequality. Is the same issue rising in Europe? Have you had less income inequality, but has the income inequality level you had gotten to be worse in Europe? Or is that not an issue there compared to the United States?

Christine Lagarde 21:24
The inequalities, in general, have been exacerbated by the pandemic in Europe as well. Because when we look at the unemployment, the jobs that have gone, they are largely those jobs with the low skills with the younger workers and a little less so women. But the two categories that are worst hit are those with low skills, or those who have just joined the job market. It’s so no question that the impact of the pandemic has accentuated inequalities in that respect. So we’re talking about inequalities of income, possibly inequality of opportunities as well.

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David Rubenstein 23:13
So you were living in Europe for many years before you came to the United States to work at Baker McKenzie. And then also, when you were at the IMF. How would you compare your experience the United States with sexism that you experienced, written about in the United States, compared to sexism in Europe? Where is there less sexism? And do you have any comment on what is now known in the United States as Sofa Gate, where a European leader of the European Council was not allowed to, I guess, get a seat, because she was maybe a woman? At least that was how it was reported.
Christine Lagarde  23:50
David, I think there’s plenty of that still going around. And it’s very, very unfortunate and very sad. And it’s not only is it offensive to those who have to bear the brunt of it, and put up with that, but it’s a huge waste of opportunity. And it’s a huge waste of talent. I mean, it does take the form of the Sofa Gate kind of business, which is an expression of the sexism that we have around, but it also takes the form of those sorts of lack of access, discrimination, hinted biases, dismissive comments, and it goes on and on and on. And I think it would really be to the credit of policymakers, governments, leaders of institutions, leaders in the corporate world, to take a stand and steps in order to make sure that it doesn’t happen. As I said, from an economic point of view, only looking from that angle, it’s a huge waste of talent.

David Rubenstein  24:54
But do you still experience it? You’re the head of the ECB one of the most important jobs certainly in Europe, and maybe the world. Do you experience sexism at this point? Or you’re above that because of your exalted position? Or that is not the case you still experience it?

Christine Lagarde  25:09
I still experience it, of course. You know the world of finance, David. And it’s not short of sexism, that world, and I do read comments here and there, I see market observers who have those those vaguely dismissive and, and often patronizing comments about what I do or what I wear or what I say. There’s a very lovely Belgian saying which says, you know, it’s it’s to laugh if it wasn’t to cry, and and I try to stay on the loving side rather than the crying side because I don’t want to be sad.

David Rubenstein  25:46
So you were in your youth, a synchronized swimmer, and you were on the national team in France in synchronized swimming. And I know you like to swim, do you have a chance when you’re the ECB to swim anymore? Or because of Covid, there’s no swimming anymore?

Christine Lagarde  26:00
Swimming is gone, David. All the pools are closeed. And Germany is still under serious lockdown. And and I can’t wait to go back in the water and to and to swim again. Yeah.
So have you been running the ECB remotely? And is your staff working remotely? Or have you been in the office?

It's been mixed hybrid in that I spend generally about two weeks in Frankfurt one week away, because it's, you know, essentially the ECB, like so many other buildings is emptied of its of its normal staff workers. Most of them are working remotely, some of them from their apartments in Frankfurt, others from the normal residences back wherever they are from, but it's a pretty lonely place to work from. So I spent time there. But I try to also relocate a bit not too far from family members here in Paris, which is where I am at the moment, and I'm not going to pretend anything else. But I have set up a subsidiary of the ECB in my apartment. And this is the ECB base in Paris.

Let me ask you this. What about going forward in the United States, many companies and government organizations are saying, once the pandemic is over, we don't think our employees want to come back to work five days a week and work the way they used to. Um, have you had to address that issue yet? Do you think the ECB will, and other European big organizations, will come back to work five days a week in their traditional way or not?

The answer to that is no. And we are working on it. And we have been consulting with staff on it. And we are surveying staff to understand exactly how they feel about it. But we've also, all of us, I think, learned enormously from that period of time. And we we have learned skills that we didn't have, we've experienced remote working relationships, we have not lost much in terms of productivity quite sometimes to the contrary. But my my take on it is that we will probably move towards a hybrid mode model, where there will be work from home. tele working, we call it here, and work from the office and a combination of both. We work with people. And we need to have people come together, talk to each other, look at each other's eyes, body and and reaction in order to have innovation in order to have brain picking and brain sharing, which tend to produce the best outcomes. So I think it's going to be a combination of both. We need to guard against the absolute enthusiasm about teleworking, and doing everything from home because I think it raises issues of forming a community which is which is also what
work is about. And we need to guard against this work life balance, which can be really difficult to, you know, to preserve for the sanity of people, we have been very attentive to the psychological health of people, when they work remotely and they know no limits.

David Rubenstein 29:09
So if somebody wants to be an employee of the ECB, how many languages do they have to speak? What is the main language when you’re conducting business? Is it French or German or English or all of them? How do you conduct business and what language

Christine Lagarde 29:23
It will surprise you, especially now that the Brexit arrangement has just been voted by the European Parliament that sees the UK exiting the European Union, but English is definitely the lingua franca. And it’s only the Irish in the European Union who hold English as their language.

David Rubenstein 29:44
Let’s talk about cryptocurrencies for a moment. Are there many people who think it’s a great investment opportunity other people think it’s designed to do things that are elicit some people are thinking it’s the wave of the future? What is the ecbs view on cryptocurrencies?

Christine Lagarde 30:00
I think we tend to distinguish between the crypto assets, which we regard as a category of asset with its own logic, its own dynamics, and its own downside. But clearly, that needs to be supervised as such as assets, we don’t regard them as currencies. On the other hand, you know, stable coins issued eventually by big tex, such as Facebook, for instance, with dm, fall into a different category. And we would certainly like to be considered and like to play the role of a currency. And to that extent, I think that they should certainly be also properly regulated, supervised, and fall under the same category of those that conduct the same business. In other words, if they operate like a bank, if they take deposits like a bank, they should be regulated and supervised, like a bank. We look at all these things with the concern of monetary policy, financial stability, information of consumers, and the supervision that we need to guarantee to consumers of financial products, and, and security when it comes to financing of terrorism and anti money laundering regulations.
David Rubenstein 31:17
Let me ask you about digital currencies, you print the euro, and many different denominations. Do you foresee at some point that, that you will go to a completely digital euro currency? Or is that too far into the future to think about?

Christine Lagarde 31:32
No, it's not too far in the future, David. And we are actually looking at it very carefully and exploring all the options, or risks associated with those options. We have consulted with the Europeans, we had a very broad consultation to understand whether it really corresponded to what people wanted. And it seems to be the case while they insist of preserving their privacy. And we will be deciding in the summer, whether we move ahead with experimenting for a period of two years, before we really give the green light to setting it into motion. It's It's It's not an overnight process. It's a fairly complicated and highly technical adventure that we will be launching. And if you look at what has happened around the world, the Chinese have started experimenting in 2015. And they're still not about ready to launch. Sweden started back about five years ago. And they they believe that they won't be ready until 26. So all of that takes time raises a lot of issues. And, and it needs to be done. Well, I think it’s Jay who said, I don’t mind not being first, as long as I’m right. Doing it. I think we all feel about the same. If we get it done, it better be right. And we won’t get a second chance to do so. But it’s it’s what people aspire to. And it will not move cash away. I think cash will still be around.

David Rubenstein 33:08
So one of the strengths of one's currency, I presume, is the desire of people to counterfeit it. And I suppose the most counterfeited currency is the $100 bill. But is the euro heavily counterfeited? And are you responsible at the ECB for preventing counterfeiting?

Christine Lagarde 33:25
We are responsible as a euro system to issue banknotes. And to make sure that the technical devices the ink that we use the texture of the banknotes, that is a very intimate mixture of paper and and cotton is such that it will be very difficult to counterfeit. But there there are still some counterfeiting going around. Not much.

David Rubenstein 33:51
You mentioned earlier Brexit and Brexit, I guess, it’s sort of in effect. Eventually the British
parliament will finally vote for it, I assume. But what has been the impact on Europe and the EU of Brexit -- As bad as people thought not as bad as people thought or unclear yet?

Christine Lagarde 34:10
It’s a little bit early to say what the exact economic impact will be. What we already see in the trade numbers is a very significant reduction of trade between the UK and the European Union. That that is already obvious in the numbers. It has dramatically fallen on both sides, but and it’s affecting the UK more than it affects the EU, if only because of the size of the respective markets.

David Rubenstein 34:37
So when you’re dealing with heads of state or prime ministers, is it the case where you feel that you have to convince them of something or they have to convince you of something as you said, you have the authority to do what you want, but who is trying to convince who of various things in most of your bilateral conversations with heads of state or prime ministers?

Christine Lagarde 35:01
I think that, you know, the privacy of this discussion doesn’t allow me to share the content with you. What I can tell you, though, is that when I sit at the European leaders council table, I have seen during the pandemic, and in the multiple video conferences and a few physical meetings that they had a really strong sense of unity in the face of the danger that was upon all of them. And that that has has been a bit of a change. What What do we talk about, we talk about, I think that the conversations have predominantly been about the pandemic, and about vaccinations and about the implementation rollout, if effectiveness and actual support to the people because the choice was made in Europe of you know, people have a profit, and any of the the new instruments, the schemes put in place were intended to keep the economy afloat to keep income going, and to make sure that people were not losing it all, as a result of the pandemic.

David Rubenstein 36:06
Okay, and the G7 meeting is occurring in Europe in the near future. President Biden will be making his first trip to Europe as President. What are the expectations that Europeans have of this meeting? And are Europeans generally feeling differently about the United States than they did a couple years ago or under President Trump? Or is it too early to say?
Christine Lagarde 36:30
I think the next G7 will be in the UK. And there is huge expectations on the part of the Europeans because the tone at the top has changed. The conversation is different. There is a conversation with actual content, and with actual, you know, common references, common baseline, common denominator on many, many accounts. And you know, I've heard it and seen it very, very welcoming this part of the world. There is a sort of rejuvenated sense that the fraternity of arms that we had experienced decades ago is still alive, and there is a concern for each other, and a care for each other's security and destiny. Yeah, I'd be a bit romantic, but that's the way I see it.

David Rubenstein 37:21
So as you look forward to next year that over the next 12 months, the biggest challenge that you face at the ECB is getting the economy to be better than it currently is, dealing with the pandemic. What would you say is your biggest challenge over the next 12 months?

Christine Lagarde 37:38
The biggest challenge we have is to make sure that we deliver on our mandate, I think this is in a way very helpful, because we have those track or this product, which is price stability, defined by reference to our inflation aims. So everything that we have to do is riveted towards that. But of course, it doesn't come out of nowhere it comes out of an economy that is back out of enterprises that are investing consumers that are consuming and an economy that is in revival mode. And I think the jury's still out as to how will people respond post pandemic, when the constraints disappear? When containment measures are off when lockdown is lifted? Are they going to go about the business? as they did? Will the way forward be different? How will they spend? How will they use their savings? How will people invest? Will green investment be really driving the show? Will investment in digital be improving productivity? Will there be the enhancement to the economy that we aspire to? I think those are all the questions that we have, which are both exciting, and a bit worrying because we don't have the answer. So what we are trying to do is to provide in that sort of sea of uncertainty, a little bit of certainty by saying favorable financing conditions we will preserve, rest assured.

David Rubenstein 39:10
Now one of the people who it is reported twisted your arm to take this position is Angela Merkel, the Chancellor of Germany, he persuaded you to do this. And she'll be stepping
down in the not too distant future. And she’s been the leader of Germany for very long, more than a decade. What do you think the impact will be on European leadership in terms of around the world or in the impact on the EU or the ECB of not having Angela Merkel there.

Christine Lagarde 39:38
It’s clearly a seat of power that is suddenly vacated by someone who had been around for 16 years and who will be replaced by another Chancellor, whose name personality and political programs are still unknown at this point in time. So I think, you know, in such an environment as the European Union The vacuum in leadership is not for long, I would suspect that other leaders are going to step in are going to try to take a bit of that space. But at the end of the day, a country like Germany, which is the largest player in the European Union will continue to play a significant role, which is why the elections that are coming up in September are so important in terms of outcome. And I have no idea Don’t ask me. Who is next, whether it’s going to be a woman or a man? I don’t know. And I, I shouldn’t say but but it will matter enormously.

David Rubenstein 40:36
Your predecessor is now the head or Prime Minister of his country, Italy. What do you think about the idea of ECB presidents becoming presidents or prime ministers of their country? You think that’s a good question?

Christine Lagarde 40:52
I think it’s a silly question, David.

David Rubenstein 40:54
All right. So you like the title president of the ECB, but you’re happy with it just being the president of the ECB. Is that correct?

Christine Lagarde 41:02
I’ve got my hands and my brain completely full. Thank you.

David Rubenstein 41:06
Okay. Thank you very much for an interesting conversation.
Christine Lagarde is president of the European Central Bank. Previously, she was managing director of the International Monetary Fund, and served in the French government as economic finance minister and trade minister. David Rubenstein is co-founder and co-chair of the Carlyle Group in Washington, DC. He's a member of the Aspen Strategy Group. Their conversation was held by the Aspen Security Forum and the Aspen Economic Strategy Group. Make sure to subscribe to Aspen Ideas to go wherever you listen to podcasts. Follow Aspen Ideas year round on social media at Aspen Ideas. Today's discussion is from the Aspen Security Forum and the Aspen Economic Strategy Group. And this show is produced by Marci Krivonen and me. Our music is by Wonderly. I’m Tricia Johnson. Thanks for joining me.

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