Honourable guests,
Ladies and Gentlemen.

In the name of the board of the Conférence Saint-Yves, the Catholic law society of Luxembourg, it is a great pleasure to welcome you tonight and to open the annual banquet of the Saint Yves.

It is an honour to have with us, this evening, Mr. Klaus REGLING, the Managing Director of the European Stability Mechanism (“ESM”).

I would like to briefly introduce the conference of tonight with three comments on “Rescue funds”, “Stability” and “Saint-Yves”.

1. Rescue funds!

Numerous debtor countries have been facing severe external debt crisis in the last decades.

To resolve such situations, creditor countries have intervened in favour of debtor countries:

- by granting rescue loans in exchange of economic policy reforms
- or - with an increased level of intervention - by imposing core institutional changes in order to secure the repayment;
- or - and this time more extreme - by directly controlling the fiscal means of the debtor country.

This last option was used in the declining Ottoman empire when its treasury defaulted in 1875. A compromise was reached in 1881 with the creation of the Ottoman Public Debt Administration made up with representatives of the main creditor countries (European powers). This bureau of the Ottoman State was able to collect for several decades 1/3rd of the annual Ottoman State revenue - directly allocated to the reduction of debt.

The achievements of the Ottoman Public Debt Administration are still being debated among scholars. Viewed as a humiliation by many Ottomans, this institution nevertheless:

- capped a deficit which would never have been repaid by normal means;
- enabled the country to attract substantial foreign direct investment.

The management of external debt crisis by dedicated institutions can differ on their intervention / but also on their purpose. In this respect:

- the main purpose of the Ottoman Public Debt Administration was to liquidate the external debt of the Ottoman Empire;
- For the IMF, its purpose follows a global agenda and aims to support “stability in the international system”;
- And in relation to the ESM, it has been created “with a view to preserving the financial stability of the European Union”.

Further, the draft revised ESM Treaty (1st sentence) states that “The Contracting Parties” are “COMMITTED TO ensuring the financial stability of the euro area”.

2. Stability?

The nickname of our speaker, Mr. REGLING, is “Mr Stability” - in line with the mission of the ESM.

The vocation of Mr. REGLING as defender of “EU financial stability” is deeply rooted with his personal origins.

Mr. REGLING comes from the city of Lubeck - once the capital of the Hanseatic League. The Hansa can be viewed as an early attempt of a European integration / single market in the Baltic sea anchored around a German-speaking world.

Mr. REGLING started his career at the IMF then at the German Ministry of finance and at the EU Commission. Our speaker was one of the architects of the eurozone’s original rulebook “Stability and Growth Pact”.

He was appointed a head of the European Financial Stability Facility in July 2010 and then appointed as the first Managing Director of the ESM.

The role of the ESM is defined in Article 136 (3) of the TFEU: “The Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionality.”

Since its establishment, the legitimacy of the ESM has been debated in two aspects:

- its compatibility with the Treaty on the Functioning of the EU (confirmed by the PRINGLE case of the CJEU)
- and its transparency / accountability at the EU level.

In addition, the reform of the ESM has been initiated to strengthen its role in the euro area governance / and to increase its competencies (notably the ESM will become the common backstop for bank resolution).

3. And Saint Yves in all that?

It is a great honour for us to have all of you gathering tonight for our annual banquet and listening to one of the main actors of today’s EU financial policy.

Please however recall that this evening, we are gathering together in memory of Saint Yves, recognized by the testimonies of more than 250 people as a humble and good priest and as a highly esteemed judge. As a judge, Yves has constantly encouraged disputants to settle their quarrels “out of court” / and applied his talents to defend the cause of the oppressed.

Yves recalls us that, We, Lawyers, have our own duties towards the communities in which we evolve / and to work together to make society a better place.
In the last years, the main task of our Saint-Yves was to build credibility among the Luxembourg bar and more generally within the legal community. I will now leave the Secretary of the Conference Saint Yves, Me Nicolas DUCHESNE, to describe our activities during the judicial year from September 2018 to June 2019.

++ Many thanks Nicolas.

Before ending this welcoming speech, I would like to share a final thought on our work and more generally on the Church.

Two weeks ago, I went to Lisbon with my wife for the WE. I was slightly tied with the heavy workload due to the activities of the Saint-Yves; questioning even the rationale behind all this. The recent scandals related to the Roman Catholic Church did not help either.

It is in this state of mind that I attended the Sunday Mass where I sat on a bench at the back of the Church. It took a minute to discover that behind me, there was a large statue of Saint Yves – our Saint Yves! My second surprise was listening to a convincing priest (a former military) taking his mission seriously and with humility.

As from there, my mindset changed: I recalled (i) what we have received from the Church; (ii) the priests and all the good people with whom we have worked; (iii) and especially our Saint Yves’ team which I would like to thank for all the good work.

That is why I would like to take the opportunity tonight to raise our glasses in the honour of St Yves (even if he did not drink wine) but also for our chaplain who has been working for the Saint-Yves for the last 20 years!

Please enjoy the wine! One of my former parish priest was buried with a glass of wine in his hand (waiting to receive the good wine of his new life).

William Lindsay Simpson
Conférence Saint Yves
Bibliography:


Legal texts and case law:


Judgment of the Court of Justice of the EU, Thomas Pringle v Government of Ireland, Case C 370/12 of 27.11.2012, ECLI:EU:C:2012:756

Press release of the Eurogroup of 15 June 2019, “Eurogroup agrees term sheet on euro-area budgetary instrument and revised ESM treaty”, see www.consilium.europa.eu (consulted 01.07.2019). The link to the draft revised text of the treaty establishing the ESM as agreed by the Eurogroup on 14 June 2019 is made available in this press release.

Articles of Agreement of the International Monetary Fund, April 2016, see https://www.imf.org/external/pubs/ft/aa/index.htm (consulted 13.06.2019)