3-002

VORSITZ: CHRISTA RANDZIO-PLATH

(Die Sitzung wird um 15.10 Uhr eröffnet.)

Die Vorsitzende. - Liebe Kolleginnen und Kollegen! Ich eröffne die Sitzung des Ausschusses für Wirtschaft und Währung. Dies ist heute ein Moment, an dem man auch ein bisschen innehält, weil es der letzte monetäre Dialog mit dem jetzigen Präsidenten der Europäischen Zentralbank ist. Viele Menschen auf der Welt stellen sich immer wieder die Frage: Wer ist bedeutender - Greenspan oder Duisenberg? Ich denke, wir müssen diese Frage weder entscheiden noch müssen wir Meinungsäußerungen dazu kommentieren. Wir wissen, was wir die ganzen Jahre unter der erfolgreichen Arbeit des Systems der Europäischen Zentralbanken lernen bzw. auch erfahren konnten, auch wenn das Europäische Parlament nicht immer mit allen zeitlichen Verzögerungen einverstanden gewesen ist. Aber dennoch ist es gelungen, nicht nur einen erfolgreichen Abschluss der mühseligen, umfangreichen und wirklich unermesslich zeitaufwendigen Vorbereitungsarbeiten durchzusetzen, sondern es ist auch gelungen, in den fünf Jahren aus der jungen Bank, aus den embryonalen Entwicklungen heraus, eine "Erwachsenenposition" der Europäischen Zentralbank zu entwickeln, und dafür sind wir natürlich dem Rat dankbar, aber wir sind vor allen Dingen auch dem Präsidenten dankbar, der uns über die ganze Zeit in diesem monetären Dialog zur Verfügung gestanden hat.

Sie alle wissen, dass das Europäische Parlament immer auf die demokratische Rechenschaftspflichtigkeit als die andere Seite der Medaille der Unabhängigkeit der Europäischen Zentralbank gesetzt hat. Sie alle wissen, dass unser Bemühen um Transparenz ein konstitutiver Bestandteil unseres demokratischen Systems ist, und Sie alle wissen, dass auch uns durch die Antworten dieses Präsidenten manchmal Grenzen gesetzt wurden. Das verstehen wir, aber nicht immer müssen wir dann auch mit der Europäischen Zentralbank einer Meinung sein. Das Spannungsverhältnis zwischen der Unabhängigkeit, der mittelfristigen Orientierung von Geldpolitik und den drängenden wirtschaftspolitischen und beschäftigungspolitischen Fragen, die uns als Abgeordnete vor allen Dingen bewegen, führt daher oftmals zu Fragen, die nicht unbedingt immer eine befriedigende Antwort finden. Dennoch, Herr Präsident, es war eine sehr spannende Zeit, die wir mit Ihnen hatten, und wir freuen uns auf einen sehr interessanten Nachmittag mit dem monetären Dialog für dieses Jahr in einer nicht unbedingt sehr erfreulichen Zeit für die Europäische Union und die Eurozone, wenn wir von der Preisstabilität einmal absehen.

Von daher, Herr Präsident, noch ein ganz kleines unerfreuliches Zeichen, zu dem Sie sicherlich auch Stellung nehmen möchten. Ich habe hier eine neue Blüte eines Fünfzig-Euro-Scheins in der Hand. Ich möchte sie Ihnen übergeben, weil wir natürlich alle gesagt haben: Die Bürgerinnen und Bürger müssen Vertrauen in die Sicherheit des Geldes haben, und wir tun alles, damit nicht die Fälscherwerkstätten auf einem höheren technologischen Stand sind als diejenigen, die das Geld herstellen. Das Vertrauen in eine Währung gewinnt durch einen Präsidenten, gewinnt durch seine Persönlichkeit, gewinnt durch eine vernünftige Geldpolitik, durch eine Geldpolitik, die in einem richtigen Verhältnis des *policy mix* zu anderen Politiken steht, gewinnt aber auch durch das Gefühl der Sicherheit. Von daher bin ich sicher, dass nicht nur Europol sich dieser Angelegenheit annimmt, sondern dass auch die Europäische Zentralbank dieses kleine, aber für die Bürgerinnen und Bürger auch besorgniserrregende Problem zu ihrer eigenen Sache macht.

3-003

Duisenberg, *Präsident der EZB*. – Danke, Frau Vorsitzende, dass Sie mir hier jetzt einen falschen Euroschein gegeben haben, den ich unmittelbar anerkannt habe. Ich weiß nicht, wer jetzt die Strafe bekommt, Sie oder ich?

3-004

Duisenberg, ECB. - Madam President, it is my pleasure, even if it is the last time, to appear before your Committee here today. As usual, I shall start my testimony with the ECB's assessment of recent economic and monetary developments. I should then like to return to issues relating to euro banknotes and I will conclude my opening remarks with a few personal observations.

Starting with our assessment of the economic environment, the data that has become available over recent months has confirmed that real economic activity in the euro area was very weak in the first half of 2003, with a slight quarterly decline in real GDP growth in the second quarter, according to Eurostat's first estimate. At the same time, indications of an upturn in economic activity starting in the second half of the year have strengthened. In fact, survey data and financial market developments reflect an improvement in confidence. The expectation of a gradual economic recovery, starting this year and strengthening in 2004, is in line with all the forecasts and projections which have recently become available.

Both external and domestic factors continue to support the expected pick-up in economic activity. As regards the external factors, the economic recovery which is already under way in several parts of the world should lead to an increase in euro area export demand. This increase in development should counteract the effects of the loss of price competitiveness brought about by the past appreciation of the euro. Furthermore, real disposable income should be positively affected by terms of trade effects stemming from the same past appreciation of the euro. Moreover, ongoing adjustment efforts by companies to enhance competitiveness and profitability should improve the conditions for an economic upswing. In this respect, the low level of interest rates strengthens incentives to invest.

As a consequence of recent developments, downside risks to the main scenario of a gradual economic recovery have declined, although they have not

disappeared. Macroeconomic imbalances in some regions of the world still persist. Although these may not affect short-term economic dynamics, they constitute a risk over the longer term. In addition, oil price developments may also pose a risk to economic activity.

As regards prices, Eurostat's flash estimate for annual HICP inflation in August was 2.1%. Annual HICP inflation is likely to hover around, or be slightly above, 2% for the remainder of this year, not least as oil price developments imply some upward pressure in the short term. Beyond the short term, we continue to expect annual inflation rates to fall below 2% in 2004, stabilising at levels consistent with price stability. This expectation is based on the assumption of moderate wage developments in the context of a gradual economic recovery. Moreover, the significant past strengthening of the external value of the euro should continue to have lagged effects which will limit upward pressure on prices, despite some recent, albeit small, declines in the level of the euro exchange rate. Over longer time horizons, inflation expectations in the euro area seem to be well anchored at levels below but close to 2%.

As regards our monetary analysis, monetary growth has remained strong in recent months. As a consequence, there is significantly more liquidity available in the euro area than is needed to finance non-inflationary growth. This high excess liquidity is partly due to portfolio shifts and an increase in precautionary savings. However, the low levels of interest rates have contributed to the high demand for liquid assets. The current level of interest rates is also counterbalancing the negative impact of subdued economic growth on credit demand. In fact, the growth of loans to the private sector has stabilised at relatively robust levels since the beginning of the year.

At the current juncture, the ample liquidity is not expected to translate into inflationary pressure. However, monetary growth needs to be closely monitored, as the significant amount of excess liquidity could become a source of concern if it were to persist when economic activity strengthens significantly.

To sum up, and cross-checking the information from the two pillars, our economic analysis confirms the expectation that price pressures will remain subdued in the context of a gradual economic recovery and moderate import price and wage developments. The strong monetary expansion should not, in view of the economic situation, be seen as adversely affecting this outlook for the time being. Overall, therefore, the medium-term outlook for price stability remains favourable. Against this background, the key ECB interest rates are considered appropriate at present. Clearly, the Governing Council will continue to carefully monitor all factors that might affect this assessment.

Taking a longer-term view, the current level of short-term nominal interest rates in the euro area is the lowest recorded over the past 50 years. More importantly, the low level of interest rates is at present associated with inflation expectations that are compatible with price stability. This has not often been the case in the past.

In this respect, history tells us that loose monetary and fiscal policies lead to entrenched inflation processes, which in the end have adverse consequences for economic growth and employment. If we were to learn a lesson from the 1970s and the 1980s, it would be that there are high economic costs to be paid in fighting inflation once it has become entrenched. I should recall that it was this realisation which led to the worldwide conviction that monetary and economic policies should be stability-oriented.

If I look back at the early years of Stage Three of Economic and Monetary Union, I can say that I am satisfied with what has been achieved by the monetary policy of the ECB. Inflation expectations over this very challenging period indicate that there is public confidence in the fact that price stability in the euro area will be maintained. This confidence constitutes a major achievement which – through a variety of channels – contributes to raising the growth potential of the euro area.

However, I must also confess that other macroeconomic policies have not lived up to expectations.

In the area of fiscal policy, we have seen a process where commitments made have repeatedly been broken. From the start of Stage Three, some countries have not shown sufficient determination to meet one of the key objectives of the Stability and Growth Pact, namely to achieve budgets in balance or surplus over the medium term. As the times of strong economic growth have not been properly used to bring the fiscal positions of these countries onto a sustainable basis, it is not surprising that these countries have had problems during the last few years in keeping fiscal deficits below the threshold of 3% of GDP as laid down in the Treaty.

In this light, I view recent fiscal developments and the discussions surrounding the Stability and Growth Pact with great concern. There is growing evidence that most countries will miss their budgetary targets for 2003 by a significant margin. While the deterioration of budgetary balances mainly reflects the lower than anticipated economic growth, it is worrying that not all countries with severe imbalances have so far introduced sufficient consolidation measures.

The lack of fiscal discipline – and notably the lack of any clear medium-term-oriented consolidation strategies – is a factor weighing adversely on the euro area's long-term growth prospects. In order to strengthen confidence in the euro area, it is fundamental to maintain the credibility of the institutional and economic underpinnings of economic and monetary union and to abide in all respects by the agreed rules of the game. It is essential that, in the budgetary plans currently being prepared for 2004, there be a correction of excessive deficits within the agreed time-frame in the countries concerned. In the other countries with fiscal imbalances,

a structural consolidation effort of at least 0.5% of GDP per year is required. All fiscal plans need to be part of a comprehensive and credible medium-term strategy, with an emphasis on expenditure restraint and a growth-oriented restructuring of expenditure.

Another area in which we have seen insufficient progress over recent years is that of structural reforms. While some initiatives are under way, more needs to be done to address structural rigidities in the labour and product markets. I should like to emphasise that the benefits of these reforms for the economic growth potential of the euro area would be substantial. Such reforms are essential to address what is perceived as the euro area's main economic problem, namely the high level of structural unemployment. While these benefits will be fully reaped over the medium term, I am also convinced that reforms would also support economic growth in the short term, as they would strengthen confidence and make the euro area more attractive to investment.

Let me now turn to issues relating to euro banknotes. Continuing a practice that was established last year, the European Central Bank published, in July, its biannual information on the counterfeiting of the euro. The data confirmed what was expected from the outset, namely that the counterfeiting figures would increase in the early years of the new currency. In addition, because of its status as an international currency, the euro may be considered a more attractive target than any of the legacy currencies were. However, despite these factors, and although it may be too early to identify any reliable trends, euro counterfeiting has currently settled at a level far lower than the aggregate level of counterfeiting of the legacy currencies in 2001. This factor should be clearly emphasised, since much of the public reporting in this regard has been exaggerated or distorted.

The euro banknotes are designed to be among the best in the world when it comes to counterfeit resistance. Moreover, in line with the normal practice of central banks, preparatory work has begun on developing even better-protected banknotes. These may be issued towards the end of this decade. However, even the most sophisticated security devices will be useless if the banknote user makes no effort to check them. Therefore, our message to the public in our press releases on counterfeiting has consistently been that there is no undue cause for alarm about counterfeiting, but that the public should remain vigilant in checking banknotes using the so-called FEEL-LOOK and TILT test, thereby denying criminals any chance of succeeding in their attempts at counterfeiting. This remains my message.

In addition, we are also trying to identify any need for the provision of additional information and training to the general public and, in particular, to professional cash handlers, such as cashiers in shops and banks, which are normally frontline targets for counterfeiters. At the same time, the European Central Bank has been stepping up the institutional framework for combating counterfeits. In this context, I should like to refer to the close cooperation on anti-counterfeiting issues that has been established between the ECB, Europol and the European Commission. Moreover, cooperation agreements are about to be concluded between the ECB and Interpol, and between the ECB and national central banks of acceding countries.

Before concluding, let me make a final remark. As you know, this is my last testimony before your Committee. I have had the privilege to preside over the ECB for the past five years, guiding it from its very inception through a number of crucial – and, in my judgment, successful – stages, such as the introduction of the euro in 1999 and, three years later, the euro cash changeover. Both events were, in my view, major steps towards an 'ever closer' European Union, and I am honoured to have served the European public and the cause of European integration during these times.

Madam Chairman, honourable Committee Members, let me convey to all of you my sincere thanks for our very fruitful cooperation over the past few years. While we may not always have agreed on all issues, I believe that our relationship was marked by mutual confidence and a truly cooperative spirit. I have enjoyed working with you and wish you, as well as my successor, much success with the challenges that lie ahead.

(Applause)

3-005

President. – Mr Duisenberg, thank you for your personal remarks. It is very important that we see evidence of an ever closer Union, not only between governments and official institutions, but also between the human beings participating in the work, because this is a guarantee that Europe will develop further and integration will be further deepened.

3-006

Karas (PPE-DE). – Frau Vorsitzende, Herr Präsident! Ich möchte nur kurz meine Wortmeldung in zwei Teilen abgeben. Erstens, danke für Ihre Arbeit und Gratulation zu Ihren Erfolgen namens meiner Fraktion. Sie waren aus unserer Sicht der richtige Mann zur richtigen Zeit. Sie haben nicht nur eine ruhige Hand bewiesen, sondern Sie waren auch ein ruhender Pol in bewegten Zeiten, und diese Ihre Persönlichkeit hat Vertrauen geschafft. Wir wünschen Ihnen alles erdenklich Gute!

Zweitens möchte ich Sie in diesem Zusammenhang auch fragen: Was ist die wichtigste Erfahrung, die Sie gemacht haben? Was ist die wichtigste Schlussfolgerung in Ihrer Tätigkeit für unsere Arbeit, die Sie uns mitteilen wollen? Was ist aus Ihrer Sicht die Ursache, dass sich die Eurozone wirtschaftspolitisch weniger stark entwickelt als andere europäische Staaten? Wie stehen Sie zu den heutigen Zeitungsmeldungen, dass der Beginn von Basel II hinausgeschoben wird? Was ist Ihre Haltung dazu?

3-007

Duisenberg, *ECB***. –** First of all, Mr Karas, thank you for your nice words of introduction.

I believe my most important conclusion over the past five years is that the mandate of the ECB is primarily to maintain price stability. The fact that, from 1999 onwards, long-term inflation expectations have remained in the range of 1.7 to 1.9 %, illustrates the confidence that people have that their Central Bank will fulfil its mandate. The facts prove this.

The fact that those long-term inflation expectations - which are determinant of actual inflation development - have remained there over the last five years reflects the confidence that we as a Central Bank have apparently gained and, I am inclined to say, deserve for the foreseeable future. That is the most important conclusion.

My second most important conclusion is as follows: recently we have gone through a period of large, remarkable external shocks - ranging from the September 11 attacks, to oil shocks, to war, to terrorism. Before we had monetary union, these events would have wreaked havoc in the exchange markets inside the European Union. I remain convinced that because exchange rates have disappeared, there has been no such havoc. On the whole, we have come through this period of unusually large external shocks without a hitch. This has been due to the introduction of the euro and the abolition of exchange rates, actions which affected more than 300 million people - a figure that will shortly grow to 400 million.

Why has Europe grown more slowly than other areas, even neighbouring areas? I would remind you that the only way to increase the growth potential of the euro area is to implement and execute structural reforms in the labour, product and financial markets. We have been slow in doing that. If you think of neighbouring countries, Sweden might spring to mind. Sweden has shown growth figures which are more favourable than those of the euro area, but these figures appear as that country is emerging from a deep recession. Sweden thus had a lower starting point, meaning it is easier to show a better performance.

The UK is a neighbouring country and also part of the European Union. We must confess that structural reforms were started in the UK much earlier than they were on the European mainland - with the exception, perhaps, of Ireland. Ireland, however, significantly outperformed the rest of Europe; that country has started structural reforms. On the European mainland, however, we have done something, but it is far from enough.

I am not an expert on Basel II but I understand that the supervisors have had comments from the financial sector. Those comments have to be carefully considered and that may take some additional time, more time than we would have needed otherwise. The comments are relevant and - particularly those from the United States - constructive, but we need more time to interpret and to adjust to them in an appropriate way. It may therefore require more time than anticipated, but the process will come. I can assure you that this is the case in the light of my last meeting in Basel the day before yesterday, where these matters were discussed in an appropriate and constructive way. We are strongly convinced that Basel II will come, even though implementation, originally planned for the end of 2006, is now likely to take place towards the end of 2007.

3-008

Goebbels (PSE). – Monsieur le Président Duisenberg, vous avez certainement bien mérité de l'Europe et mon groupe politique et moi-même, nous apprécions la façon avec laquelle vous avez façonné cette jeune institution qu'est la Banque centrale européenne.

Mon collègue Karas vient de vous demander quelles sont les conclusions positives que vous tirez de votre action. J'aimerais savoir si vous avez également, peut-être, quelques regrets, s'il y a des actions que vous auriez aimé entreprendre, des initiatives que vous auriez aimé prendre sans pouvoir le faire.

Pouvez-vous donc nous faire part, non seulement de vos conclusions positives, mais également de vos regrets?

3-009

Duisenberg, *ECB***.** – The short answer is: I cannot think of any!

(Laughter)

The European Central Bank is not the guardian of the Stability Pact, that is the Commission, but we do support the Commission as much as possible. This may surprise you, but among the various tasks that have been conferred upon the European Central Bank, formulating and deciding on monetary policy has been the easiest. Why is that so? Because all 18 of us in the Governing Council are experts, and as far as monetary policy is concerned, we have very quickly learned to take a euro-area-wide perspective. As monetary experts, our noses all point in the same direction, as we would say in Dutch. So monetary policy has been the easiest task. What has been more difficult - and still is more difficult - is the formulation of policy in non-monetary areas.

For example, the money market in Europe was created virtually overnight after 1 January 1999. Within a few days we had a Europe-wide money market. Capital markets are a different story. These require changes in national legislation, changes in infrastructure and the cooperation of market participants. That is a slower process, but it is on its way.

As far as payment systems are concerned, we have quickly established TARGET - the Trans-European Automated Real-time Gross settlement Express Transfer system - basically by knitting together 12 or 13 existing national cross-border payment systems. Admittedly this is a patchwork, and we have now reached a stage where that patchwork needs renovation. In the meantime, TARGET has become the largest cross-border payment and settlement system in the world. We have started on the renovation process. Of course, the most efficient way

to create a pan-European cross-border payment system would without doubt be to create one pan-European platform. Every country, including the accession countries, could then jump onto that wagon when it wanted to do so.

Here we have an area where national interests seemingly obstructed the creation of such a single platform. In the meantime, developments have been such that countries now are moving towards the creation of a single platform, and that is a good thing. You could say that the fact this process has been slower than otherwise could have been the case is a negative experience: I call it quite normal. These things take time, and it takes time to take a euro-area-wide view. The same is true for bank note production, for example. We have 15 printing works in the euro area. Together they have a printing capacity which is about three times the capacity required to meet Europe's needs.

3-010
Goebbels (PSE). – So, there is a lack of structural reform as far as the central banks are concerned.

3-011
Duisenberg, *ECB***.** – That is true, but it is not only central banks. Many countries have printing works which are not owned by the central banks. Maybe we also have a cultural difference with which we are confronted.

The Treaty says that the European Central Bank or the system of European central banks is responsible for issuing banknotes. The Treaty does not talk about the production of banknotes. In some countries they have the tradition, which is sometimes over more than 200 years old, that the printing of banknotes is also considered the task of a central bank. In other countries that may not be the case. In my own country, the Netherlands, or in the United Kingdom, banknote printing has been private, also for more than 200 years. So you can see that to change this, which would be a structural reform, requires time. However, we are on the way to viable and good solutions, though it does take time in the monetary field. I would not call these negative experiences, but they are experiences requiring patience and this I do have, even though it will soon no longer be necessary.

3-012
President. – We have that experience, Mr Duisenberg.

3-013
Goebbels (PSE). – Rapidement, si j'ai bien compris le président Duisenberg, il part sans regrets, donc la conscience tranquille. Est-ce la raison pour laquelle il part le 1er novembre, c'est-à-dire le jour de la fête de tous les saints?

3-014
Duisenberg, *ECB***.** – I would have preferred November 15.

Goebbels (PSE). – That's Saint Leopold's day!

Duisenberg, *ECB***.** – It's also payday!

(Laughter)

3-015
Huhne (ELDR). – Mr Duisenberg, on behalf of the Liberal Group, I should also like to express my appreciation for cooperation with you over the last few years and particularly to welcome the improvements in openness and transparency that you have presided over in your period as President - the publication of projections, the econometric models and the willingness that you have shown with your colleagues to come before the committee. Thank you very much for all of that.

I wanted to ask you a question which tries to get away from this issue of structural reform in the European economy and looks at the amount of spare capacity in the euro zone economy compared with the amount of spare capacity that exists, say, in the United States' economy or some other economies. One measure of this is obviously the output gap on the OECD and the IMF measures of the output gap. It will peak in the euro area with a negative output gap, below potential output, about a percentage point of GDP bigger than the output gap in the United States. If you look at measures of structural unemployment and the unemployment level in the euro area it is also higher, relative to structural unemployment, than in the United States and, of course, output growth last year was very much slower.

Surely this cannot be explained in terms of structural changes? Do you agree that this says something about the cyclical performance of the euro area and how do you believe that it has come about?

3-016
Duisenberg, *ECB***.** – I cannot say, it may have something to do with cyclical developments and it may have something to do with the fact, in particular when you think of the United States, that although I complain about the loss of fiscal discipline in Europe, in the United States it seems to be even worse, and that is counteracting this persistent output gap.

Now, even though you prevented me from talking about structural change, it is a fact that flexibility in markets, both in labour and product markets, and mobility in the United States is significantly larger or better than in Europe, and that might explain in part the smaller output gap in the United States, which, although it is not absent there either, is smaller and will probably be rectified sooner.

But then there is one disquieting development in the United States as shown by the figures released last week. We can expect a sharp improvement in productivity and a declining output gap in the United States, but it is not being accompanied by an equally sharp decline in the unemployment rate. So though welfare or production may increase surprisingly fast, probably even in the third quarter of this year, it will have little or no effect in terms of reducing unemployment, part of which is

cyclical but a significant part of which could also be structural. The US is now at 6.1% of the working population and I believe we in the euro area are at 8.9%. The acceleration experienced and expected in the United States is predominantly an acceleration in the rate of increase in productivity, but not yet in employment.

3-017
Huhne (ELDR). – To follow up on that comment, do you think there is any explanation that can be given for the apparent wider cyclical performance in Europe due to either interest rates - in terms of the slowness of change - or fiscal policy in terms of the Stability and Growth Pact?

3-018
Duisenberg, *ECB*. – I would not think so as regards interest rates. Real interest rates are at a 50-year low in Europe, and I would not look for the cause of the slowness of the recovery there. It is very difficult to explain the difference. I cannot refrain from coming back time and again to the confidence figures - the lack of confidence from both investors and consumers in Europe - which is very difficult to explain but can partly be explained, I am sorry to say, by the lack of political will of our leaders, governments, trade unions and employers to push through changes that are so badly needed in Europe. That is why I said, in my introduction, that although I know that pursuing structural changes in the labour, product and capital markets will have its full effect only in the longer term, it might also have a short-term effect in the sense that it might enhance the confidence of consumers and investors if they see that governments live up to their promises.

I shall give you one example. It was, I believe, five years ago that in Lisbon our leaders concluded that we would have the most dynamic economy within 10 years. Of that 10 years about 3 years have passed, but we must still see the beginning of steps to be taken to achieve that goal. To my mind they had better hurry.

3-019
Schmid, Herman (GUE/NGL). – I have a question about transparency and openness. This is one of the areas where there have been certain disagreements between this committee and the ECB leadership.

We have been discussing, for instance, the fact that the Minutes of the board meetings are secret for 30 years. I suppose that is the average time it takes for the members of the board to pass away so that they will never have to be responsible. It is well known that we disagree on this but the reason I wanted to put this question is that in July a Member of this Parliament, a member of the Budgetary Control Committee, visited your bank on official business and asked to see the budget of the bank. He was refused this on the grounds that your budget is a secret. I should like to ask you what is in your budget that cannot be disclosed to the public.

3-020
Duisenberg, *ECB*. – I cannot think of any budget item in particular, but it is a matter of principle: as far as the budget is concerned we are controlled by the European Court of Auditors, to whom we give every detail of the budget and its implementation and execution. The Court of Auditors then reports to the European Parliament. There you have your direct or indirect information. That is the way laid down in the Treaty, and that is the way we intend to continue to handle it.

3-021
Schmid, Herman (GUE/NGL). – I did not understand the principle. Why would you not be able to give information to the Court of Auditors and to the public?

3-022
Duisenberg, *ECB*. – We give the information to the public through the Court of Auditors. That is much better because one then has access to the information in question together with the judgment of the Court.

3-023
Schmid, Herman (GUE/NGL). – But there is a kind of difference between insight and output of information. We asked for insight, you offer us output.

3-024
President. – Mr Duisenberg has no further answer.

3-025
Blokland (EDD). – Dank u wel mevrouw de voorzitter, ik wil de heer Duisenberg allereerst hartelijk bedanken voor zijn bijdrage aan de Europese Unie. In het bijzonder zijn wij u dank verschuldigd voor uw werk rond de introductie van de euro en voor het bewaren van de monetaire stabiliteit in de afgelopen jaren.

Als we terugkijken naar die afgelopen jaren waarin we toch vooral een groeiende economie hadden, kunnen we ongetwijfeld lessen trekken voor de toekomst. In Nederland heeft minister Zalm van financiën inmiddels de les getrokken dat in een periode van sterke economische groei de overheidsfinanciën anders aangewend hadden moeten worden. Er was dus sprake van een verkeerd economisch beleid. en dat ondermijnde in zekere zin het monetaire beleid van de ECB. Wat dat betreft ben ik ook zeer content met datgene wat u over het groei- en stabiliteitspact hebt gezegd, maar kunt u ook aangeven wat volgens u de belangrijkste lessen zijn die we nu kunnen trekken met betrekking tot het monetair en economisch beleid dat in de Europese Unie de afgelopen jaren is gevoerd?

3-026
Duisenberg, *ECB*. – Especially where monetary policy is concerned, the most important lesson that we can draw from the past five years is that we would be well advised - and my successor or successors will be well advised - to continue what we have been doing. I see no need for change in monetary policy.

As regards fiscal policy, the most important lesson is that governments should learn that, in times of economic growth, as we saw in 1999-2000, they should use such an opportunity to push through budgetary consolidation efforts so as to fulfil the mandate given to them by the Stability and Growth Pact.

It is not all doom and gloom. However much I criticise, we should not forget that, of the 12 participating countries in the euro zone, eight - albeit the smaller ones - have achieved what they have promised. It is precisely this fact which for me, and for others, makes it so unacceptable that those countries which have not used the favourable opportunities now seem to be in trouble and try to avoid it by either wanting to bend or change the rules of the game while we are still in the middle of it. I am inclined to say that those who now find themselves in an offside position should accept a free kick against them.

3-027

Radwan (PPE-DE). – Frau Vorsitzende! Ich war ganz irritiert durch den Applaus von der Kollegin Lulling! Zum Stabilitäts- und Wachstumspakt, Herr Präsident. Sie haben diesen zu Recht immer wieder angemahnt und auf die entsprechenden Reformen in den Mitgliedstaaten gedrängt und dieses regelmäßig betont. Jedes Mal, wenn man zurückschaut - leider ist das heute Ihr letzter Besuch -, hat man den Eindruck, als Sie das letzte Mal da waren, war es besser als es inzwischen ist. Es ist also von Mal zu Mal schlechter geworden, was mit Sicherheit nicht an Ihnen lag, sondern an den Politiken in den Mitgliedstaaten, und natürlich kommt dieser Stabilitäts- und Wachstumspakt gerade durch die großen Länder mehr und mehr unter Druck. Wenn Sie jetzt heute zum Abschluss einen Wunsch hätten als Präsident, was wäre denn jetzt aus Ihrer Sicht zu tun, damit wir die Mitgliedstaaten wieder auf die Schiene zurückbekommen, eine stabilitäts- und wachstumsorientierte Politik zu machen? Was erwarten Sie? Was wird die Kommission im nächsten Jahr alles zu machen und durchzusetzen haben, damit wir dies auch erreichen?

Zweite kurze Anfrage: Sie sind auf den Zahlungsraum eingegangen. Wir haben jetzt einen Währungsraum, und die Kommission arbeitet an einem Zahlungsraum. Wir wollen einen Binnenmarkt haben, und hier gibt es auch sehr viele Vorgaben oder Planungen seitens der Kommission. Was sind für Sie die nächsten wichtigen Schritte, insbesondere im Zahlungsbereich, um diesen zu verwirklichen?

3-028

Duisenberg, *ECB***. –** Well, on the first question, I am very hesitant to try to govern from beyond the grave. I imagine that tomorrow you will have every opportunity to ask this very same question.

What is the next step on payment systems? First of all - and we should thank the European Commission for this - I would recall that, as of 1 July 2003, retail payments or payments by retail clients across borders can now be made for free, just like domestic payments. I am not saying that it is equally easy: there is now a complicated system of IBAN and BIC codes which must be memorised along with the traditional bank account number. But it can be done.

I no longer have to even enter a bank to make a payment: I can do so electronically. When I receive my salary in Frankfurt and I want the money in Amsterdam, I can do that almost as easily as before, and it is free. That is a major achievement and an advantage for consumers in Europe.

The next step that must be taken is to build a more efficient trans-national real-time gross settlement payment system. We are working very hard on that. It is estimated that a period of between five and seven years will be required to develop and put in place the software necessary for this system. We are also doing all we can to help the accession countries avoid making huge investments in the creation of payment systems, as they could easily share in the system which is being developed for Europe as a whole. I believe that is the next most important step in the field of payment systems.

3-029

Radwan (PPE-DE). – Frau Vorsitzende, Herr Präsident! Abgesehen davon, dass Sie jetzt diesen Wunsch nicht geäußert haben. Aus Ihrem Haus kam ja - so wie ich das vernommen habe - doch Kritik an dem *European Payment Council* und den Fortschritten, die in diesem gemacht werden. Halten Sie die Erreichung dieses *Single Payment Area* eher durch Selbstregulierung für möglich? Sind Sie mit der Arbeit der Banken in diesem Bereich zufrieden oder sollten hier Kommission und Parlament doch noch weitere Vorgaben machen?

3-030

Duisenberg, *ECB***. –** The Commission has been very active and has already achieved very much. It is primarily a task for the Commission to stimulate the banking system to achieve a one-payment system for the entire euro zone.

We have regular contact with the banking system, but it is not our primary duty. However, we do and can use a lot of moral persuasion to convince the banking system - and it is convinced - that a payment from Palermo to Milan should be as easy and of the same cost to the consumer as a payment from Palermo to Dublin.

3-030-001

Die Vorsitzende. – Herr Präsident! Ich möchte, weil Herr Radwan nicht auf diese Initiative des Parlaments eingegangen ist, noch anmerken, dass Sie eigentlich in erster Linie dem Parlament dazu gratulieren sollten, dass wir heute die Verordnung haben, denn es waren fraktionsübergreifend insbesondere weibliche Mitglieder des Ausschusses in der vorherigen Legislaturperiode und in dieser Legislaturperiode, die für die Gleichstellung des inländischen und des grenzübergreifenden Zahlungsverkehrs eingetreten sind. Einige sind jetzt hier nicht mehr Mitglied, aber ich möchte noch einmal unterstreichen, dass sowohl die Banken als auch die Kommission und der Rat immer wieder über zehn Jahre lang vor diesem Ausschuss unterstrichen haben, dass dies nicht möglich sei. Insofern ist es natürlich gut, dass die Realität heute eine ganz andere ist.

3-031

Duisenberg, *ECB*. – Congratulations, Madam Chairman!

3-032
Katiforis (PSE). – Mr Duisenberg, I certainly join in the congratulatory mood of the day which you fully deserve and, commenting on the remarks of our Chairman - whether one would prefer a Duisenberg or a Greenspan - I would say that, despite the fact that I deeply disagree with your monetary policy, I would undoubtedly prefer a safe Duisenberg to a Greenspan, who has been doing little else but stoking the flames of speculation while talking of irrational exuberance.

Let us leave that aside. I was very interested to listen to you repeat the famous verses of Edith Piaf: '*Non, je n'ai rien, non, je ne regrette rien*'. So you do not have any regrets either. However, in my assessment of your performance over the 19 sessions during which we have had the honour of debating things with you, you have been very ably defending a well-organised dogmatic position against the possibility and the evidence of reality. Allow me, therefore, to take a selection of that evidence and ask you whether you insist that your position cannot be shaken.

First of all, you refer to the experience of the 1970s and 1980s, presumably the inflationary experience. You did not say anything about the experience of the 1950s and 1960s, when we had high inflation but a 5% growth rate and 0.5% unemployment. Would you not pay 6% inflation for those real effects on the economy?

Secondly, as regards a fiscal injection of USD 540 billion to the American economy, do you seriously maintain that this has no impact on the level of employment of the American economy?

Finally, would you insist that raising the interest rates six times in one year - i.e. in 2000, when we had high growth rates in Europe, which was followed by three years of depression, was something that you do not regret?

3-033
Duisenberg, *ECB*. – I would say, Madam Chairman, that in the 1950s and the 1960s we had higher growth figures and lower inflation figures, but as I quoted in the case of Sweden earlier, we came out of a trough which had been created by the Second World War, and we were in a period of recovery of our total infrastructure and growth. That is quite different from when you are in a period where the infrastructure is there, where the investments have been made, and where basically the economies are much more mature than they were at that time when Europe had to crawl out of devastation.

Does the American deficit of USD 500 billion also have no impact on employment and growth? Well apparently not yet on employment, but it does on growth. But is this sustainable? Is repeating deficits of a magnitude close to 5% of GDP - different music to the 3% we are hearing in Europe - sustainable year after year after year? The clear answer, which we would also hear from American observers, is no. In the end it will be self-defeating, and in the end if you have such deficits, you cannot expect economic growth alone to rectify those deficits. I forecast that in the end measures will also be necessary on the other side of the Atlantic to rectify this situation, measures both in the sphere of expenditures and of taxation, though I realise that we should not expect those measures at a time when we are entering an election year in politics.

Your last question, I am sorry to say I have forgotten.

3-034
Andria (PPE-DE). – Signor Presidente, mi unisco naturalmente alle congratulazioni espresse dai colleghi. In particolare mi congratulo per alcune scelte coraggiose, tra cui ricordo l'abbassamento dei tassi in un momento difficile, caratterizzato da una situazione prebellica. Sottolineo pertanto non solo l'aspetto tecnico ma anche il carattere coraggioso delle scelte da lei operate.

Lei si è espresso molto categoricamente sui compiti della Banca centrale europea e ha spesso specificato e precisato che il compito è quello di guardare alla stabilità dei prezzi, quindi all'inflazione. Tuttavia, vorrei potermi soffermare non sull'aspetto inflativo come fatto a sè stante - indipendentemente dal fatto che, a mio avviso, nella politica corrente il tasso d'inflazione è molto superiore ai dati forniti - ma sull'inflazione, quindi sulla stabilità dei prezzi, riguardo alla tutela del risparmio.

Nella sua introduzione lei ha evidenziato che la vera forza economica di una nazione risiede nel risparmio. Attualmente ci troviamo in una situazione caratterizzata da un'inflazione superiore alla redditività del risparmio. Ritengo, pertanto, che la politica della Banca centrale europea debba o essere molto più incisiva nel contenimento del dato inflativo o comunque svincolare la redditività del risparmio dal tasso di riferimento.

Una seconda osservazione brevissima: non lamento questo ritardo di applicazione di Basilea II. Anche se gli sforzi sono stati generalizzati per una tutela delle piccole e medie imprese, rimango del convincimento che Basilea II si tradurrà in una forte restrizione creditizia, che penalizzerà sicuramente le zone non molto avanzate sotto il profilo economico.

Infine, per quanto riguarda le banconote da 1 e 2 euro, io inviterei ad una riflessione sulla stampa di queste banconote, affinchè la presidente Randzio-Plath non possa esibirle come moneta contraffatta.

3-035
Duisenberg, *ECB*. – I did not quite understand when you said that the rate of inflation is higher than the rate of return on savings. We have positive interest rates. This indicates that when you save, you can earn more than the sums whittled away by the current rate of inflation - a rate of 2%, on average, for the remainder of this year and less for next year. With all due respect, you

have to be a very poor investor if you cannot make more money, if you have savings, than 1.5% or 2%.

I would also point out that the ECB is an observer in the preparatory committee of the Basel Committee of Banking Supervisors, which is a G-10 Committee currently led by a non-G-10 country Governor, namely Jaime Caruana of Spain. I cannot comment on that. I am not enough of an expert, given that the ECB has only a very marginal mandate as far as banking supervision and regulation is concerned. As you know, these areas fall under the principle of subsidiarity and are left to the national authorities.

On the issue of the one and two euro banknotes, the Governing Council has decided that it would be unwise, so soon after the introduction of the current bouquet of seven banknotes, to start thinking about introducing another one. We will come to a decision - but I do not know how or whether it will be positive or negative - when the second series of banknotes is introduced and issued.

I should also like to indicate once more that, currently, according to our inquiries, the wish to have a one euro banknote is strong in two countries, Greece and Italy, and is reasonably strong in one other country, namely Austria. In all other countries of the European Union the wish to have a one euro banknote is less than enthusiastic.

3-036
Andria (PPE-DE). – Una sola precisazione, signor Presidente, per quanto riguarda l'aspetto del risparmio e l'aspetto dell'inflazione. Anche in considerazione del mio trascorso di banchiere, non posso che riferirmi alla povera gente, alla gente umile, che risparmia con il proprio sacrificio e utilizza delle forme di risparmio tradizionali, correnti: mi riferisco al libretto di risparmio bancario o a un pronto contro termini. Sostanzialmente posso dire che in Italia, dove l'aspetto inflativo è maggiore - tra il 2,7 e il 2,8 per cento - oggi la retribuzione di un risparmio non speculativo si attesta intorno all'1,8-1,9 per cento, quindi sicuramente con una perdita reale netta per quanto riguarda l'aspetto concreto.

3-037
Randzio-Plath (PSE). – Herr Präsident! Dann kann ich zu Ihren Erklärungen eine Frage stellen: Ihrer Ansicht nach kann es keine *ex ante* Koordinierung zur Herstellung eines ausgewogenen *policy mix* in der Eurozone geben, weil die Unabhängigkeit der Zentralbank berührt sein könnte. Es könne nur eine *ex post* Koordinierung geben, die ökonomisch und auch beschäftigungspolitisch keinen Sinn mache. Nun frage ich Sie: An der Unabhängigkeit der amerikanischen Notenbank hat niemand Zweifel; an der Unabhängigkeit von Herrn Greenspan hat niemand Zweifel. Ist nicht vielleicht die Zukunft des *central banking* eher die Zukunft des amerikanischen Konzepts als des Konzepts, das Sie eingebracht haben? Wird das bedeuten, dass wir eines Tages doch stärker auf eine Art horizontales Mandat kommen müssten, als das heute im Vertrag von Maastricht enthalten ist? Wir haben ja im Laufe der letzten Jahrzehnte einen großen Wandel in der Rolle des *central banking* gesehen. Die Unabhängigkeitsmarge des *central banking* war durchaus nicht selbstverständlich. Ist nicht vielleicht dann bei der Zukunft des *central banking* gerade in dieser Richtung mit einem Wandel zu rechnen?

3-038
Duisenberg, *ECB***.** – The fact that there can be no question of *ex ante* coordination of monetary and fiscal policies derives not so much from the fact that it would compromise the independence of the Central Bank, but from the fact that it would compromise our dedication to our primary mandate. If we were to coordinate, *ex ante*, our monetary policy with the fiscal policies contemplated by the different governments, we would have to make concessions regarding the pursuit of our primary mandate, which is, I am sorry to say, price stability.

We are at least as independent as the Federal Reserve System in the United States. Our democratic accountability to this Parliament is equal to the democratic accountability of the Federal Reserve System to the American Congress. Just as I have a dialogue four times a year with your Committee, so Mr Greenspan has a dialogue four times a year with the American Congress. If your understanding of a more horizontal mandate is that the Federal Reserve can choose which goal it wants to pursue at any time - be it price stability, maximising economic growth, promoting an equitable distribution of income (although I do not know how this would be done with monetary policy), promoting employment or fighting unemployment - my colleagues in the Governing Council and I prefer our unambiguously stated mandate.

Our prime concern should be the preservation of price stability, and, without prejudice to price stability, we should promote the general goals of the European Union as set out in Article 2 of the Treaty on European Union. Admittedly, that leaves us with less discretion to hop from one mandate to the other, but it gives more clarity to the people and to the markets as to what we are supposed to do and what we are actually doing.

3-039
Randzio-Plath (PSE). – Herr Präsident! Dann liege ich aber auch mit meiner Annahme richtig, dass es in einer Zeit der nicht vorhandenen inflationären Spannungen wie heute, wenn zum Beispiel der Stabilitätspakt von bestimmten Staaten nicht eingehalten wird, keine Reaktion der Europäischen Zentralbank geben würde, die darin bestehen würde, die Zinsen nicht zu senken oder sogar zu erhöhen, um die Finanzminister zu einer bestimmten Politik anzuhalten. Mit solchen Sanktionen müssten wir dann bei dieser Interpretation der Rolle der EZB auch nicht rechnen.

3-040
Duisenberg, *ECB***.** – That is correct, Madam Chairman.

3-041
Schmidt, Olle (ELDR). – Fru ordförande! Herr Duisenberg, min fråga handlar om öppenhet och insyn,

ett återkommande tema här i utskottet. Som ni vet, röstar vi på söndag i Sverige om huruvida vi skall införa euron; det är därför jag bär detta ja-märke.

En av de viktigaste frågorna inför folkomröstningen har handlat om ECB:s öppenhet - eller snarare brist på öppenhet. Av de sex krav som vi i Europaparlamentet ställde på ECB i vårt betänkande om ECB:s årsrapport för 1999 har ni, herr Duisenberg och ECB, gått oss till mötes enbart i de tre fall som Huhne nämnde tidigare. Det återstår fortfarande tre krav att uppfylla, nämligen att presentera en analys över den ekonomiska utvecklingen inom varje medlemsstat, liknande "den beige boken", offentliggöra protokollen och redogöra för hur man har röstat samt de skilda argumenten bakom röstningen.

När ni nu snart skall lämna er post, herr Duisenberg, kan ni ju också kosta på er litet större djärvhet och mer öppenhet. Min första fråga är därför: När kommer våra tre återstående krav att kunna uppfyllas? Den andra frågan är: Varför är inte ECB redan i dag lika öppen som t.ex. Sveriges riksbank, där protokollen offentliggörs inom två veckor?

3-042

Duisenberg, *ECB***. –** Madam Chairman, I know I am in danger of becoming very boring, but I have so often explained to this Parliament why we do not publish records so soon, why we do not publish minutes, why we do not publish voting records, and that is because we are a very special institution.

We are special in that we consist of 12 nationalities as a Governing Council, and with you I would hope that we will soon consist of 13 nationalities. But leaving that aside, we very much fear that if we were to publish all those things that you ask us to, those who vote and whose votes could be identified and recognised would come under pressure from their national governments or parliaments to vote differently in future, for purely national reasons and considerations. One of the Governing Council's greatest assets is that it has always taken a euro-area-wide point of view, and I would hate to lose that.

I shall never forget that when we took a monetary policy decision to change rates for the first time in April 1999, I called my colleagues in the Governing Council two days before and said to them: 'Next Thursday you can expect a proposal from me to lower interest rates by 50 basis points'. One of the governors exclaimed: 'Oh no, not for my country!'. I interrupted him with a 'Yes, but' and then he interrupted me and said: 'I know what you are going to say. You say Mr X takes a euro-area-wide point of view.' I said: 'Precisely.' He said: 'I know, I was only joking. You have my support, not only for next Thursday but also for today'.

Had this conversation been on the record and published, I am sure that this particular member of the Governing Council would have come under national pressure: 'Why did you agree to change interest rates when it was so clearly not in our national interest to do so?'. That is basically why we do not do it.

3-043

Schmidt, Olle (ELDR). – Madam President, this is, of course, a very important moment for us in Sweden so I would give Mr Duisenberg a final opportunity to give the best argument for the Swedes to vote for the euro on Sunday. Could you give your best argument? Now you have your chance.

3-044

Duisenberg, *ECB***. –** I hesitate to do that, Mr Schmidt, because the Swedes are a very adult and well-educated people and they can make up their own minds. However, I am inclined to say that the Swedes should realise that by saying no they forego the opportunity to do away with the vagaries of the exchange market for their foreign trade to which they will then remain subject for years to come. We have to realise that the bulk of the foreign trade in Sweden is with the euro area.

3-045

Purvis (PPE-DE). – Mr Duisenberg, you have had many compliments this afternoon and rightly so. I should just like to add my compliment, particularly for the very generous way that you respond to this committee. It has been very interesting to hear your views over these years.

However, before you set off for the fishing rivers of Scotland, I wonder if you could take this opportunity to be brutally frank and honest with us as to whether these dialogues that you have with Parliament and this committee are really useful to the ECB and to yourself, whether indeed they have any effect or influence on the ECB's policies, whether there is something more we could do to make them better or improve them, whether we could somehow contribute more influence to what happens in Frankfurt towers. Are there any more things that we could consider? For example, tomorrow we are going to be interviewing your successor and considering his confirmation but, as I understand it, whatever we decide will not make an awful lot of difference. Should we have more say in whether he or your successors be confirmed? Are there other things that we could retain for improving the democratic interface that the ECB has with the people of Europe through this committee?

3-046

Duisenberg, *ECB***. –** You can rest assured, Mr Purvis, that on the question 'Is this dialogue at all useful?', the answer is yes. We constantly, in our internal deliberations, take into account the exchange of views which we have with you, and we either follow your suggestions or we reject them; but if we reject them we do so with good reason, and we know that we have to explain why we rejected them. Therefore, it stimulates our thinking. I find it hard now to think of specific examples; but the layout and content of our annual report, for example, has developed over time in line with wishes voiced in this Parliament and in this Committee.

When this Committee has asked us to pay more attention to this or that aspect, we have listened carefully and we

have done so. There are also examples - but I cannot think of them and if I could think of them, I think I would not mention them - where we have for good reason neglected or rejected your advice, but at all times this dialogue gives us reason to think and to contemplate. Therefore, I do indeed regard it as very useful.

Is there more you could do? I am inclined to say that I leave that up to your inventiveness and that of my successor. I cannot think at this moment of anything more that you could reasonably do. I would also like to say that we highly appreciate the informal contact which we have from time to time with your Committee. I just learnt from the Chairman that the scheduled informal contact for October had to be postponed until December. I am inclined to say that I regret this because I am now deprived of my last chance to meet with you again.

3-047

Mayer, Hans-Peter (PPE-DE). – Frau Vorsitzende, Herr Präsident Duisenberg! Ich möchte auf die Geldwertstabilität und Preisstabilität zurückkommen. Sie haben mehrfach heute mit Recht gesagt, dass Sie eine stabilitätsorientierte Geldpolitik machen und gemacht haben. Ein Instrument, um diese Stabilität zu wahren, ist der Stabilitätspakt. Auch den haben Sie erwähnt, und Sie haben gesagt, dass Zusagen der Länder immer wieder nicht eingehalten wurden. Die Überwachung des Stabilitätspakts obliegt der EZB im Sinne der Stabilität und der Kommission im Sinne der Einhaltung des Pakts, wenn wir dieses zusammengesetzte Wort auseinander nehmen. Die Sanktionen allerdings kann nur die Kommission verhängen, und Sie haben gerade auf die Frage der Frau Vorsitzenden gesagt, Sie wollten nicht selbst Sanktionen ergreifen, zum Beispiel durch Zinserhöhungen oder ähnliches. Besteht eigentlich Einigkeit zwischen Ihnen und der Kommission in der Frage der Auslegung und Anwendung des Stabilitätspakt, also den Spielregeln, die Sie erwähnt haben? Wie stehen Sie insbesondere zur derzeit immer stärker aufkommenden Diskussion um die weiche Auslegung des Stabilitätspakts, insbesondere der 3%-Klausel? Welche Gesetzesänderung oder Gesetzesverstärkung, welche Sanktionsverstärkung könnten Sie sich hinsichtlich des Europäischen Parlaments vorstellen? Zögern Sie bitte nicht, uns auch einen Rat für die Zukunft zu geben, denn die Stabilisierung des Stabilitätspakts ist, wie ich meine, eine wichtige Aufgabe des Parlaments.

3-048

Duisenberg, *ECB***.** – I cannot comment on individual countries. I do that internally, but I cannot do that in public in Parliament. I have had contact with the Commission and I have assured it that if it follows its mandate and its task in a strict way, the ECB will be 100% behind it. I will give that support both in public and in private.

As to the question of whether I am in favour of a broader interpretation of the rules of the game, the answer is no. I cannot be clearer than that.

3-049

Färm (PSE). – Fru ordförande! Herr Duisenberg, det är alltid väldigt spännande att lyssna till er. Eftersom jag är svensk socialdemokrat på ja-sidan, vore det förstås ännu mer spännande om Sverige blev medlem. Vi får hoppas att det kan bli så framöver.

Jag förstod på ert svar till Olle Schmidt att ni inte gärna vill lägga er i den svenska folkomröstningskampanjen, vilket jag respekterar. I den svenska debatten diskuteras emellertid också ett par mycket principiella frågor som ni kanske kunde kommentera på något sätt. För det första undrar jag följande: Vilka risker, monetärt, tar ett litet land genom att gå sin egen väg? Hur kan det påverka den monetära stabiliteten om vi börjar få osäkra tider? Blir ett litet land med en flytande växelkurs mer sårbart? Eller kan den flytande växelkursen möjligen rentav vara ett skydd eller en fördel?

Det andra som jag skulle vilja få svar på är: Hur tror ni att ett litet land som går sin egen väg påverkas när det gäller räntenivån? Riskerar man att få betala ett slags riskpremie och tvingas hålla högre räntor mot bakgrund av att vi har en mindre och mer sårbar valuta? Vilken är er inställning i dessa mer principiella frågor?

3-050

Duisenberg, *ECB***.** – Interest rates hardly constitute a principle, so I cannot comment on that.

What economic risks does a country take when it is a Member State of the European Union but is not a part of the euro area? The risks are as follows: first, the country concerned is marginalising itself, both economically and politically. It is putting itself outside the mainstream of decision-making, and that is an enormous risk.

The next risk is that such a country exposes its industry and services sector to what I referred to earlier as the vagaries of exchange rate fluctuations: you cannot always be sure that these will be in your favour. They can also work against you. At any rate, they will increase the uncertainty with which entrepreneurs are faced in making future investment decisions.

Third, it is certainly more interesting for foreign investors to invest in an area where they run no exchange rate risk, than in an area where they run such a risk whilst exporting or delivering to a no-risk area. Those risks are certainly there, but then again in my experience the Swedes are very adult people. I am reticent about giving advice on this matter because I do not to risk being counterproductive. In the UK they would say: 'Now that this bloody foreigner has advised us to go in that direction, we shall certainly go in the other direction'.

(Laughter)

I am afraid to say it might happen in Sweden.

3-051

Färm (PSE). – Mr President, thank you. I certainly respect that.

3-052
Villiers (PPE-DE). – Mr Duisenberg, understandably you have had some quite harsh things to say about the way some countries are treating their obligations under the Stability Pact and you have emphasised your strong support for that Pact. I would be very interested to hear you expand on these views. If we do not see a change from the governments that are breaking the rules, how do you expect that to impact on your interest-rate setting decisions? Presumably, it must have an impact at some point. What would you expect that impact to be if things carry on as they are at the moment?

Secondly, I would like to ask you about the exchange rate, to see whether it is a matter of concern for you at the moment. If, for example, the spot exchange rate were to hit 1.2% - which is not very far away at the moment - would that have an impact on your interest rate decisions?

3-053
Duisenberg, *ECB***.** – The first question, Madam Chairman, is very hypothetical and I hate to answer such questions. If something goes wrong with the Stability and Growth Pact, will that by itself have an impact on interest rate decisions? I am inclined to say that in the future, the primary considerations to determine changes in the monetary policy stance will always derive from our primary mandate: what will happen to price stability? If price stability were to be undermined in the medium term, then there would certainly be a monetary policy reaction, but that would first have to occur.

If the exchange rate were to hit 1.2% - it once hit 1.19% and we are now at 1.12% - it would make our task of maintaining price stability easier. It would certainly make our export performance more difficult. We would become more expensive to the outside world but, again, we would look primarily at the impact on price developments and whether that would change significantly from our present expectations. Our present expectations are that for the next two years we will have inflation below, but close to, 2%. That is why we say our monetary policy stance is appropriate. If that assessment were to change, then the monetary policy stance would change. I cannot say whether this is caused by the exchange rate or other factors. There may also be developments in the wage sector, in labour markets, in the tax sector or in oil prices. We would have to take all those factors into account.

3-054
Langen (PPE-DE). – Frau Vorsitzende, Herr Präsident! Ich möchte Ihnen ausdrücklich für Ihre hervorragende Bilanz in Ihrer Amtszeit danken und Ihnen dabei auch dafür danken, dass Sie alles unternommen haben, um die Unabhängigkeit der Europäischen Zentralbank zu sichern. Dazu gehört auch, dass Sie sich nicht darauf eingelassen haben, von der *ex post* zur *ex ante* Koordinierung überzugehen. Ich sage das ausdrücklich auch im Widerspruch zur Vorsitzenden. Dazu gehört auch, dass Sie alle Forderungen nach anderer Art von Transparenz zurückgewiesen haben. Ich finde das exzellent. Das ist eine positive Bilanz Ihrer Arbeit.

Ich möchte zwei kurze Fragen stellen. Sie haben eben gesagt, zu einzelnen Mitgliedstaaten äußern Sie sich nicht, und Sie haben gesagt, "die Spielregeln nicht grundlegend ändern". Nun hat Herr Prodi - Sie haben ja die Kommission gelobt - eine intelligentere Auslegung der Spielregeln gefordert. Ich weiß nicht, was ich mir darunter vorstellen kann, wenn es nicht eine grundlegende Änderung ist, und der französische Finanzminister Mer hat gesagt, es interessiere ihn überhaupt nicht, das sei eine französische Angelegenheit. Was halten Sie davon?

Zweitens: Ist die EZB mit dem Verfassungsentwurf des Konvents zufrieden oder sehen Sie die Unabhängigkeit in Einzelpunkten und die Einheitlichkeit der Vertretung nach außen in internationalen Gremien durch diesen Entwurf gefährdet?

3-055
Duisenberg, *ECB***.** – Mr Prodi is a former professor, and if he asks for a more intelligent interpretation of the Stability and Growth Pact of course I have to listen to him seriously, but I too am a former professor and I cannot think of a more intelligent interpretation.

Are we satisfied with the Convention? By and large, yes. Are there certain things which we would like to change? The answer is also 'yes'. International representation is important, but that appears in the second draft, so something has been done to our satisfaction.

Two main points where we would like the Convention or the Intergovernmental Conference to take a chance - I am not quoting by heart - are the following: first of all, in Part I of the draft Constitution where amongst others the goals of the Union are enumerated or described, the words 'price stability' do not appear and this we would be highly in favour of. I am not saying that price stability is neglected, since it does appear in Part III, but in Part I the goals of the Union are formulated, and we would very much welcome it if price stability or, if you want to call it, 'non-inflationary growth' - it amounts to the same thing, but it may be more understandable for the public or politics at large - were to be moved to Part I, which is the core of the Convention.

Secondly, the core of the euro area central banking system is the euro system, that is the ECB plus the participating national central banks. The concept of 'euro system' appears nowhere in the Treaty. Soon we will have a European Union which consists of fifteen plus ten, i.e. twenty-five countries. Out of those twenty-five countries only twelve will, for the time being, participate in the euro and be part of the euro area. Together with the European Central Bank they will form the euro system. We are not pleading for a new institution but we are pleading for the recognition of what is really the central banking system of the euro area, that is not the ECB, that is not the sum total of national central banks, that is the euro system.

I often say the euro system is to be compared with a wheel where the national central banks form the spokes and the ECB forms the axis. Without either of them the wheel would not roll. Both have to be there, but there is no recognition of them in the Treaty. The Treaty speaks about a European system of central banks, which will soon comprise twenty-six central banks. But the real central bank of the euro area for years to come is less than half of that, namely the euro system, and for that reason we have pleaded and we are still pleading for that recognition. First we pleaded with the Convention under the chairmanship of President Giscard d'Estaing, now we are pleading for the same thing with the Intergovernmental Conference, and I would greatly appreciate it, I must say, if the European Parliament could help us a little bit in that regard.

3-056

Santos (PSE). – Senhor Presidente do Banco Central Europeu, o senhor presidente afirmou que este ano a maioria dos países não irá cumprir os seus compromissos em matéria de política fiscal. Isso é verdade. Mais grave do que isso, no entanto, é o facto de a própria Zona Euro, no seu conjunto, não cumprir esse compromisso e sobretudo o facto de mesmo muitos dos países que vão formalmente cumprir o compromisso o fazerem por meio de "habilidades" contabilísticas que o Eurostat tem vindo a aceitar, mas que não contribuem em nada para a consolidação financeira e para a criação de condições de confiança junto dos agentes económicos.

O senhor presidente também afirmou que as reformas estruturais não têm sido feitas ou têm sido feitas com bastante atraso e que isso é mau, obviamente, para o desenvolvimento e o crescimento económicos da Europa. Não o afirmou o senhor presidente, mas foi afirmado por alguns deputados, nomeadamente o colega Katiforis, que a política monetária do Banco Central Europeu não tem sido muito generosa para o crescimento, sobretudo não tem sido tão generosa quanto seria necessário, tendo em conta, por exemplo, o que se passa com a Reserva Federal americana.

Portanto, perante a situação que vivemos, com uma política fiscal em clara ruptura, com reformas estruturais que não foram lançadas ou que, tendo sido lançadas, só terão efeitos práticos a médio e a longo prazo, e com uma política monetária que não é de todo em todo generosa, pensa o senhor presidente que o crescimento económico da Europa está apenas dependente do crescimento económico dos Estados Unidos da América?

3-057

Duisenberg, *ECB*. – Madam Chairman, I believe that I have already answered that question negatively. I am very happy with the mandate and the practice of the European Central Bank as it is now. It is inappropriate constantly to compare the functioning of the European Central Bank and its mandate with the functioning of the Federal Reserve Bank system. We are working and living in a totally different cultural and historic environment.

We consist of 12 central banks, two of which - the ECB and the Central Bank of Luxembourg - are very young. The others are close to 200 years old. They have their history, tradition and culture. The Federal Reserve Bank is less than 100 years old but it is in a different environment. It has the big advantage of having one language. We have 11 and soon we will have 21. For that we have to pay a price which we readily pay.

As a correction, I have not said that the majority of participating countries fail to meet the obligations under the Stability and Growth Pact. On the contrary, I said it was important not to forget that 8 out of the 12 countries have complied with the obligations of the Stability and Growth Pact. This year they all have increasing budget deficits as a result of recent economic developments, which have been working against them. We are in a period of very weak economic growth and sluggish development. The automatic stabilisers are working: they are throwing the budget deficits off balance, but the majority of the countries concerned are still within the allowed limits and you have not heard me utter any complaints on that yet.

3-058

Μαρίνος (PPE-DE). – Κυρία Πρόεδρε, εγώ θα ήθελα κυρίως να υπογραμμίσω τις προσωπικές μου ευχαριστίες μας, αλλά νομίζω και τις ευχαριστίες όλων των συναδέλφων, για την άριστη συνεργασία που είχαμε με τον επικεφαλής της Ευρωπαϊκής Κεντρικής Τράπεζας, για την προσοχή με την οποία παρακολούθησε τις εργασίες μας και την εποικοδομητική προσπάθεια να αξιοποιήσει τα όσα υποδείξαμε ή παρατηρήσαμε, την υπομονή του και το χιούμορ του, το οποίο δεν είναι συνηθισμένο στους τεχνοκράτες και που δείχνει ότι είναι και ένας καλός άνθρωπος και ολιγότερο επικίνδυνος από εκείνους που δεν έχουν χιούμορ.

Ως μανιώδης ερασιτέχνης ψαράς και εγώ, σας ζηλεύω που ήδη θα απολαύσετε το χόμπι σας, πράγμα για το οποίο εγώ, δυστυχώς, θα πρέπει να περιμένω ένα χρόνο ακόμη.

Και μια παρατήρηση σε σχέση με αυτό που είπε ο κ. Andria, την οποία θα ήθελα να το προσέξετε ιδιαιτέρως. Εάν στην Ιταλία ισχύει αρνητικό επιτόκιο, όπως το περιέγραψε, στην Ελλάδα είναι ακόμη σοβαρότερο το πρόβλημα. Έχουμε πληθωρισμό 3,5% και επιτόκιο που κινείται μεταξύ 1,5% με 2% για τη μεγάλη μάζα των μικροκαταθετών. Αυτό σημαίνει έντονα αρνητικό επιτόκιο, και μάλιστα φορολογούμενο. Κάτι πρέπει να κάνετε για τη νομισματική σταθερότητα στην Ελλάδα, διότι οδηγείτε σε εχθρική στάση τον ελληνικό λαό, ο οποίος αποδίδει όλα τα κακά στο ευρώ και στην Ευρωπαϊκή Ένωση.

3-059

Duisenberg, *ECB*. – Bringing monetary stability to Greece is our task and we are doing so. However, we are bringing it to the whole euro area. If there are developments and if there are inflation differentials within the European Union, firstly, that is normal;

secondly, they will disappear over time, although new differentials will appear. That is the normal rate of development in a big monetary union.

We are satisfied that in this European Monetary Union, currently comprising more than 300 million people, the inflation differentials are not larger but smaller than in that other monetary union called the United States. However, if you want to fight them, monetary policy can do nothing. You have to fight them, if you want to, with instruments other than monetary policy, because in a single currency area, you cannot have a diversified monetary policy. You are also compelled to have a single monetary policy.

3-060
van den Burg (PSE). – Ik zal heel kort zijn. Er is al een vraag gesteld over de beoordeling van wat er in de conventie gebeurd is en met name ten aanzien van deel 3. Er is ook al gesproken over de wensen die nog overblijven. Ik zal niet ingaan op mijn commentaar op die wensen want ik kan het daar niet helemaal mee eens zijn, zeker niet met het eerste punt. Wat ik precies van u zou willen weten is hoe u aankijkt tegen het opnemen in het Verdrag van de "Eurogroep", de landen die tot de Eurozone behoren, en wat U denkt over de rol van die groep in de externe vertegenwoordiging van de euro. Hoe ziet u die rol in relatie tot de rol van de ECB in die externe vertegenwoordiging?

3-061
Duisenberg, *ECB*. – As I said before, we would very much applaud it if the concept of the euro system consisting of the participating national central banks and the ECB were to be recognised as such, because at the moment it is a bit ambiguous. If you read the present Treaty and you read the term 'European system of central banks', sometimes it means the 15 central banks and on other occasions it means only the participating central banks. That issue is ambiguous in the present Treaty. It is for that reason that we would appreciate having clarity, not only for us but also for the public at large. That is why, in the markets and in public, we try to hammer in this concept of euro system as the central bank of Europe, namely the combination of the participating national central banks and the ECB. That is not recognised or mentioned in the Treaty as such and that is a weakness in the Treaty.

The euro system will have to be represented abroad as long as the Ministers have not given what they could, i.e. a directive to the European Central Bank to follow a certain exchange-rate policy. In other words, as long as the Central Bank is the determinant of the exchange-rate policy, then the external representation of the euro should be the Central Bank, which is in charge of it.

3-062
Bordes (GUE/NGL). – Monsieur Duisenberg, vous avez reçu beaucoup de compliments de la part de ceux qui s'intéressent avant tout au marché, ce qui n'est pas mon cas.

Je voudrais vous poser une question. Pensez-vous que vous auriez eu les mêmes compliments si vous aviez été face à ceux qui sont les victimes de la politique que vous avez contribué à mener? Je parle des milliers de travailleurs qui sont victimes du chômage, des retraités auxquels on s'attaque actuellement, de tous ceux dont la protection sociale va être amputée, de toutes les victimes des services publics que vous contribuez à démolir. Je ne voudrais pas que vous partiez avec une perception incomplète de la situation, en pensant bénéficier d'une approbation générale. Pensez-vous que vous auriez eu les mêmes compliments devant un autre public, c'est-à-dire le public de ceux qui sont victimes de cette politique de l'Europe qui est avant tout favorable au marché et qui est antisociale?

3-064
Duisenberg, *ECB*. – I would also have received the same compliments from pensioners, because it is not the European Central Bank that determines the reform of the pension system. The European Central Bank does, however, warn and protect the pensioners of the future. In the future, the number of pensioners in relation to the number of people in the active working population will be such that if we do nothing, pensions will no longer be paid. Therefore, in many countries, we have to change the pension system in the interest of future pensioners. It is about time that not only we, but also future pensioners, understand this.

In a few years' time there will be twice as many people enjoying a pension than people who will actively contribute via the workforce to pay for them. If we do not change anything and do not act in time to preserve the rights of pensioners of the future, I fear a great increase in social tension.

The problem is that governments do not look further ahead than four years, namely until the next election. These problems will emerge in maybe 10 years from now, but they will emerge and we have to preserve the rights of pensioners.

3-065
Tannock (PPE-DE). – Mr Duisenberg, I too will miss your dry but excellent sense of humour, particularly in the face of difficult questions from euro-sceptic British Tories such as myself.

On the referendum in Sweden I would like to suggest that of course it could always increase its external trade with the United Kingdom and Denmark which, no doubt, will stay out with it next week.

Two quick questions: One is on Japan. There has been a sudden and dramatic increase in Japan's long-term interest rates which suggests either that growth will return to the world's second largest economy, or that perhaps the world is getting rather worried about the size of that country's national debt. I know that you have taken an interest in the Japanese economy recently. Would you like to make any further comments on this recent change of events?

A second question is to do with the euro as a reserve in the accession countries. I was recently in Cyprus with the chairman of this committee in the presence of their central bank governor, who told us that they had made a very profitable but perhaps lucky strategic switch from the dollar to the euro as their primary reserve currency about 18 months ago. This, of course, was done in order to curry favour with the European Commission. Is this phenomenon widespread in other accession countries' central banks or globally, for that matter, and where is the euro exactly versus the dollar as a central bank reserve currency at the moment?

3-066

Duisenberg, *ECB***. –** In Japan the sudden significant rise in bond yields seems, to us and to my Japanese colleagues, to signify that at long last things are going better in Japan, and it is, I was told by them, a reflection of that phenomenon. The euro as a reserve currency - we do not have precise figures - is on the rise, and it is on the rise everywhere, from Eastern Europe to Asia, including China. It is on the rise, but it is a very slow process and I did not expect anything else for a long time. However, there are countries that are eager to now, at long last, have a chance to diversify their risks in preserving the value of their foreign currency reserves. Unfortunately I do not have precise figures: only the IMF has these figures available from time to time, and we are also dependent on them. So far the share of the euro in the total of world reserves is roughly equal to, or slightly higher than, the share of what we then called the legacy currencies in world reserves before 1 January 1999.

3-067

Bonnici, (PPE-DE). – Mr Duisenberg, in your opening remarks you mentioned that portfolio shifts that have taken place. Did these affect the appreciation of the euro during the first six months of this year, and what other factors have led to an appreciation? Is the higher interest rate -compared with that of the United States - a factor as well? Has the ECB analysed this at this stage?

3-068

Duisenberg, *ECB***. –** We do not precisely know what factors are behind the slight recent fall and now the rebound of the euro. It changes from day to day, I must confess: a piece of news from the manufacturing industry in the United States, then a new confidence indicator in Italy or Germany, for example. The volatility is therefore rather pronounced but the basic movement for the euro still seems to be in the direction of appreciation. This does not surprise me at all given the large macroeconomic imbalances that persist in the world. It could be that the interest rate differential between Europe and the United States is a factor too, but if so this would be a very small factor indeed.

3-069

Die Vorsitzende. – Herr Präsident! Vielen Dank für diese letzte Antwort auf die letzte Frage des letzten monetären Dialogs mit Ihnen, Herr Präsident. Ich nehme ebenso wie alle anderen hier zur Kenntnis, dass Sie auf die Frage in dem Theaterstück von Max Frisch "Bin" antworten würden, dass Sie weder im negativen noch im positiven Sinne etwas an Ihren Entscheidungen ändern würden. Ich möchte Ihnen die Gelegenheit geben, auch nach diesen monetären Dialogen doch einmal nach der Lektüre unserer gemeinsamen monetären Dialoge, die immerhin schon einen erheblichen Umfang erreicht haben - der Jetzige wird auch noch integriert -, zu überlegen, ob nicht die eine oder andere Anregung des Europäischen Parlaments zu einer noch besseren monetären Politik geführt hat. Ich möchte nur erwähnen, dass Herrn Huhne ein Wunsch, den wir beide immer geäußert haben, noch in letzter Minute erfüllt wurde. Wir haben zwar kein *Beige Book* der Zentralbank, wie bei der *Federal Reserve*, aber wir haben ein *Silver Book* bekommen, das sehr dünn ist, aber auch sehr ausdrucksstark. Insofern wollte ich auch dem vorgreifen und sagen: Herr Duisenberg braucht sich die Sammlung der monetären Dialoge nicht zu wünschen, sondern wir - als Ausschuss für Wirtschaft und Währung - überreichen Ihnen diese, verbunden mit unserem Respekt und unserem Dank und den allerbesten Wünschen!

(Lebhafter Beifall)

3-070

Duisenberg, *ECB***. –** Madam Chairman, honourable Members of the Committee, I thank you very much and cannot tell you how difficult it is to say farewell. I have really enjoyed being with you four times a year and engaging in this open, frank dialogue with you, which I hope my successor will also be able to enjoy.

I want to reassure you once again, Mr Purvis, that this dialogue is not for nothing. It has a real impact on our thinking and on our reactions to your remarks.

Thank you very much.

(Applause)

3-071

(Der monetäre Dialog wird um 17.25 Uhr abgeschlossen.)