2-001

La Présidente. -PRÉSIDENCE DE M^{ME} BERÈS

2-002

(La séance est ouverte à 15 h 10)

La Présidente. - Chers collègues, Monsieur le Président, je vous propose de commencer notre séance de travail et de passer immédiatement au point principal de notre ordre du jour cet après-midi, qui est l'organisation de la seconde séance de dialogue monétaire de cette législature, avec l'audition du Président de la Banque centrale européenne, M. Jean-Claude Trichet.

Ce matin les coordinateurs sont convenus d'une règle très stricte pour cette audition, qui doit conduire à un questions-réponses permettant de pousser le plus loin possible le raisonnement et de rebondir éventuellement sur les réponses du Président de la Banque centrale.

Je vous remercie d'accepter de vous plier à cette règle du jeu démocratique et vous passe immédiatement la parole pour votre exposé liminaire.

2-003

Trichet, *BCE***.** – Madame la Présidente, c'est bien volontiers, naturellement, que je me prêterai à ces réponses immédiates.

Madame la Présidente, Mesdames et Messieurs les membres de la commission économique et monétaire, j'ai l'honneur de me présenter devant votre commission aujourd'hui dans le cadre de notre dialogue régulier. Je tiens à vous dire que je me réjouis beaucoup de ce dialogue, qui place, je crois qu'on peut le dire, l'Union économique et monétaire européenne au premier rang, parmi les économies industrialisées, en ce qui concerne la fréquence et la profondeur du dialogue entre le Parlement et l'institut d'émission.

Je vais commencer mon intervention par une évaluation de la situation économique et monétaire actuelle.

(L'orateur continue en allemand - non transcrit)

2-004

Trichet, BCE. – *(DE)*

2-005

Trichet, BCE. – First I shall mention the economic and monetary developments. After the positive developments in the first half of 2004, more recent data have indicated that growth dynamics moderated somewhat in the second half of the year. Real GDP growth in the third quarter of 2004 is estimated to have been 0.3% quarter on quarter, following growth rates of 0.7% and 0.5% in the previous two quarters. Although it is difficult to interpret with certainty the estimate for the third quarter given the lack of a breakdown by components, it appears that the contribution of net exports was negative, the inventory built up was strong and private consumption growth remained sluggish. These developments seem to be related in particular to the effects of the increase in oil prices, which has reduced real disposable income in the euro area and has also dampened global economic growth.

Despite the adverse impact of the oil prices, a number of conditions remain in place for the euro area to continue to grow at around 2% in 2005, albeit at a somewhat slower pace than previously anticipated. On the external side, while global growth is moderating, it nonetheless remains robust. In this context, euro area exports should continue to benefit from favourable global demand conditions. On the domestic side, investment should be supported by the global environment, the very favourable financing conditions in the euro area, solid profits and greater corporate efficiency gained through business restructuring. Finally, there is scope for private consumption to strengthen, in particular if uncertainties surrounding the extent and pace of the implementation of structural reforms are reduced.

The outlook for economic activity, both globally and domestically, continues to be surrounded by uncertainties, in particular as a result of present and possible future developments in oil markets, which can dampen the strength of the recovery both inside and outside the euro area.

In any event, it is important that second-round effects in wage and price-setting be avoided. In addition, it would be essential to refrain from taking measures which would prolong the necessary adjustment process. Finally, monetary policy must remain firmly committed to the objective of maintaining price stability over the medium term.

Over recent months, oil price developments have also had a significant impact on consumer price inflation. In November, annual HICP inflation was estimated by Eurostat to have been 2.2%, after 2.4% in October. In addition, increases in indirect taxes and administered prices earlier this year have had a notable effect on consumer prices.

Looking ahead, inflation rates are likely to remain above 2% for the coming months, but should moderate thereafter in the absence of additional upward shocks. The information available does not suggest that stronger underlying inflationary pressures are building up in the euro area. Wage increases have remained moderate over recent quarters. In the context of moderate economic growth, this trend should continue in the future.

There are a number of upward risks to price stability. Such risks are mainly associated with oil price developments, uncertainty regarding future increases in indirect taxes and administrative prices, and potential second-round effects stemming from wage and price-setting behaviour. In this respect, it is essential that long-term inflation expectations remain solidly anchored to our definition of price stability and are not affected by current upward movements in HICP inflation.

Our monetary analysis also calls for vigilance regarding upside risks to price stability over the medium term. The shorter-term dynamics of M3 growth have strengthened over recent months. This seems very much related to the low level of interest rates in the euro area.

I shall comment on fiscal policies. Many governments are currently in the process of finalising their 2005 budgets. While a number of countries have managed to maintain sound budgetary positions over recent years, the Commission expects five euro area countries to have deficits close to or above 3% of GDP during this year and next year. This is a disappointing development. It reflects an insufficient commitment to addressing existing structural imbalances. The current economic environment should be utilised to embark on comprehensive budget consolidation where needed. This would send a strong and confidence-inspiring signal that the objectives of sound public finances and a growth-friendly environment are being pursued.

Turning to the European fiscal framework, we remain convinced that there is no need to change the text of the Treaty and the Stability and Growth Pact. Having said that, we see room for improvement in the way the fiscal rules are implemented. In particular, there is a need to ensure the pursuit of prudent fiscal policies in good times and for a stronger focus on public debt and sustainability. In this respect, some of the Commission's proposals concerning the so-called 'preventive arm' of the Pact are welcome and warrant further consideration. As regards the so-called 'corrective arm' of the Pact, however, as you know the ECB is concerned about proposals that could undermine the nominal anchor of 3% for the deficit-to-GDP ratio. This anchor of the fiscal framework is essential for maintaining expectations of fiscal soundness and discipline. This contributes to macroeconomic stability, economic growth and employment creation. The excessive deficit procedure and the Stability and Growth Pact remain a foundation for trust and confidence in EMU.

In this respect, reliable and timely government statistics are of vital importance to the credibility of the budgetary surveillance process. European accounting rules must be fully respected when recording all types of expenditure and revenue. This should be done in a manner that would be consistent and stable over time and homogeneous across countries. In addition, as the Ecofin Council said, the procedures must not be vulnerable to political cycles. Countries should consider the quality and integrity of their statistics as a matter of priority.

With regard to the need for structural reform in the euro area, the Lisbon European Council intended to reinforce the process of structural reforms from 2000 onwards. However, five years later, the European programme to become 'the most competitive and dynamic knowledge-based economy in the world [...] by 2010' has not been implemented as promised. In this regard, the recent report by the high-level group chaired by Wim Kok, which provides an independent assessment of the Lisbon Strategy and contributes to next year's mid-term review, expresses an urgent call for renewed impetus. It proposes a stronger commitment of national governments and a sharpening of the Lisbon Strategy's focus by placing particular emphasis on the acceleration of employment and productivity growth 'via a wide range of reform policies as well as a wider macroeconomic framework as supportive as possible of growth, demand and employment'.

The ECB welcomes the conclusions of the high-level group, as well as the subsequent Ecofin reaction, which was also supportive. Concerning the role of macroeconomic policies in fostering the success of the Lisbon process, I would like to stress that an independent monetary policy aimed at delivering price stability and being credible in that delivery over the medium and long term, together with a fiscal policy in compliance with the SGP, are the best contributions that macroeconomic policies can make to creating an environment to facilitate the implementation of reforms, growth and job creation. Price stability is a necessary condition for being effective in fostering sustainable growth as well as supporting employment and social cohesion, thus supporting the Lisbon objectives, which, in turn, are another necessary condition for enhancing growth and job creation.

As for increasing the incentives to implement reforms, apart from creating peer pressure and accountability on the part of policy-makers, benchmarking can be a crucial driver of public discussion in the EU, raising public awareness about the benefits all European citizens could derive in terms of growth and job creation from these necessary reforms. This is a reasonable approach to further the implementation of the Lisbon Strategy in a context where structural reform remains the responsibility of Member States themselves.

In the absence until now of sufficient progress in structural reform, weak productivity growth has contributed to the low growth performance observed in the euro area in recent years. In the 1980s, the annual growth rate of labour productivity per hour worked was on average 2.3% in the euro area. It significantly decelerated during the 1990s to reach an average of only 1.2% over the period 1996-2003. As a consequence – as everybody knows – the gap with the United States has widened over recent years. More specifically, since the mid-1990s, the gap in labour productivity growth between the US and the euro area was on average 0.7 percentage point when measured per hour worked.

Alongside further progress on reforms directed towards higher rates of labour utilisation in the euro area – which is another problem we have in comparison to the US – developments in recent years reinforce the need to implement policies aimed specifically at boosting labour productivity. In this respect, one of the main priorities of the Lisbon Agenda is to encourage innovation and technological diffusion, which are amongst the main factors affecting productivity growth. We would certainly echo those remarks.

Firstly, policies should aim at easing regulations. Regulations limiting product market competition or hindering labour market adaptability have negative repercussions on innovation and technological advancements. EU countries made significant progress in product market reforms since the 1990s, but significant barriers to competition and innovation remain, in particular in the service sectors, which urgently need to be tackled. The ECB would strongly back the Commission's initiatives in that respect.

Secondly, policies should promote investment in research and development, which is also a very important driver of innovation. Thirdly, policies should aim at improving human capital. Technological advancements mean that labour skills change over time. Measures favouring the continuous development of human capital contribute to further innovation, facilitate the use of advanced technologies and allow technical change to translate into more jobs.

To conclude, the Lisbon Agenda incorporates the relevant priorities to promote long-term productivity growth as a key condition to making Europe more dynamic and competitive. The ECB supports governments, parliaments and social partners who are courageously implementing these necessary reforms.

I am now ready to answer your questions.

2-006
La Présidente. – Merci beaucoup, Monsieur le Président, pour cette première présentation. Nous allons commencer le tour de parole par M. Alexander Radwan, en lui demandant de respecter un temps de questions de une minute et demie, moins s'il souhaite réagir à la réponse qu'apportera en trois minutes et demie le Président de la Banque centrale.

2-007
Radwan (PPE-DE). – *(DE)*

2-008
Trichet, *ECB***. –** First, we back Wim Kok's analysis and the suggestions he has made.

Second, benchmarking with respect to the best performers on structural reforms could be extraordinarily efficient in Europe. We all know that members of the euro area are better than others in this respect. Some measures have proved to be efficient – not only theoretically, but practically – in a number of countries. It is about reversal of the burden of proof: proof that there are reasons not to introduce a reform which has proved to be efficient in the case of country X or country Y. In our view it is extremely important that reforms be introduced on the basis of broad support and social consensus. This is of course the case for most of these reforms.

As regards connections with the Stability and Growth Pact, we consider that the Stability and Growth Pact has its own rationale as a framework for soundness, even if it were to involve 25 countries, but especially at the level of the 12 current members of the single currency. It is extremely important that the single currency has the other side of the coin in terms of economic union, because let us not forget that we do not have a federal budget or a federal government: we have the SGP framework to allow for cohesion in EMU.

With regard to combining the SGP and structural reforms, in a number of countries, the SGP calls – whether implicitly or explicitly – for appropriate structural reforms in the field of public spending. It also calls for the priorities for the budget and fiscal spending in general to be reconsidered and to become more efficient to fit in better with the goals of the Lisbon Agenda.

2-009
Radwan (PPE-DE). – *(DE)*

2-010
Trichet, *ECB***. –** If I understand your question correctly, you are asking me whether it is possible not to account for some expenditure, eliminating it from Stability and Growth Pact calculations. To my knowledge, quite a few governments are very much against such an idea. We in the ECB do not see how we can maintain the credibility of the SGP if we eliminate this particular spending from the calculation.

Many proposals are made because each government might have its own agenda. Some would say it is a question of investment in infrastructure; others would say that it is perhaps about the financing of Europe itself; others would say that a particular kind of spending is especially appropriate; but for economists in general that public spending is public spending. It is obvious that some spending is much more important than other spending. It is by reallocating resources that you better prioritise public spending. That would be the unanimous opinion within the ECB itself, but it seems to me to be a vision which is echoed by a large number of the governments concerned.

2-011
Cirino Pomicino (PPE-DE). – *(IT)*

2-012
La Présidente. – Merci, Monsieur le député. Permettez-moi de vous rappeler que vous avez reçu la réponse du Président de la Banque centrale, qui vous a été communiquée hier soir et qui est à la disposition de l'ensemble des membres.

De ce point de vue-là, je crois donc que le Président de la Banque centrale n'est pas en reste avec la représentation élue, mais il va pouvoir compléter sa réponse écrite.

2-013
Trichet, *BCE***.** – Merci beaucoup de votre question. J'ai répondu par écrit à une question – la réponse est à présent disponible – et je la complète, si vous le permettez, par les deux observations suivantes.

D'abord, nous sommes dans un domaine – celui des changes – où un message clair est donné par la communauté internationale à un certain nombre de pays d'Asie émergents – et je ne fais que répéter ici ce que

nous avons eu l'occasion de dire dans le cadre de réunions du G7 ou de réunions récentes du G20: nous disons, en substance, qu'une appréciation ordonnée, progressive, de certaines monnaies de pays émergents – vous en avez cité un qui est très important – contribuerait à un meilleur fonctionnement de l'économie internationale, et j'insiste sur les termes "ordonnée, progressive".

Ce message est clair. Il a été signé par les Européens, par les Américains, c'est un message commun.

Ensuite, je vous dirai simplement que je me suis déjà exprimé très clairement. Je vais toutefois vous redire ce que j'ai eu l'occasion de dire à plusieurs reprises: les récents mouvements de change ne sont pas bienvenus!

Si vous me permettez, je vais m'en tenir là pour ce qui concerne la qualification de la situation présente.

2-014
Trichet, BCE. – As regards the diagnosis of the current situation, on both sides of the Atlantic we have a joint diagnosis on policies. In the US and in Europe there are assets and liabilities. Assets in the US include excellent delivery of structural reforms, and this allows the US economy to be very flexible. That is an asset. The lack of savings is a liability. Both sides of the Atlantic agree on this diagnosis.

On our side of the Atlantic we have sufficient savings to finance our investment. This is an asset. As you know, we even have a slight current account surplus. On the other hand, there is a major liability – and I have already addressed this in responding to Mr Radwan – in that we have insufficient delivery of structural reforms. We then have an economy which is not as flexible as it should be, and therefore we have a lack of potential growth in comparison with the US. We perhaps also have something which is important at present: a lack of resilience to shocks.

On both sides of the Atlantic we agree on the diagnosis and we agree on our weak points: lack of savings in the US, and lack of structural reforms here. I trust our American friends' lucid diagnosis and I trust their will to correct their weak points just as I am sure that Europe takes its weak points seriously. The Kok report, the Council's initial reaction and the Commission's determination illustrate this.

2-015
Berès (PSE). – Merci, Monsieur le Président. Dans votre propos liminaire, vous avez mentionné le rapport de M. Wim Kok, auquel notre commission accorde énormément d'importance, vous l'avez évoqué en le mettant en parallèle avec la question, ouverte, de l'évolution du Pacte de stabilité.

Vous avez cité le rapport de M. Wim Kok lorsqu'il envisage un "wider economic framework". Si je comprends bien votre propos, dans ce "wider economic framework" , il ne saurait être question, pour la Banque centrale, de recevoir d'instructions. Il n'est pas dans la pratique de notre commission, vous le savez, d'envisager le dialogue monétaire de la sorte. Je vous prends toutefois au mot. Quel est donc ce "wider economic framework", je veux dire au-delà de la réforme structurelle, dont nous avons eu l'occasion, au cours de notre dernier dialogue monétaire ici même, de souligner combien il était difficile de la faire valoir en l'absence de croissance. En d'autres termes, quelle politique monétaire – si les États membres vous le demandaient –, suggéreriez-vous pour arriver à cette meilleure adéquation entre Pacte de stabilité et mise en œuvre de la stratégie de Lisbonne?

Ensuite, vous avez indiqué que le Pacte de stabilité ne devait pas être réformé, mais que, ici ou là, on pouvait en assouplir l'interprétation. Que pensez-vous, dans cet esprit, de ceux qui proposent que les périodes de croissance et les périodes d'excédent soient mieux disciplinées pour préparer les années plus difficiles du cycle? Je crois que c'est un débat économique qui est lancé, sur lequel, on s'en rend compte, les esprits sont encore assez vierges. Il pourrait être intéressant d'avoir votre avis à ce sujet.

2-016
Trichet, *BCE***.** – Merci beaucoup, Madame la Présidente. À propos de la politique monétaire, notre sentiment est, je l'ai dit, qu'une bonne politique monétaire est une condition nécessaire, pas suffisante à elle seule, mais nécessaire pour avoir le plus de croissance et le plus de création d'emplois possible.

J'ai souvent eu l'occasion de dire devant votre commission que le fait que nous puissions maintenir, dans une période qui est difficile – avec des chocs inflationnistes, dont nos concitoyens sont très conscients, et nous observons, comme vous-mêmes, bien sûr, dans beaucoup de pays en Europe, cette conscience de nos concitoyens qu'il y a de l'inflation, de la hausse des prix au-delà de ce qu'ils souhaiteraient –, que nous puissions , dis-je, en dépit de tout cela, maintenir la crédibilité de la Banque centrale européenne et la crédibilité de l'eurosystème, la crédibilité de notre politique monétaire fait que nous ancrons solidement les anticipations inflationnistes dans le droit fil de notre définition de la stabilité des prix, c'est-à-dire moins de 2%, près de 2%.

Cela dans une perspective de deux ans, cinq ans, dix ans et trente ans, puisque, comme vous le savez, beaucoup de gouvernements, beaucoup de Trésors émettent à trente ans. Les taux d'intérêt que nous avons à cinq ans, à dix ans et à trente ans incorporent – c'est pour cela qu'ils sont très bas, qu'ils sont historiquement les plus bas de ce que nous observons depuis la Deuxième Guerre mondiale –, ces taux d'intérêt, dis-je, incorporent la crédibilité de la stabilité des prix sur une longue période, pas simplement sur une courte période.

Nous pensons, évidemment, que ceci est une contribution majeure à l'environnement financier le plus favorable à la croissance et à la création d'emplois: il suffirait que nous ne soyons plus crédibles aux yeux de

l'ensemble des agents économiques pour que tous ces taux d'intérêt montent pour incorporer les primes de risques supplémentaires, les anticipations supplémentaires d'inflation, qui seraient alors présentes dans l'esprit des agents économiques.

Donc, j'insiste là-dessus, notre crédibilité, le fait que toutes les anticipations sont conformes à notre définition de la stabilité des prix, c'est là une contribution majeure à la croissance et à la création d'emplois. Toutefois, je l'ai dit, c'est une contribution qui est nécessaire certes, mais elle n'est pas suffisante à elle seule: bien sûr, nous en convenons tous, il faut aussi les réformes structurelles qui ont été dites.

S'agissant de la politique budgétaire, la première contribution des politiques budgétaires en général, et notamment dans le cadre du Pacte de stabilité et de croissance, à plus de croissance et à plus de créations d'emplois, c'est la prioritisation des dépenses qui sont favorables à la croissance et à la création d'emplois par rapport à celles qui ne présentent pas, de ce point de vue-là, d'intérêt à moyen et à long terme. Il est clair qu'il y a de telles différences entre les différents pays en Europe, dans la zone euro – je vous rappelle qu'entre la plus importante dépense publique en proportion du produit intérieur brut et la plus faible dépense publique en proportion du produit intérieur brut, au sein même de la zone euro, il y a presque 20% de produit intérieur brut –, qu'il y a certainement la possibilité d'optimiser en efficacité, de ce point de vue-là, la dépense en faveur de la croissance et de la création d'emplois.

Inutile de vous dire que c'est celui qui dépense le moins qui a les meilleurs résultats en matière de croissance et de création d'emplois et de lutte efficace contre le chômage et que ceux qui dépensent le plus ne sont pas, de ce point de vue-là, les plus efficaces parce que, bien entendu, ils ont des frais généraux plus lourds qui handicapent leur compétitivité.

2-017
van den Burg (PSE). – I wish to refer to what you said about the transatlantic dialogue you are having with your counterparts in the US, in particular the main problems on both sides of the Atlantic. You said that in the US the problem is the lack of savings and in Europe it is structural reforms. At the same time, you indicated more clearly than ever in your speech that the big problem at the moment is the lack of growth and investment in Europe. These two aspects are difficult to reconcile. I wonder whether your counterpart in the US really thinks that the lack of structural reforms is the main problem in Europe. I wonder what Mr Greenspan really thinks about growth and investment – particularly when investment and growth are lagging behind expectations – and whether Europe should concentrate on growth.

2-018
Trichet, *ECB***. –** If you want to know exactly what John Snow or Alan Greenspan are thinking then perhaps you should ask them: they certainly stand ready to respond!

I only mentioned that it is clear that we share the same diagnosis and I would certainly confirm fully that on both sides of the Atlantic we consider the US's main problem to be a lack of savings, and Europe's main problem to be insufficient structural reform. The two questions are linked. In this joint vision it is because we have no sufficient structural reforms that our growth potential is lower. I used this argument with regard to progress on labour productivity, which has clearly been lower on this side of the Atlantic since 1996. This calls for lower growth potential to the extent that, arithmetically, labour productivity growth is a crucial part of the growth potential of any economy. So there we have a direct link between structural reforms, at least if you accept the idea that labour productivity growth occurs largely as a result of structural reforms and being better able to absorb innovation and creativity in the economy. We share that view on both sides of the Atlantic.

It is also true that if you have better growth potential – both at micro- and macro-level – you have an incentive to invest and pave the way for a better, stronger future. I confirm again that we share that view.

2-019
van den Burg (PSE). – Perhaps we should differentiate between the short term and the longer term. For the longer term, you can always repeat mantras about structural reform and the influence on productivity. However, for the short term it is clear that this brings us to a complete standstill at the moment. So, for the short term, growth investment is one of the key concerns on both sides.

2-020
Trichet, *ECB***. –** In view of the current situation of the market economy, there is a clear link between the short term and the long term, because people in all areas of economics have rational expectations. If they have a better view of the medium and long term, they take immediate action that is also better for the short term. So there really is a *permanent* form of 'short-termism' which results from better – or should I say worse – expectations. That is why we really believe that for any particular economy to embark on structural reforms amounts to long-term investment in a better position for the future. It has also an immediate, positive effect on the attitude and confidence of all economic agents in the short term. That is why we are backing those reforms. We know it will be difficult to deliver them. We can see resistance, a lack of understanding amongst the public – difficulties in accepting this or that – and a lack of explanations. We are a part of this explanation process. We need to explain why everybody would be better off in a different structural environment. We have examples. We do not have to cross the Atlantic to get examples: the examples are here, not only in the European Union of 25 but also in the euro area of 12. We have examples of better performance that has been triggered by structural reforms, and also of the capacity to be better off on a short-term basis because economic agents are forecasting that you will be better off in the long term.

2-021
Klinz (ALDE). **–** *(DE)*

2-022
Trichet, *ECB***. –** All the institutions have their responsibilities, which are demanding in these difficult

times. There is a difficult climate because profound changes are occurring at world level and at European level. There is also the shock caused by the wave of new technology, which is full of marvels and challenges with respect to adaptation. The Commission has its own responsibilities, the Council has its own responsibilities, Parliament has its own responsibilities – which are absolutely clear at the present time – and we have our responsibility.

We will not decide, the Council will decide. We cannot propose legislation. The Commission has a monopoly on the right of legislative initiative. We can provide advice. There are two sides to the EMU coin: one is monetary and the other is economic. We are not in a fully-fledged federation with a fully-fledged federal budget. We are in a unique situation with a single currency, in which we have a framework to guarantee cohesion in the single currency area.

That is why we said what we said as regards the preventive aspects of the Pact. Rather than increasing flexibility – to use your words, Madam Chairman – we could improve the situation in good time. In this respect the Commission's proposals are interesting. We are very much in line with those proposals. It seems to me – though this is just an observation – that the Council also seems to think it would be a good idea to go down that road.

As regards the corrective aspect of the Pact, we say clearly that the nominal anchor as it stands is very important for the credibility of the system and that we will not call for changes to the regulations. It is as simple as that. Again, this is about our strong belief: we will not decide and we will not make the final proposal. We stand ready to examine what the Commission finally proposes and what the Council decides, but we are not yet at that stage. There are various views on this and even if there is a clear separation – perhaps on a country basis – I am sure that the view of the college as a whole with regard to the need for the euro area and Europe in general to be cohesive will win out in the end. I remain confident in the abilities of each institution to face up to their significant responsibilities.

2-023

Lipietz (Verts/ALE). – Monsieur le Président, vous avez déclaré et rappelé aujourd'hui que les mouvements de parité ne sont pas bienvenus, et c'est vrai que la hausse vertigineuse de l'euro par rapport au dollar depuis l'an 2000 nous ramène un peu à, toute proportion gardée, ce qu'a subi le Japon à l'époque de l'Endaka et du yen.

Alors, face à une telle situation, puisqu'elle n'est pas la bienvenue, il faudrait quelque chose qui serait mieux venu, c'est-à-dire une rebaisse ou un réajustement euro-dollar. Il y a deux façons d'y parvenir ou d'y inciter, soit en aggravant le déficit budgétaire, soit en abaissant le taux d'intérêts. Laquelle de ces deux stratégies vous paraît la mieux appropriée?

Deuxième question. Vous soulignez avec raison dans votre rapport – et M. le Président de la Banque européenne d'investissement avait été encore plus clair en donnant des chiffres impressionnants sur le retard de l'Europe dans les investissements en nouvelles technologies – que traditionnellement, les investissements dépendent pour 50 à 70% de la demande effective, et pour le reste du coût relatif du capital, c'est-à-dire en fait du taux d'intérêts réel. Quelle vous semble la politique monétaire la plus appropriée pour faire varier ces deux facteurs dans un sens positif?

2-024

Trichet, *BCE***.** – Premièrement, sur les changes, je m'en tiens rigoureusement à la phrase que j'ai prononcée. Nous sommes dans un domaine qui est éminemment délicat, et j'ai dit ce que nous pensions de la manière la plus claire possible, et donc je n'y reviens pas, si vous le voulez bien.

J'ajouterai simplement que nous avons, encore une fois, une bonne coopération sur les deux rives de l'Atlantique et que, sur la base de ce que j'ai entendu de mon collègue américain et de John Snow en ce qui concerne la stratégie de réduction des déficits, notamment des déficits budgétaires, j'ai tout lieu de croire que ce qui est annoncé, qui a été annoncé dans la dernière réunion du G7 et qui a été annoncé dans les réunions du G20, sont des déclarations crédibles.

En ce qui concerne les investissements dans les nouvelles technologies, je crois que, encore une fois, nous sommes en présence, là, d'un environnement financier sur lequel je n'insisterai pas: l'environnement financier des 306 millions d'habitants de la zone euro en ce qui concerne les taux d'intérêt de marché qui comptent pour l'investissement, et tout particulièrement les taux de marché à moyen et long termes, est exceptionnellement favorable et donc ne peut être que très favorable à l'investissement dans les nouvelles technologies.

C'est probablement l'environnement propre à l'Europe, comparé à l'environnement propre aux États-Unis, qui fait que nous notons une différence assez substantielle d'investissements.

Je vous rappelle qu'en proportion du produit intérieur brut, nous investissons autant et même un peu plus, en proportion du PIB, en Europe qu'aux États-Unis, et donc ce n'est pas l'environnement général qui semble être moins favorable à l'investissement, mais c'est que, peut-être, il y a des défauts structurels dans notre économie qui font qu'on investit moins en Europe dans les investissements très productifs, très porteurs d'avenir, très porteurs de potentiel de croissance supérieure, dans une perspective de moyen et long termes, mais j'appelle votre attention sur le fait qu'on investit en proportion du produit intérieur brut exactement le même ordre de grandeur sur les deux rives de l'Atlantique. C'est la composition de cet investissement qui est différente, et c'est la raison pour laquelle Wim Kok a mille fois raison de mettre l'accent tout particulièrement sur la recherche/

développement, la créativité, l'innovation, les nouvelles technologies et tous les investissements dans le secteur productif qui seront et qui doivent être porteurs d'avenir.

2-025
Wagenknecht (GUE/NGL). – *(DE)*

2-026
Trichet, *ECB***. –** I am not sure I caught all the figures you mentioned. To make it clear, let me mention in passing that our short-term rates, if I am not mistaken, are negative in real terms if you subtract 2%, and from the 2% you subtract 2.2%, which is the last indication we have on headline inflation. As regards the long-term rates – the ten-year rate – I said they were at the lowest level since World War II – not only for Germany, the Netherlands and France, but for all 12 euro area economies. Those figures are extraordinarily low. Before the euro was established, many of us could not have imagined that it would have been possible to deliver such a financial environment for the 306 million citizens in the euro area.

I am confident in the abilities of our friends on the other side of the Atlantic – especially John Snow in the area of taxation – to deliver over time a substantial reduction in the tax deficit that he publicly announced both during meetings with us and domestically in the US. I would add that I very much appreciate it when he says that the policy pursued by the US Government is a strong dollar policy.

2-027
Wagenknecht (GUE/NGL). – *(DE)*

2-028
Trichet, *ECB***. –** I did not mention the base rate alone, but also the benchmarks for two, five, ten and thirty years. As well as the benchmarks, all economies have a number of spreads: that is normal in a market economy. I believe that these spreads are no higher in the European economic environment than they are in other economies in the world. Therefore we are not handicapped from that standpoint.

2-029
Blokland (IND/DEM). – *(NL)*

2-030
Trichet, *ECB***. –** I do not think there is any need for me to explain again why we took our decision on one- and two-euro notes. We considered the matter very carefully. There were a number of arguments in favour and against. One of the arguments was that only a minority of economies would have appreciated it. It would not have gone down well with the general public in others. A large majority of Europe's citizens do not want the one euro note to be issued. In fact it was only every really about the one euro note, as is the case with the dollar in the United States. A large majority of citizens does not appreciate this idea.

One also has to consider the cost of manufacturing the notes, the seniorage of the notes and also how they coexist with the coins that are issued in most cases by the governments themselves. Of course, the notes would have more or less eliminated the coins, and that was an additional question. I had the opportunity to explain to Ecofin the reasons behind our conclusions, and we made that public.

As regards the ECB's contribution to growth and job creation, I do not want to repeat too much of what I have already said. Our own sentiment is, as you know, very widely shared by the central banks in the euro system, the ECB inside the euro area, and central banks outside the euro area in Europe. Legislation is in place throughout to ensure that price stability is delivered, because we all consider – whether we are inside or outside the euro area – price stability to be a necessary condition for growth and job creation. And this does not only mean price stability on a short-term basis; it is also important to consider how credible medium- and long-term delivery of that price stability is. It is a necessary condition but it is not a sufficient condition *per se* and, all the difficulties arise from that. Other elements also play decisive roles in this respect, but when you look at the situation of Europe and of the countries and economies that enjoyed the best financial environment possible in Europe before the euro, and when we see what we can deliver today – even in an environment of shocks that are not easy to cope with, including oil prices – it is perhaps convincing that this financial environment was possible thanks to the medium- and long-term credibility built into the ECB's decision-making process. This environment is very favourable for growth and job creation, but it is not enough.

2-031
Martin, Hans-Peter (NI). – *(DE)*

2-032
Trichet, *ECB***. –** On Greece, in my introductory remarks I said that European accounting rules must be fully respected, and this should be done in a manner which is consistent and stable over time and homogeneous across countries. Ecofin itself said that it should not be vulnerable to political cycles or electoral cycles, and we believe that to be extremely important.

The Commission and the Council are discussing this. We would certainly favour it ourselves. Again, it is a field in which we have no authority to take a decision or to propose legislation, but we would certainly favour a solution whereby the institutes in the countries concerned are independent and where the Commission and Eurostat would have the right to check facts and figures, both in files and on the spot: *pas seulement sur pièces – comme nous disons en français – mais sur place*. It will be extremely important to give full credibility to the framework of Europe.

I know of a number of countries all over the world – and it seems to be the case across the Atlantic – where the figures are not disputed. You can have a lot of discussion on the policies, but the figures themselves are not disputed. It is absolutely indispensable that in the European framework we also have sufficiently reliable independent national institutions that are responsible for accounting, and, as I said, a framework for checking and verifying documents and on the spot in order to be in the same situation.

As regards the *Deutsche Bundesbank*, I would say that we are all members of the eurosystem, which is a very close-knit team created by the Treaty. We have good team spirit and excellent cooperation. We are collectively responsible for the credibility of the whole eurosystem. The ECB, to continue with the metaphor, is very proud to be the captain of that team, the main task of which, under the Treaty, is to deliver price stability to the whole euro area.

2-033
Hökmark (PPE-DE). – You stated in your presentation that there are no strong underlying inflationary pressures building up in the euro area. You also underlined the need for structural reforms. As we are discussing the relations between growth and the Stability and Growth Pact, how would you see that the credibility and efficiency of the Stability and Growth Pact influences reforms in the Member States as well as inflationary pressure? To turn it the other way around, how would you see bigger opportunities for budget deficits in the different member countries? How would they influence the underlying inflationary pressure as well as the pressure on structural reforms?

As you mentioned, another issue is the benchmarking in the Kok report. There is a paradox here because, as stated in that report, many of the new Member States cannot attain the levels of the benchmarks for indicators. On the other hand, they have quite high growth, as they are trying to apply quiet, strong, fiscal discipline. How would you explain the fact that they have high growth but do not do so well on the indicators?

2-034
Trichet, *ECB***. –** First of all I would say that we are in a complex situation in the euro area because we have all the rationale of the relationship between fiscal policy and the Central Bank, just as if it were a normal nation-state or federation. Then of course there is the very persuasive argument that if you ever lose fiscal policy then you have an additional pressure on the inflation side. It is about the famous policy mix: if there are loose policies on one side, then they would have to be corrected on the other side. That is also true in the euro area.

On top of that, we in the euro area have a single currency without a federal budget, and so all the elements of the Stability and Growth Pact are based on mutual surveillance. On top of all the other arguments, that is extremely important for the euro area to function properly. Again I only want to draw your attention to the fact that if there is insufficient mutual surveillance, then all the euro area's fiscal policies could go in the wrong direction with higher market interest rates – I am not necessarily speaking of our own policy, but of market interest rates – incorporating the bad behaviour of some of the member countries of the euro area, which is to the detriment of all 306 million inhabitants concerned.

So, by pooling our currency we are also pooling our interest rates and our market interest rates, and therefore we are perhaps spoiling things for those behaving well. That is the profound rationale of the Stability and Growth Pact.

There is another rationale which is that if you have to cope with an asymmetric shock – namely a shock which is hitting a particular economy rather than the entire euro area – then you cannot respond to that shock via monetary policy, because monetary policy is for entire euro area. It is therefore important that in good times you are, as the Treaty stipulates, close to balance or in surplus in order to be able to respond to such asymmetric shocks. I often have to present this argument when I am outside the euro area, when I am asked whether I am being too bold in the euro area, i.e. that we have a single currency without a federal budget or a federal government.

As regards structural reforms, it seems to me that in a number of fields these can considerably help the implementation of the Stability and Growth Pact. The better functioning of a number of elements in social protection would mean it would be much easier to meet the requirements of the Stability and Growth Pact, ensure better prioritisation of public spending in general, reduce some public spending – this would all be moving in the right direction. That is absolutely clear, so the link seems to us to be very clear.

If structural reforms help the economy in general, they would also by definition help meet the requirements of the Stability and Growth Pact. If structural reforms really are increasing growth potential, then GDP will increase more rapidly. The requirement of 3% would thus be easier to meet. So, it seems to us that the SGP and structural reforms are very closely linked.

2-035
Mitchell (PPE-DE). – I would like to ask two brief questions. In relation to the fact that there is a single currency and not a federation, and taking up the point on the asymmetric shocks you referred to, in a federal system where there is a single currency some transfers could take place to assist a region suffering an asymmetric shock. Do you see a case for a reserve fund or reserve power within the European Union to assist a Member State undergoing such an asymmetric shock?

Secondly, there does not appear to be evidence of a second-round effect on inflation, and as you point out this must be avoided. It seems that current indications point to continuing wage moderation, and the appreciation of the euro has moderated the impact of oil prices, yet you mention productivity here compared to the US. Member States here have considerable, diversified economic power and authority and this gives rise to a problem in the euro area: particular wage inflation in some countries does not reflect the inflation targets set by the ECB.

I am advised that the bottom line is that serious and unsustainable imbalances between different economies occur that threaten cohesion of the euro area and also that policies should react to this by more harmonised

wage-setting behaviour. What view do you take of that and what do you see as the role of the ECB and the ESCB in promoting such policies to counteract this?

2-036
Trichet, *ECB***. –** First, on the question of whether it is appropriate to create a new fund to cope with asymmetric shocks, we already have the Structural Funds and the Cohesion Fund. I take it that the European authorities concerned – and I include Parliament – have decided that it was not necessarily appropriate to create a new fund, taking into account the fact that some weaponry was already in existence to respond in exceptional cases. In my own reading of the underlying economic rationale of EMU, it is clear that the Stability and Growth Pact is playing a decisive role. We have an automatic reloading of the possibility for a particular economy to cope with an asymmetric shock through the requirement of the Stability and Growth Pact in good times. There is a growing consensus of opinion, with which we fully agree, saying that we can improve the situation and improve implementation in this preventive phase of the business cycle.

I can confirm that until now we have not seen evidence of an imminent risk of a second-round effect, even when we are having to cope with shocks in headline inflation, as is the case today. The risk exists, though, and we have called for people to be aware of it and be vigilant. However, until now it has not materialised.

On wage-setting, which is also a very important question, I would perhaps refer to the development of unit labour costs: the combination of nominal wage-setting and productivity progress. Progress in labour productivity is not the same in different countries. Some are forging ahead, others are lagging behind, some are catching up, others are already at a high level. The situation is not the same. However, an appropriate measure of the cost competitiveness of the various economies is certainly the evolution of the unit labour cost. In that respect, the ECB is constantly calling on the Eurogroup to reflect on the of unit labour costs. You are absolutely right: it is of the essence that the development of unit labour costs be kept within an appropriate range if we do not want tension inside a single currency area where there is no possibility of regaining up lost competitiveness through monetary realignment. By definition we share the same currency. So to call upon all the parties concerned – social partners as well as executive authorities – to be fully aware of that and of the importance of the development of unit labour costs is of the essence.

2-037
Bullmann (PSE). – *(DE)*

2-038
Trichet, *ECB***. –** Until now we have, as you mentioned, prevented any surge of second-round inflationary effects. That is absolutely clear. Even if the risk exists and we have identified the risk, until now there have been no effects. I cannot answer your question on the deficit, because I do not know which deficit you are alluding to.

2-039
Bullmann (PSE). – I would like to go back to the second part of my question. You mentioned the problems of external shocks and our lack of ability to react to them. You also mentioned the European Union not having a shared federal budget. The Stability and Growth Pact is a form of negative coordination. What about steps for positive coordination in a situation of low growth?

2-040
Trichet, *ECB***. –** I have already mentioned that the more you embark on structural reforms, the more your economy is resilient to shocks. That is one of the main reasons why structural reforms are appropriate.

As regards the Stability and Growth Pact, it is, as you have mentioned, a framework which can function in good times and in bad times, and if it functions well in good times it will function well in bad times. Again, that is one of the main provisional conclusions, which is agreed upon by all concerned. I hope very much that we will continue to move in this direction.

2-041
Sánchez Presedo (PSE). – *(ES)*

2-042
Trichet, *ECB***. –** You are absolutely right that in today's globalised world, close cooperation at international level is of the essence. As I said, we have a joint diagnosis on assets and liabilities on both sides of the Atlantic. The lack of savings in the US is a big problem and we certainly have to make a major effort with our own reforms.

We are living in a world where interdependence across the board is absolutely key and where the emerging world and the world in transition also has an important role to play. When I see all the progress made in terms of global cooperation since 1996 or 1997 I am impressed. We now have G-20, for example, a grouping of the industrialised countries. Europe and the ECB are represented there, along with the major emerging countries and countries in transition including China, India, Brazil, Mexico, Russia and so on. We discuss how to find appropriate codes of good behaviour, codes of conduct and appropriate ways of making the global economy better.

We also meet every two months in Basel with the Bank for International Settlements. Colleagues from all over the world are there, and I have the great privilege to chair that meeting. We meet like this in order to better understand one another, to cooperate better and try to live in a better world. Our world really is changing rapidly. Globalisation is a reality for all partners.

2-043
Starkevičiūtė (ALDE). – *(LT)*

2-044
Trichet, *ECB***. –** The national central banks of the ten newcomers are very important partners for us. They are already fully-fledged members of the ESCB and their governors are members of the General Council of the ECB. We have already had a number of meetings with the General Council of the ECB and we have the closest

cooperation possible with them. Many of them have engaged in reform, and this effort, as you just said, is an important step towards close cooperation with us in future.

I note that three of them are issuing currencies that are part of the ERM2 exchange-rate mechanism. Ultimately, to the extent that all these new countries have no opt-out clause, one day, when all the criteria are met and convergence is achieved they too will participate in the euro area. All this is very important and I can confirm that we have the closest and best cooperation possible with each and every one of them.

2-045
La Présidente. – Merci, Monsieur le Président.

Vous avez accepté de rester parmi nous jusqu'à 17 heures, et nous vous en remercions. Il nous reste quelques questions à vous poser, et pour que personne ne sorte insatisfait de cette réunion, je vous propose d'inverser la règle, et pour ce dernier tour de table, de donner la parole à chacun des collègues pour une minute et ensuite vous permettre de faire une réponse globale pour clore notre réunion.

2-046
Gauzès (PPE-DE). – Merci Madame la présidente. Mme Lulling, questeur de cette assemblée, m'avait chargé, Monsieur le Président, de poser une question en plus de la remarque perfide et impertinente que je ferai tout à l'heure.

Je vous lis cette question: la persistance des tentions inflationnistes, l'existence des taux d'intérêt négatifs, l'accroissement trop rapide de la masse monétaire sont des éléments qui devraient logiquement conduire à un resserrement de la politique monétaire. Or, nous constatons que tel n'est pas le cas. Est-ce à dire que la BCE considère, sans le dire ouvertement, que le soutien à la conjoncture lui paraît prioritaire en ce moment, même par rapport à l'objectif de stabilité des prix, ou alors la BCE sera-t-elle amenée, très bientôt, à serrer la vis pour contrecarrer les évolutions actuelles?

C'était la question de Mme Lulling, et moi, me faisant très simplement l'interprète de beaucoup de mes concitoyens, je vous dirai: y a-t-il un pilote pour l'euro?

2-047
Purvis (PPE-DE). – Mr Trichet, taking what you have said repeatedly about the need for productivity growth in Europe, should you not consider a strong currency a good thing as providing pressure for reform in the real economy and maximising productivity? Do you think a strong euro might be a better force for structural reform than repeated verbal exaltations to governments and politicians to force things through?

2-048
Hoppenstedt (PPE-DE). – *(DE)*

2-049
Ettl (PSE). – *(DE)*

2-050
in 't Veld (ALDE). – First of all I have a request rather than a question for you, Mr Trichet: keep your firm stance on the Stability and Growth Pact. The younger generations will be very grateful to you because running budget deficits and running up debts amounts to spending future generations' money.

My question relates to the pension systems in Europe. There are people who say that the insufficient sustainability of some of the national pension systems is a ticking time-bomb under the euro. Do you agree with that?

2-051
Montoro Romero, Cristobal (PPE-DE). – *(ES)*

2-052
Trichet, *Président de la BCE***. –** La première question a porté sur un ensemble d'éléments qui pourraient conduire à penser que les risques d'inflation sont élevés et qu'il convient, par conséquent, de modifier notre politique monétaire.

Là, je dois vous dire que le Conseil des gouverneurs va se réunir jeudi prochain, et j'aurai l'occasion de revenir sur notre analyse. Je dirai que jusqu'à présent, nous avons identifié tous les risques que M. Gauzès a mentionnés et nous avons pensé, encore une fois, que notre crédibilité et l'action que nous avons eue jusqu'à présent sur le plan de notre politique monétaire, est telle que la matérialisation de ces risques, dans la perspective qui est la nôtre, c'est-à-dire dans une perspective de moyen terme, ne justifiait pas un changement de politique. Mais ces risques existent et je crois que Mme Lulling a raison, si je puis dire, de les souligner, de les évoquer: ils existent. Dans notre analyse, dans les analyses que nous avons faites jusqu'à présent, ils ne nous ont pas conduits à penser qu'il convenait, pour autant, de changer notre politique, mais nous sommes vigilants et je crois que c'est parce que nous sommes vigilants et que tous les observateurs savent que nous sommes vigilants que, précisément, nous sommes crédibles et que les anticipations inflationnistes demeurent en ligne avec notre définition de la stabilité des prix.

À la seconde question, je suis tenté de répondre très brièvement "oui". Je ne sais pas si c'était celle que vous souhaitiez. Les choses sont claires, et d'ailleurs je ne comprends pas bien pourquoi on repose perpétuellement la question. Je dois dire que cette question revient souvent mais dans un cercle assez restreint. Nous avons déjà eu l'occasion de voir, par exemple en 2000, comment pouvait fonctionner dans des circonstances qui étaient difficiles, notre propre système et je n'insiste pas là-dessus. Mais oui, il y a bien un pilote pour l'euro.

En ce qui concerne la question des changes, plusieurs questions se posent. Je vais m'en tenir rigoureusement à ce que j'ai dit, si vous le permettez. Je n'ajoute rien, je ne retranche rien. J'ai déjà dit ce que ce pensais très clairement sur les changes.

En ce qui concerne la croissance 2005, je répondrai en anglais.

2-053
Trichet, ECB. − Our new staff projections will be published on Thursday. As you know, our staff projections are quite large and we are living in a world of uncertainty. We are in a situation where increasing oil prices are having a nightmarish impact on growth, which they hinder; and on headline inflation, which they augment. That is pure arithmetic, everybody knows that. Again, I do not want to pre-empt what will be published about the staff projections next Thursday.

As regards China, I have already said that we have sent joint messages to the currencies of emerging Asia, and I do not want to go over that again.

As regards oil-price pressure, I would mention that we have to take into account this new element. It is important to be able to cope immediately with the shock and avoid any medium- and long-term effects arising from that shock. As I said in my introductory remarks, it is extremely important that we deal with shocks of that kind skilfully. We have not always been very skilful in the past. Everybody will remember the way we coped with the first and second oil shocks. I am sure that we will not make the same errors now. That being said, I also call on all authorities in G-7 to try to ensure that the oil market functions as well as possible and for the price of oil to go down to a level which would be more in line with fundamentals, and certainly more in line with the overall interests of the global economy.

As regards the ECB's position on the SGP, I take note of your point, which was extremely clear. On the pension system, I would say that it is certainly a *very* important point – one which a number of Members of Parliament made – that there is an ageing problem in the various countries. This means pension schemes are not appropriately funded: a very tough problem. This is among the structural reforms we have talked about. We know that it is difficult to explain to the citizens of Europe that these reforms have to be made. We are willing to make a contribution by explaining this reform and easing delivery, which, in a number of countries, is well overdue. I share your view on this.

2-054
La Présidente. – Merci beaucoup, Monsieur le Président, de ces deux heures passées ensemble. Je pense qu'elles vous permettent de marteler votre message et de le rendre plus public.

Est-ce que cela vous permet de répondre entièrement aux demandes des membres de cette commission? Je ne le sais pas, mais en tout cas, je crois que la qualité du dialogue que nous pouvons ainsi engager est un élément très important pour votre institution et pour la nôtre, et c'est dans cet esprit que, je crois, nous devons essayer de progresser de part et d'autre, avec peut-être des suggestions pour améliorer encore la qualité, l'audience et le caractère lisible et transparent de ce dialogue monétaire.

Nous avons rendez-vous le 13 décembre chez vous, où une très importante délégation de cette commission viendra vous rendre visite, à Francfort, et puis nous nous retrouverons le 14 mars pour notre troisième séance de dialogue monétaire.

Je vous remercie beaucoup de votre participation et de votre disponibilité, en vous disant l'attachement des membres de la commission à ce que, comme nous l'avons fait aujourd'hui, nous ayons le temps d'approfondir chacune des questions.

(La séance est levée à 17h)