2-001

UDVALGET OM ØKONOMI OG VALUTASPØRGSMÅL

DIALOG MED WIM DUISENBERG, FORMAND FOR ECB

(jf. EF-traktatens artikel 113, stk. 3)

BRUXELLES, DEN 3. DECEMBER 2002

AUSSCHUSS FÜR WIRTSCHAFT UND WÄHRUNG

MONETÄRER DIALOG MIT HERRN DUISENBERG, PRÄSIDENT DER EZB

(gemäß Artikel 113 (3) des EU-Vertrags)

BRÜSSEL, 3. DEZEMBER 2002

ΟΙΚΟΝΟΜΙΚΗ ΚΑΙ ΝΟΜΙΣΜΑΤΙΚΗ ΕΠΙΤΡΟΠΗ

ΝΟΜΙΣΜΑΤΙΚΟΣ ΔΙΑΛΟΓΟΣ ΜΕ ΤΟΝ κ. DUISENBERG, ΠΡΟΕΔΡΟ ΤΗΣ ΕΚΤ

(σύμφωνα με το Άρθρο 113, παράγραφος 3, της Συνθήκης ΕΚ)

ΒΡΥΞΕΛΛΕΣ, 3 ΔΕΚΕΜΒΡΙΟΥ 2002

ECONOMIC AND MONETARY COMMITTEE

MONETARY DIALOGUE WITH WIM DUISENBERG, PRESIDENT OF THE ECB

(pursuant to Article 113(3) of the EC Treaty)

BRUSSELS, 3 DECEMBER 2002

COMISIÓN DE ASUNTOS ECONÓMICOS Y MONETARIOS

DIÁLOGO MONETARIO CON EL SR. DUISENBERG, PRESIDENTE DEL BCE

(de conformidad con el apartado 3 del artículo 113 del Tratado CE)

BRUSELAS, 3 DE DICIEMBRE DE 2002

COMMISSION ECONOMIQUE ET MONETAIRE

DIALOGUE MONETAIRE AVEC M. DUISENBERG, PRESIDENT DE LA BCE

(conformément à l'article 113(3) du Traité CE)

BRUXELLES, LE 3 DÉCEMBRE 2002

COMMISSIONE PER I PROBLEMI ECONOMICI E MONETARI

DIALOGO MONETARIO CON WIM DUISENBERG, PRESIDENTE DELLA BCE

(conformemente all'articolo 113, paragrafo 3, del Trattato CE)

BRUXELLES, 3 DICEMBRE 2002

ECONOMISCHE EN MONETAIRE COMMISSIE

MONETAIRE DIALOOG MET DE HEER DUISENBERG, PRESIDENT VAN DE ECB

(overeenkomstig artikel 113, lid 3 van het EG-Verdrag)

BRUSSEL, 3 DECEMBER 2002

COMISSÃO ECONÓMICA E MONETÁRIA

DIÁLOGO MONETÁRIO COM O SR. DUISENBERG, PRESIDENTE DO BCE

(conforme o artigo 113(3) do Tratado CE)

BRUXELAS, 3 DE DEZEMBRO DE 2002

TALOUS- JA RAHA-ASIOIDEN VALIOKUNTA - KESKUSTELU RAHAPOLITIIKASTA EKP:N PUHEENJOHTAJAN DUISENBERGIN KANSSA

(EY:n perustamissopimuksen 113 artiklan 3 kohdan mukaisesti)

BRYSSELISSÄ 3. JOULUKUUTA 2002

UTSKOTTET FÖR EKONOMI OCH VALUTAFRÅGOR

DIALOG MED ECB:S ORDFÖRANDE WIM DUISENBERG

(i enlighet med artikel 113.3 i EG-fördraget)

BRYSSEL DEN 3 DECEMBER 2002

2-002

VORSITZ: CHRISTA RANDZIO-PLATH

(Die Sitzung wird um 10.15 Uhr eröffnet.)

Die Vorsitzende. - Liebe Kolleginnen und Kollegen! Wir führen heute den letzten monetären Dialog dieses Jahres, und ich freue mich, dass eine Delegation des tschechischen Parlaments heute bei uns ist - herzlich willkommen!

(Beifall)

Dieser monetäre Dialog soll zu mehr Transparenz von geldpolitischen Entscheidungen beitragen. Ich weiß nicht, ob die notwendige Transparenz angesichts der Sitzung des EZB-Rates am Donnerstag heute erreichbar ist, aber auf jeden Fall haben wir viele Fragen, die natürlich auch das Verhältnis zwischen Geldpolitik und Fiskalpolitik betreffen. Außerdem stellen wir uns natürlich immer wieder die Frage, inwieweit ein angemessener *policy mix* erreichbar sein kann.

Die Reformen, die innerhalb des bestehenden Stabilitäts- und Wachstumspakts möglich sind, werfen natürlich ebenfalls ihre Schatten voraus, aber die Frage ist ja wirklich, warum ausgerechnet in den Ländern, in denen wir niedrige Inflationsraten haben, die Defizite hoch sind, bzw. warum wir gerade in den Ländern der Währungsunion, in denen das Defizit hoch ist, niedrige Inflationsraten haben. Ist die ursprüngliche These im Stabilitäts- und Wachstumspakt noch haltbar, wonach Preisstabilität tatsächlich nur zu erreichen ist, wenn es ein enges haushaltspolitisches Korsett gibt? Ich denke, wir haben viele neuartige Fragen. Wir sind auch sehr gespannt auf die Vorschläge der EZB in Bezug auf die

enabling clause von Nizza, wie es bei der Erweiterung weitergeht, und natürlich ist der neue Bericht der EZB über die internationale Rolle des Euro, der jetzt gerade erschienen ist, auch für uns von großem Interesse, weil er deutlich macht, dass der Euro in der internationalen Geldpolitik einen Platz hat, obwohl er noch eine junge Währung ist. Von daher wird es heute bestimmt ein sehr spannender monetärer Dialog, und Sie haben jetzt das Wort für die einleitenden Bemerkungen!

2-003
Duisenberg, *ECB***.** – I will start my opening remarks with an explanation of the European Central Bank's assessment of economic and monetary developments. Subsequently, I will address some issues related to the European Union arrangements for financial regulation, supervision and stability.

Already at the time of our last meeting in October 2002, the expectation had faded, or was fading, that economic activity in the euro area would reach growth rates in line with trend potential by the end of 2002. In the course of the summer, the downside risks to economic growth had become evident, reducing the likelihood that upward risks to price stability would materialise. This development was mainly related to the episodes of turbulence in financial markets and to the persistence of geopolitical tensions, which created uncertainty and affected the outlook for economic activity in the euro area and also at the global level.

Recent monetary data, as monetary growth has remained rather strong, need to be interpreted with caution as the dynamics in money supply in a broad sense over recent months have been considerably boosted by high uncertainty in financial markets, which has favoured portfolio shifts to the more liquid instruments included in M3.

At the same time, the persisting strong monetary growth and the resulting ample liquidity have also been driven by the low level of short-term interest rates, which stimulates demand for the most liquid assets which are included in the narrow aggregate M1.

Loans to the private sector have stabilised at growth rates between 5% and 5½% in the most recent past. These are levels which, in real terms, are not low given the cyclical situation.

Overall, more liquidity is available than would be needed to finance sustainable, non-inflationary growth. At the same time, in the current economic environment, we do not see the risks of this excess liquidity translating into inflationary pressures in the near future.

Turning to the second pillar of the ECB's monetary policy strategy, and starting with economic activity, the available evidence suggests that economic activity has most likely continued to grow only moderately in the third quarter of this year. As already noted, the hesitant pace of economic activity, as compared with our expectations earlier in 2002, together with lacklustre confidence, reflects the significant degree of uncertainty that has been building up over recent months. Early indications for the fourth quarter of 2002 suggest that the pace of economic growth has remained broadly unchanged.

For the time being, the main scenario for the euro area remains that economic growth should return to rates close to potential in the course of 2003. This expectation is consistent with forecasts published by international organisations and private institutions. In addition, financial markets have shown signs of stabilisation in recent weeks, although volatility in the stock markets has remained high by historical standards. The expectation of an improvement in economic activity in the euro area is contingent on the unwinding of the current high level of uncertainty and on a recovery of growth in private consumption, which has shown signs of resilience in the recent past. In addition, this expectation is also based on a gradual recovery of world demand which, together with the low levels of interest rates, should help to strengthen investment.

However, there are several downside risks to this scenario. They relate to the persistence of macroeconomic imbalances in the global economy, geopolitical tensions and the uncertainty about the size of the adverse effects of the past sharp declines in stock prices on aggregate demand in the euro area and in the other major regions of the world. Moreover, risks also stem from the fact that structural rigidities in the euro area economy do not facilitate the process of price and wage adjustments to external shocks. Thus, overall, it remains difficult to predict at this juncture the timing and strength of the acceleration of economic activity.

Regarding price developments, annual inflation rates, as measured by the Harmonised Index of Consumer Price Inflation, have been slightly above 2% in recent months. These annual inflation rates are likely to increase even in the remainder of 2002 and stay above 2% in the early months of next year, mainly on account of base effects and increases in indirect taxes and administered prices in a number of countries. Subsequently, however, HICP inflation rates should fall again and, provided that oil prices do not increase significantly and wage moderation prevails, reach levels in line with our definition of price stability in the course of 2003. Looking further ahead, both the strengthening of the euro exchange rate this year and the subdued economic activity continue to contribute towards reducing inflationary pressures.

Furthermore, for price pressures to be contained, it is crucial that the upward trend in labour cost indicators observed in recent years does not continue. The notable inertia in wages despite the subdued economic expansion has been of some concern, although recent developments may suggest that wage costs have not accelerated further in the course of this year.

At our last monetary policy meeting on 7 November 2002 we discussed extensively whether or not to reduce the key ECB interest rates, in view of the high

uncertainty surrounding future economic growth and its implications for medium-term inflationary pressures. Summing up, there were elements in favour and against both alternatives. On the one hand, the subdued trends in economic activity and the stronger exchange rate of the euro supported the view that inflationary pressures should decline. On the other hand, the stubbornly persistent rate of inflation excluding the volatile components of energy and food prices as well as monetary and wage trends, argued for caution. Overall, on that occasion the view to keep the key ECB interest rates unchanged prevailed. However, we also indicated that we needed to monitor the downside risks to economic growth for their impact on medium-term inflationary pressures.

Since our last meeting on 7 November 2002, the evidence has strengthened that inflationary pressures are easing somewhat and downside risks to economic growth have not vanished.

Regarding fiscal policy in the euro area, I would like to reiterate that budgetary discipline is indispensable for the success of Economic and Monetary Union. Fiscal discipline strengthens the conditions for strong sustainable growth conducive to employment. Sound fiscal policies also provide scope for dealing with the expected fiscal challenges caused by the ageing of the population. Clearly, therefore, sound public finances, as enshrined in the Treaty and further developed in the Stability and Growth Pact, are in the interest of all Member States.

I want to stress that the current fiscal framework strikes the right balance between discipline and flexibility. By prescribing a medium-term objective of budgetary positions close to balance or in surplus, the Stability and Growth Pact guarantees that fiscal policies will preserve the sustainability of public finances while providing sufficient flexibility for automatic stabilisers to operate.

While it is clear that, for many – partly formal – reasons, annual budgetary targets always need to be set in nominal terms, the assessment of fiscal policies naturally must take into account cyclical developments. Though the discussion surrounding this issue may, at times, appear confusing, it does not reflect a flaw in the Pact as some critics claim.

In this context, it is worth recalling that most Member States have reached budget positions which are close to balance or in surplus. Current fiscal problems in other countries have arisen not because the rules are inflexible, but because countries have not honoured their commitments to make progress in fiscal consolidation, particularly during good times. It is now high time for the countries with deficits approaching or even exceeding 3% of GDP to honour their commitment to respect the rules. We very much support the Eurogroup agreement that all countries with remaining imbalances should undertake to fulfil their commitments by implementing a clear consolidation strategy and we very much believe that a growth-oriented consolidation policy – which aims at strengthening the productive forces of the economy – will be an important means to strengthen the economic prospects for the euro area at this juncture.

Additional efforts regarding transparency and timeliness in the implementation of the procedures of the Pact are also necessary. They will help convince the public that the current framework is fully successful in preserving discipline and providing flexibility. In this context, the Commission recently issued a communication which aims to clarify certain aspects of the fiscal framework while strengthening its main principles and objectives. The ECB considers this a good starting-point for rebuilding confidence in the budgetary policy framework.

Finally, neither the discussion on monetary or fiscal policy, nor the current economic outlook should divert attention from the need to implement decisively the structural reform agenda. We note with some concern that progress is slow in many countries of the euro area. I should like to emphasise that the benefits of these reforms for the economic growth potential of the euro area are likely to be substantial. While these benefits will only be fully reaped over the medium term, reforms would be particularly important at the current juncture. Indeed, determined structural reforms in labour, product and financial markets should make a significant contribution to strengthening confidence, making the euro area more attractive for investors. In the end, this will also support economic growth, even in the short term.

Today, the ECOFIN Council is considering adapting the European Union structures for financial regulation, supervision and stability. The ECB keenly supports the basic thrust of such proposals, namely to reduce barriers to further financial integration and to maintain systemic stability in financial markets, which have become increasingly interconnected in a single currency area. Against this background, the respect of the subsidiarity principle in supervisory matters necessitates enhanced cooperation between national authorities.

The ECB has repeatedly stressed that in the banking sector close and effective cooperation between central banks and supervisory authorities is crucial for the promotion of financial stability, a point that I am glad to see strongly backed also in recent resolutions of the European Parliament. The ECB has also emphasised that technical authorities need to be represented in regulatory committees and that any new arrangements for financial stability should draw on the technical expertise at central banks and supervisory agencies. All these points are reflected in the proposals endorsed by the ECOFIN Council in October 2002.

Now the crucial phase is beginning when the ability of the new arrangements to meet the high expectations they are raising will be tested in practice. The measure of success will be whether the overall rulebook, with which financial institutions operating throughout the European

Union have to comply, becomes more homogeneous across countries. This will require a fine re-balancing of primary and secondary Community legislation and national rulebooks, which should be conducted in a transparent manner by the committees to be set up under the new supervisory regime, paying careful attention to the costs of compliance. The review of the new arrangements that was requested by the European Parliament will offer an appropriate tool for checking the progress made.

Let me conclude by highlighting that supervisory authorities and central banks should step up information-sharing and develop joint assessments. This will also allow the effectiveness of the new arrangements in supporting financial stability in the Single Market to be tested.

2-004
Die Vorsitzende. - Vielen Dank, Herr Präsident! Wir kommen zu der ersten Runde über monetäre Politiken und den Stabilitäts- und Wachstumspakt.

2-005
Karas (PPE-DE). - Herr Präsident, Frau Vorsitzende! Man kann seine Fragen ja leider nur im Stakkato vortragen, um den anderen Kollegen nicht so viel Zeit wegzunehmen. Erstens: Ihr Bericht stimmt mich deshalb etwas betrübt, weil ich das Gefühl habe, dass sich in den grundsätzlichen Aussagen und in konkreten Dingen seit unserem letzten monetären Dialog nicht sehr viel bewegt hat. Die Sorge ist unverändert, beruht auf denselben Dingen und hat daher natürlich dieselben Schwerpunkte wie das letzte Mal. Wir befinden uns in schwierigen Zeiten, und ich wiederhole meine schon einmal erhobene Forderung an Sie: Ich glaube, es ist ganz wichtig, dass in diesen schwierigen Zeiten Vertrauen, Stabilität und Kontinuität in allen Institutionen gewahrt bleiben. Daher bitte ich Sie, sich zu überlegen, ob es Ihnen nicht doch möglich ist, auf Ihren vorzeitigen Rückzug im Juli zu verzichten und stattdessen die EZB mit ruhiger Hand weiterzuführen.

Zweitens: Die Vorschläge, die Sie soeben gemacht haben, und die Forderungen nach Aufsicht sind voll inhaltlich im van den Burg-Bericht enthalten, den das Parlament in Straßburg während der letzten Tagung verabschiedet hat. Das Parlament stützt Sie daher in der Absicht, die Koordinierung zu verstärken. Es wäre notwendig, auch den Finanzministern den nötigen Impuls zu vermitteln, damit sie im Rahmen des Vertrages und der bestehenden Möglichkeiten diese Koordinierung und Weiterentwicklung verstärkt vornehmen und neue Ideen entwickeln.

Drittens: Ich möchte Sie fragen, ob Ihre Beurteilung für eine Zinssenkung nur die Entscheidung vom 7. November begründet oder ob sie auch Ihr Verhalten am kommenden Donnerstag begründen wird. Im Zusammenhang mit dem Stabilitätspakt haben Sie vom Vertrauen durch die Entscheidung der Kommission gesprochen. Ich frage Sie ganz konkret: Nehmen Sie an, dass diese Beschlüsse der Kommission auch dazu führen werden, die von Ihnen eingeforderten Strukturreformen mit dem nötigen Nachdruck in Gang zu setzen?

2-006
Duisenberg, *ECB***. -** When I wrote to the then President of the European Council, Prime Minister Aznar, I asked to be relieved of my functions on 9 July 2003, or at a later date which would be in the interest of an orderly transition of the Presidency of the ECB.

Your second remark was not a question but I want to express my gratitude for the views expressed by the European Parliament and, in particular, the efforts undertaken by the rapporteur, Mrs van den Burg, in the preparation of the European Parliament opinion. I can only conclude that the views of the European Parliament and the Eurosystem on this issue run parallel, to a very high degree.

The discussion on the Stability and Growth Pact and its interpretation is only just starting, with the Commission now having issued a communication on this issue. I am happy to say that the Commission does not propose to change the regulations or to change the formal rules but it proposes to give a certain interpretation, and actually a stronger interpretation, to the provisions of the Stability and Growth Pact. That is now underway.

The EFC has had a first discussion. The Euro Group Ministers discussed it yesterday and the ECOFIN Ministers will continue discussing it today. The main discussion will take place around 20 January 2003 when conclusions will be drawn. From the atmosphere at the Eurogroup meeting last night, I sense confidence that the Stability and Growth Pact will be reinterpreted to strengthen its implementation and to demand that the annual structural consolidated effort, taking into account cyclical circumstances, of those countries that are still a long way from reaching a balanced budget or even a small surplus should be to reduce their excessive deficit by at least 0.5% of GDP, which gives me reason to express some confidence in the future.

2-007
Goebbels (PSE). – Monsieur le Président, pourquoi avez-vous tellement tardé avant de vous décider à proposer au Conseil des gouverneurs une baisse de vos taux directeurs de 50 points?

2-008
Duisenberg, *ECB***.** - There were factors pointing in the direction of the desirability of a rate cut, but there were also factors such as the stubbornly high inflation rates, which eventually lead the Governing Council to decide not to change rates. It is now the third year that we have been unable, to my disappointment also, to reach the goal of an average rate of inflation of 2% or lower. We expect inflation to remain above 2% for quite some months to come. In addition, the monetary situation is very accommodative. Historically and, in real terms, interest rates can by no means be regarded as a hindrance to the resumption of growth. It is for all those reasons, balancing them, that we continued waiting and, as you know, we continue to wait.

In addition, the signs that inflation may be easing have somewhat increased since 7 November 2002. The downside risks to economic growth have not disappeared.

2-009
Goebbels (PSE). – Monsieur le Président, je suis de ceux qui pensent que votre rôle n'est pas de surprendre les marchés, mais de les préparer. Et à cet égard, il est difficile de justifier un tel différentiel entre les taux directeurs des États-Unis et ceux de la zone euro: 3,25 % en Europe, 1,25 % aux États-Unis, c'est énorme. D'autant plus que les déséquilibres macroéconomiques des États-Unis sont, pour le moins, aussi importants que ceux de l'Union européenne. Bien sûr, leur taux d'inflation est un peu inférieur au nôtre; néanmoins le déficit budgétaire, l'endettement public et l'endettement privé aux États-Unis sont beaucoup plus importants, ou deviennent de plus en plus importants. De plus, la balance américaine est très déficitaire. Nous avons donc en Europe d'excellentes raisons de suivre l'exemple de la Federal Reserve et d'apporter un soutien à la consommation et surtout à l'investissement.

2-010
Duisenberg, *ECB***.** - When Mr Goebbels says that the macro-economic imbalances there are as great as here, he must certainly not be referring to the current account deficit. The current account balance of the euro area is in surplus, although that surplus is small, andthe United States has a current account deficit, that is now approaching a figure of 5% of GDP, which in the long run is not sustainable.

2-011
Goebbels (PSE). – Dans ces conditions, Monsieur le Président, comment peut-on justifier un différentiel de 200 points entre les taux directeurs en Europe et aux États-Unis?

2-012
Duisenberg, *ECB***.** - We formulate our monetary policies with a view to developments in the euro area and not in comparison to what is happening in the United States. It is based on our independent assessment of both monetary and other indicators. We can therefore justify the policy we have established and, as the previous speaker has emphasised, not only because of what he called my *vorzeitiger Rücktritt*, but also in the interest of stability, continuity and confidence-building. It is those considerations that lead us to adopt our policy stance.

2-013
Huhne (ELDR). - There is not really much debate any longer about the power of fiscal policy given that the explanation for the relatively good performance of the United States and the United Kingdom over the last year is really, if anything, the relaxation of fiscal policy in both countries, which was completely unplanned from a stabilisation point of view but was nevertheless effective.

If the Council of Ministers actually does what you and the Commission want and deliver on this 0.5% of GDP fiscal tightening, in what will after all be more than three-quarters of the euro area GDP, which is a substantial fiscal tightening over the medium term, what reassurance can you give that the ECB would actually compensate with cuts in interest rates and how big would those cuts in interest rates have to be to compensate for this fiscal tightening in the three big Member States and in Portugal?

2-014
Duisenberg, *ECB***.** - First of all, one half percentage point of GDP or more of what you call fiscal tightening can happen on both sides of the budget balance sheet, both in revenues and expenditures.

Secondly, we agree that the fiscal consolidation should comprise structural measures, but the cyclical factors have to be taken into account, so the outcome in terms of the actual deficit is not certain.

I refuse to think in terms of there being a trade-off between certain fiscal policies and the monetary policy stance. The monetary policy stance is determined by our monetary policy strategy, which is forward-looking and has a medium-term horizon. I am not thinking in terms of compensating by one policy events that happen in the other, in particular when they are of a structural nature.

2-015
Huhne (ELDR). - The indication of what you have just said is that you are completely neutral about whatever fiscal policy is pursued by the euro area Member States, which surely cannot be right. There must be a demand impact from the fiscal policy that they pursue. If they pursue a more relaxed fiscal policy, your interest rates are going to be higher and if they pursue a tighter fiscal policy, the rates will be lower.

So, the question is, if they do as you are asking them on fiscal policy, how much lower will your interest rates be?

2-016
Duisenberg, *ECB***.** - I cannot quantify that.

2-017
Huhne (ELDR). - You may not want to quantify it, but what would your models suggest the appropriate cut in interest rates would be if the Member States actually do as you want? I realise all the problems there are with computer models, but what order of magnitude would you expect?

2-018
Duisenberg, *ECB***.** - I believe my models suggest that the impact on real output would be very limited indeed.

2-019
Herzog (GUE/NGL). – Monsieur le Président, je voudrais vous interroger sur votre réflexion concernant, je cite, *the hesitant pace of economic expansion*. Mes questions portent sur les raisons que vous trouvez pour expliquer ce diagnostic: raisons à court terme, raisons à moyen terme. À court terme, vous parlez une fois encore de rigidité structurelle. À cet égard, ma question est très directe: souhaitez-vous une baisse des salaires réels et

des diminutions d'emploi dans le cadre des restructurations à venir pour augmenter les taux de profitabilité? Il faut être clair. Est-ce cela que vous préconisez? Quelles que soient les conséquences sur la consommation qui soutient actuellement la demande intérieure.

Et pour le moyen terme, corroborez-vous les diagnostics selon lesquels le potentiel de croissance de l'Union européenne est en train de ralentir plutôt que d'augmenter? Et là encore, pourquoi? Vous parlez de progrès lents dans les réformes structurelles. Est-ce que, pour vous, la clé de l'accélération du potentiel de croissance réside uniquement dans la construction d'un marché financier intégré? Vous avez vu les estimations récentes à ce sujet en termes d'impacts sur la croissance. Ils ne sont pas si considérables. En conséquence, y-a-t-il d'autres facteurs structurels?

2-020
Duisenberg, *ECB***.** - If I understood the first part of your question correctly, it was about the reasons behind the disappointing performance in economic activity in the course of this year. The reasons are the global developments, which were in particular disappointing in the United States, and the fundamental uncertainties arising from the geopolitical tensions, the increase in oil prices, which has been reversed but which may now be going in the other direction again, and the high volatility and disappointing performance in financial markets, stock markets in particular. However, although in all likelihood the impact of financial market developments on economic activity is larger on the other side of the Atlantic ocean, it has been compensated to a large extent by a still buoyant housing market.

Do I want a drop in real wages? The answer is no. What I want is a halt to the rise in wage cost per unit of output which has now taken place three years in a row and which is far in excess of the rate of growth of productivity. Luckily there are the first signs that the tide is turning. In the course of 2003, as I indicated, the resumption of economic activity should be helped by the gradual fall in inflation which will improve the purchasing power of consumers. It is not only actual inflation that will fall to below 2% in the course of next year, but also, in particular, perceived inflation. Ordinary people, consumers, have the impression that inflation is much higher than is in fact being measured. From our measurements, perceived inflation is about 4% to 5% annually. That must come down before it gets entrenched in people's expectations, particular those of people who conduct wage negotiations.

2-021
Lipietz (Verts/ALE). – Monsieur le Président, je crois que votre rapport présente deux thèses très fortes. À savoir, premièrement, que la croissance de la masse monétaire, aussi bien M3 que M1, n'est pas due à un laxisme monétaire, mais au rôle de refuge que présente la liquidité face à des incertitudes sur les événements géopolitiques. Cette thèse est très importante, parce qu'elle expose à la fois une analyse conjoncturelle, mais également une remise en cause sur le moyen terme du rôle que peut tenir ce pilier dans la conduite de la politique monétaire, puisque si M1 et M3 deviennent des indicateurs d'incertitude et non pas de disponibilité pour investir, ou même pour consommer, leur rôle éventuel dans les mécanismes déclenchant l'inflation en est modifié d'autant.

Votre deuxième thèse est plus macroéconomique et plus conjoncturelle. Je lis:

2-022
"The expectation of an improvement in economic activity in the euro area is contingent on the unwinding of the current high level of uncertainty and on the recovery of growth in private consumption."

2-023
Il est évident que nous ne pouvons rien face à l'incertitude. Ce n'est pas nous, mais essentiellement la politique de l'administration américaine qui la détermine. Ce qui relève de notre compétence, selon vous, c'est la *recovery on growth in private consumption*, et c'est pratiquement la seule chose dont nous disposons, selon vous, pour relancer l'activité en Europe.

Je dois avouer que, premièrement, en tant qu'écologiste, j'aurais beaucoup à dire sur une telle thèse. Je crois que l'Europe a essentiellement besoin, actuellement, d'une énorme vague d'investissements pour nous préparer à assumer les responsabilités de l'accord de Kyoto. Cependant, même si vous avez raison, alors il faut aider cette consommation privée à reprendre, ce qui ne peut passer que par une hausse du pouvoir d'achat des ménages en termes réels, ou bien par une baisse des taux d'intérêt. Je ne vois pas comment nous pouvons échapper à cette contrainte.

2-024
Duisenberg, *ECB***.** - The persistently strong growth of M3, in the order of magnitude of 7 to 8% and thus well in excess of our adopted reference value of 4.5%, could in itself be a cause for concern. You could say that the economy is awash with liquidity. But as yet we do not feel too much concern because, as you indicated, much of this has to do with hopefully temporary portfolio shifts. People are parking their money in short-term financial assets for the time being, as they are risk-averse and do not want to invest their money, either directly or indirectly. So this is hopefully a temporary situation which will unwind over time. We hope this will happen in a responsible way.

We are helping private consumption by bringing inflation down and by seeing to it that we achieve our goal of price stability. This will increase the purchasing power of people, and will also indirectly raise investment profit expectations, which will help private investors above all to resume their activities. It will also even help the resumption of stock building. Inventories are at a historically low level at the moment. So all this will help, but it takes time.

2-025

Lipietz (Verts/ALE). – Cela fait plusieurs fois, depuis près d'un an, que vous affirmez que la croissance de M3 est maintenant devenue un indicateur d'incertitude. Depuis près d'un an, vous le dites à peu près dans un rapport sur deux. Et deuxièmement, vous ne pouvez pas relancer la consommation uniquement en ralentissant l'inflation, si vous n'entreprenez pas en même temps une augmentation des salaires nominaux.

2-026
Duisenberg, *ECB***.** - I cannot remember ever having said that the strong growth in M3 in itself is a sign of uncertainty regarding the usefulness of the first pillar. Developments in M3 can to some extent be explained by investors trying to avert or avoid the risks of volatile stock markets by temporarily parking their money in short-term assets. We cannot stimulate consumption merely by bring inflation down. Incomes also have to rise but they must do so in a responsible and moderate way.

2-027
Della Vedova (NI). - Signor Presidente, io continuo ad apprezzare, anche nella sua dichiarazione di oggi, l'accento che lei si ostina - giustamente - a porre sulle riforme strutturali, del lavoro, dei prodotti, dei mercati finanziari - aggiungerei anche la necessità di rifuggire alle tentazioni protezionistiche - e a sottolineare che queste sono riforme che possono assicurare, anche nel breve periodo, una ripresa economica in Europa o, quantomeno, una diminuzione del *gap* tra la crescita europea e la crescita americana. Credo che si arriverà alla diminuzione dei tassi e si vedrà che, se si vuole scongiurare il rischio di una giapponizzazione dell'economia europea, sarà sulle riforme strutturali che bisogna insistere e non tanto sui tassi di interesse.

Due domande specifiche vorrei porle. La prima: i tassi di inflazione di due paesi importanti per l'area euro - penso a Germania e Italia - sono ormai sensibilmente diversi. Il modello di comportamento della Banca centrale resta perfettamente valido, nella sua considerazione, anche in presenza di un'inflazione media dell'area euro che non descrive in modo preciso i differenziali di inflazione tra paesi comunque importanti, per esempio Germania e Italia?

Seconda domanda telegrafica: lei richiama la questione dell'invecchiamento della popolazione. Quanto sono importanti le riforme dei sistemi previdenziali per il futuro dell'area euro e, nel medio periodo, per la sostenibilità della crescità economica, e come valuta il fatto che nella riforma del Patto di stabilità, proposto dalla Commissione, si cominci a parlare del debito previdenziale come uno degli aspetti della solidità o meno delle condizioni della finanza pubblica?

2-028
Duisenberg, *ECB***.** - I cannot find very much to disagree with, but I will try to distil the questions from your intervention. Inflation rates within the euro area are different but – in a longer term perspective- , only in the year 2000 the inflation differentials between countries widened somewhat. Before that and today, the differentials, including the differential between German inflation and, for example, Spanish inflation - 1.3% versus 4.0% at the moment - are not exceptional; they are quite normal. They are in themselves not a cause for concern.

I would like, if I may, to answer a question, which has not been asked, but which is relevant in this context. Here and there the fear is expressed that we might be, in certain areas at least, moving in the direction of deflation. I want to emphasise that we cannot see this happening in any country, and though it is often said that Germany might be moving in that direction, we neither see this happening in Germany. If you break down the overall inflation figures, it is apparent that services prices are significantly higher everywhere, including in Germany, than the average overall rate of inflation. I believe services prices in Germany are rising at a rate of some 2.5%., which is also a reflection of the indirect impact of price increases rises in other areas, including oil prices, and therefore I would strongly reject the notion of deflation.

As far as the ageing of the population is concerned, this constitutes to my mind the basic long-term justification for the Stability and Growth Pact that we have. Sticking to the Pact will over time, maybe decades, create the room in budgets to cope with the costs of the ageing of the population which are expected to rise over a 30 year period by something in the neighbourhood of 5 to 6% GDP.

This is a huge problem which confronts all industrialised nations to a greater or lesser degree, Japan most of all but also the United States, where it is the justification for what they call the inter-generational financing method for the budget, from which they now temporarily, and Mr Huhne applauds it more than I do, seem to deviate. But that is only a side remark. I do not exclude that here and there, and maybe everywhere, pension systems have to be adjusted. This would normally require a long-term approach, but here we are faced with the political fact that the horizon of most governments does not reach further than the next four to five years, i.e. until the next election.

2-029
Kauppi (PPE-DE). - I am pleased that you share the view of the European Parliament about how important it is to implement the Stability and Growth Pact vigorously and also that those countries with deficits approaching or even exceeding the 3% limit should honour the commitment to respect the rules.

It is very important that the ECOFIN Council should agree with us on this matter.

Regarding the Stability and Growth Pact, there has been a lot of talk about structural reforms. Mr Karl Otto Pöhl, former President of the Bundesbank, was quoted as saying that there are a lot of similarities between Germany and the Japanese economy of about 10 years ago. He said that the collapse of financial markets, the

business situation of the banking system and interest as well as the inability of Parliament to undertake necessary but painful structural reforms are some of the major problems facing the German economy at the moment.

Do you think that this comparison between the Japanese economy of the early nineties and the euro zone Germany of today is justified?

I would also like to know whether you share the view of some academics that this is not only a labour market question requiring some structural market reforms but that there are also many problems in the commodity and financial markets still to be overcome?

Academics say that the growth potential in the euro zone might increase by more than 1% in one year if the financial market reforms were to be taken into the final phase. Do you think that this assessment of 1% more growth potential in the euro zone would be possible if we were able to move forward with the FSAP?

2-030
Duisenberg, *ECB***.** - On the Stability and Growth Pact I am very happy that the Commission has had the courage to enact the excessive deficit procedure against Germany and we fully support that. I am also happy that it has been decided that the "blue letter" will be sent to the French Government, and that - yesterday night - the German Government fully accepted the reprimand addressed to it and intends to act accordingly.

I would prefer not to comment on the comparison between Germany and Japan that has been made by my good friend Karl Otto Pöhl. There are, of course, similarities in certain sectors of the economies concerned, but - considering the differences between the continuing problems that have been facing the Japanese society and economy for almost 10 years and the difficulties emerging in Germany over time - then the differences far outweigh the similarities. Let me leave it at that.

On the structural reforms, I fully agree that reforms in the labour market get the most attention, but there is just as much need for reform in goods markets and particularly in service markets. To give you one example, we believe we have the single market in the euro area. However, as far as services are concerned, by no means do we yet have a single market. There are no formal impediments as such, but the simple fact that prices of services are rising everywhere, on average, significantly more than prices of goods illustrates that competition in the services markets is still being inhibited by the existence of national borders, by customs, by traditions and, of course, by language differentials, a factor which plagues the United States much less than Europe. However, it is still a fact. I believe we could do a lot more in the services sector to establish the single market without changing formal rules but by increasing competition there. That would have a dampening effect on inflation and a stimulating effect on economic growth as such.

2-031
Van den Burg (PSE). - In uw toespraak had u het over *growth oriented consolidation strategy* die nodig is in de Europese landen. Dat doet me toch een beetje denken aan de vierkante cirkel, omdat er natuurlijk een zekere tegenspraak zit in die consolidatie en die oriëntatie op groei. In dat verband zou ik u willen vragen hoe u binnen de eurozone aankijkt tegen de *growth oriented consolidation strategy* - ik vond dat wel een mooie formule, maar zij doet me toch een beetje paradoxaal aan - omdat het natuurlijk een probleem is in de eurozone in de Europese Unie als geheel, hoe we ook die groei gaan stimuleren.

In dat verband zou ik met name willen vragen naar het budgettaire debat, wat u vindt van de soort uitgaven die door overheden gedaan worden en met name ook de noodzaak van publieke investeringen. Ziet u in dat verband een rol weggelegd, niet zozeer voor de Europese Centrale Bank zoals de Bank van Japan die misschien wel in grotere mate heeft, dan wel voor de Europese Investeringsbank, die we in Europa hebben. Daar zie je ook dat er met name in de toetredingslanden, maar ook in de huidige lidstaten, tamelijk terughoudend omgegaan wordt met de mogelijkheden die de Europese Investeringsbank zou spelen, juist omdat dat weer zou moeten leiden tot investeringen van de overheden die in strijd zouden komen met hun budgettaire *targets* in verband met de Monetaire Unie.

Dus hoe ziet u die tegenstrijdigheid en hoe ziet u in dat verband toch het stimuleren van publieke investeringen en de mogelijkheid om daar ook in het kader van het Stabiliteitspact wat genuanceerder mee om te gaan?

2-032
Duisenberg, *ECB***.** - As to the first part of the question, namely whether there is a contradiction between consolidating public finance and stimulating economic growth, I believe there is no such contradiction and I would point to the experience over the last decade of your own country, the Netherlands, and for example Ireland, where they have also achieved consolidation of public finance, coming from very high deficit levels to a situation of surplus. At the same time both countries have enjoyed economic growth, in Ireland far in excess of that in the United States, and in the Netherlands - *mirabile dictu* - almost equal to that in the United States. It is only in the last two years that that process seems to have faltered, but not because of a contradiction between fiscal consolidation and stimulating economic growth. I believe that confidence effects of consolidation measures, although not measurable, are is a major factor that play a role here. Confidence in a stability-oriented policy - both monetary and fiscal policy - helps to create an environment for the private sector in which both consumers and investors can pursue their activities in a responsible manner.

As far as the candidate countries and also the existing Member States are concerned, you have to make choices

in the budget. Those choices should increasingly be geared towards productive investment, both public and private. I admit that to make choices is a difficult exercise. But I believe that the European Investment Bank can play a highly catalytic role in approaching these countries and helping them, and I know that they are already very active in that respect.

As you have said, the role of the ECB in this area is much more limited. What we do is to provide, both on a multilateral and on a bilateral basis, technical assistance in the legal sphere, in the institutional sphere and in the build-up of a market-oriented financial structure. Actually, this Thursday in Genval, we have the fourth seminar with the governors and staff of the central banks of all the candidate countries with a view to making further preparations for actual accession and to making their economies and their legal and formal infrastructure ready for accession to the European Union.

2-033
Huhne (ELDR). - I was very pleased that you mentioned the specific debate in Germany about deflation and pointing out the rise in services prices. Obviously, in the markets there has been a lot of discussion about the issue of whether one interest rate for the whole euro area is appropriate. Actually we in our services at the European Parliament commissioned a survey which looked at real interest rates; this came to an extremely interesting conclusion for Germany, namely that real interest rates are actually lower at present, and have been over the last year, than at any time since 1973. But it does seem to me that the ECB's silence on the issue of individual countries tends to feed speculation as to whether one size fits all and it might be useful, knowing that the Parliament has pressed you to produce an annual beige book, US-style, looking at the individual circumstances in each country, if, in order to deal with this one-size-fits-all issue, you were to reconsider your position on this and look at the individual debate in each country and correct misconceptions about whether one size does fit all. Could we have your comments?

2-034
Duisenberg, *ECB***.** - As I see it, you raised two questions. Does one size fit all? And should we have a beige book or national analyses for the individual Member States?

Firstly, one size does not always fit all to the same extent, but we have no choice. We have a single currency. Therefore, we cannot have regional monetary policy; this simply does not exist. In the United Kingdom, you must have these same problems. There also one size does not always fit all. But we are stuck with it and I am happy with it.

Should we have a beige book? I think not. There is a fundamental difference between the set-up of the United States Federal Reserve System, and the Eurosystem. Here we have, at the moment, twelve fully-fledged central banks making their own analyses of what is happening in their own countries and which publish those analyses monthly, quarterly or annually. To add an analysis by an independent centre would increase rather than diminish any confusion that might arise. So, we – the ECB - stick to taking a perspective covering the entire euro area, not least because there is no one else really doing that.

2-035
Herzog (GUE/NGL). – Monsieur le Président, dans le contexte de la Convention, nous nous interrogeons sur les réformes qui touchent ou qui peuvent toucher à la structure de l'Union économique. Avez-vous une opinion sur ce sujet? À votre avis, qu'est-ce qui peut figurer dans un traité d'ordre constitutionnel ou bien dans la deuxième partie envisagée par les conventionnels, laquelle est relative aux politiques de l'Union? Et, en particulier, j'ai une question concrète: êtes-vous en faveur de l'harmonisation fiscale au moins sur les bénéfices des sociétés et sur les revenus de l'épargne financière?

2-036
Duisenberg, *ECB***.** -We are of course closely watching what is emerging out of the European Convention. We are agreeably surprised by the speed with which the Convention seems to be producing its first results and we are very keen on watching and checking to ensure that the basic features of the institutional set-up of the European Central Bank - independence, personal financial and political independence, the primary and secondary goals which the ECB has to pursue, in other words, its mandate - are left untouched by the proposals to be included in the Convention and, ultimately, in the Intergovernmental Conference.

I am in favour of fiscal harmonisation but I am above all in favour of avoiding fiscal competition. I am also impressed by the experience in other countries where the fiscal regime is not always exactly the same in all parts of the economy.

As to the tax on savings, I am inclined to suggest we wait for ECOFIN to decide on this today if they can reach an agreement.

2-037
Radwan (PPE-DE). - Frau Vorsitzende! Ich hatte drei Fragen, ich weiß aber nicht, ob jetzt nicht noch eine vierte dazukommt. Ich habe vorhin verstanden, Sie seien gegen den Steuerwettbewerb. Möglicherweise war das aber nur ein Übersetzungsfehler. Zu meinen drei Fragen. Erstens: Sie haben sich sehr stark für die Haushaltsdisziplin ausgesprochen. Inwieweit sind Sie der Meinung, dass mit den jetzt angekündigten Strukturmaßnahmen das Ziel der 3% in Deutschland nächstes Jahr erreicht wird?

Zweitens: Der Stabilitätspakt wurde letzte Woche von Kommissar Solbes vorgestellt. Es kam auch ein neues Element - die 60% - rein, das wurde von uns generell begrüßt. Wir haben aber das Problem, dass in letzter Zeit eine Entsolidarisierung der Mitgliedstaaten in diesem Bereich stattgefunden hat - ich muss nicht auf die 14:1-Entscheidung hinweisen, wenn es um die 0,5%

Reduzierung geht. Wie soll denn der Stabilitätspakt unter diesen Gegebenheiten zukünftig eingehalten werden? Welche Mechanismen sehen Sie da? Sie haben auch gesagt, dass es sehr gut ist, dass gegen Frankreich und Deutschland jetzt dieses Verfahren eröffnet wurde. Sind Sie nicht der Meinung von Herrn Stark, der erst kürzlich einer Zeitung in Deutschland erklärt hat, dass wir von europäischer Seite gegen Deutschland viel zu spät vorgegangen sind? Sollte das nicht erheblich früher stattfinden?

Die dritte Frage betrifft die Rolle der EZB in der zukünftigen Finanzaufsicht in weltweiten Organisationen. Sie haben das Thema ja auf europäischer Ebene angesprochen, wie zum Beispiel den Basel-Prozess, in dem Sie eigentlich nur eine Gastrolle haben, aber keine Verhandlungsrolle. Wie sehen Sie in solchen Gremien zukünftig die Rolle der EZB? Sollte die Europäische Zentralbank in diesen Gremien zukünftig nicht eine aktivere Rolle bekommen?

2-038
Duisenberg, *ECB***.** - Germany's deficit will certainly exceed 3% of GDP this year, we all know that. For next year, it remains to be seen whether it will come under the 3% level; we are somewhat concerned that it might be very difficult to do so. Another cause for concern, not only for Germany, is that the consolidation efforts, and in particular the efforts to bring the ratio of public debt to GDP below 60% or to move it in a sustainable way in that direction, seem to be lacking some impetus and power at the moment. Some countries had already achieved that and are now moving back again to a level above the 60% ceiling. This all points to a certain laxity in living up to the solemn pledges and commitments that many countries have made. It is also of some concern to us that, in those countries that had already achieved the goal of a balanced budget or a small surplus, there are visible tendencies - because they can now let the automatic stabilisers work fully - indicating that deficits may re-emerge not merely for one or two years but for longer, if nothing is done to prevent them, and that is also something we are pointing out. We will continue to do so, but, whilst not wishing to evade responsibility, I would remind you that the guardian of the Pact is the European Commission. The ECB as such is not even mentioned in the Stability and Growth Pact. But we have been asked, and have indeed taken it on ourselves, to fulfil our role in the context of our mandate.

In the Basle process, as the ECB we take part in all the deliberations every month, for instance at meetings of the G10 governors. The ECB President has now been invited to be not the eleventh but in fact the twelfth governor to attend the G10 meetings. We have meetings with a mixture of industrialised countries and emerging market central banks every month. We are participating fully in the specialised meetings of the payments system and securities settlement committee, which works under the aegis of the BIS, and in the Basle committee of banking supervisors, where we are also fully involved. For the payments systems and securities settlements committee the ECB even provides the chairman. Hence, I believe we are fully involved in the process.

2-039
Berès (PSE). – S'agissant du Pacte de stabilité, je crois que même si la Banque centrale n'est pas responsable de sa mise en oeuvre et de sa surveillance, vous vous réjouissez de ce que la Commission ait réaffirmé l'intangibilité du Pacte sous réserve d'une certaine souplesse d'interprétation. Dans le même esprit, y compris au sein de la Convention, peu de voix, finalement, s'élèvent pour demander une modification des statuts de la Banque centrale. En revanche, un débat s'ouvre sur les critères retenus par la Banque, lesquels ont été élaborés dans des conditions qui restent assez insatisfaisantes du point de vue du contenu du débat démocratique, et qui concernent la fourchette d'inflation retenue par la Banque. Et ce d'autant plus que, ce mois-ci encore, Eurostat nous indique que pour la zone euro, ce taux serait de 2,2 %. En conséquence, que pensez-vous, Monsieur le Président, de la possibilité de revenir sur cette fourchette et des conditions dans lesquelles pourrait être débattue la nouvelle fourchette opérationnelle, en phase avec les besoins de l'économie européenne?

2-040
Duisenberg, *ECB***.** - I can be brief on this one. I believe there is enough scope to allow for a great deal of flexibility in the interpretation of the rules as laid down in the Statute. I do not see any element of rigidity which would need to be changed. Therefore, as I said before, we keep a close watch to ensure that the basic features of the European system of central banks as laid down in the Treaty and in the Statute of the ESCB are being respected. I have reason to believe - and I have myself confirmed this in the working group on economic governance of the Convention under the chairmanship of your colleague, Mr Hänsch - that this conviction is shared at least by that working group.

2-041
Berès (PSE). – Merci, Madame la Présidente, de me permettre d'intervenir à nouveau.

En fait, Monsieur le Président, vous ne m'avez pas répondu sur la question de la modification du critère d'inflation retenu par la Banque centrale. Or, c'était tout le sens de ma question.

2-042
Duisenberg, *ECB***.** - I stated earlier that the rules and the set-up in the Treaty and in the Statute as they currently stand already leave enough room for flexibility. As to the inflation in particular, the Treaty states that the ECB is required above all to ensure price stability. The Treaty does not say how, or why or how much. We filled that in for ourselves and we are fully accountable for that. Admittedly, we have been criticised for that, but we think that the present set-up, whereby we ourselves define price stability, meaning an annual rate of increase in the rate of inflation of less than 2%, is adequate for our purposes in order to attain price stability. We do not need a point inflation target or a band inflation target.

Nor are we bound to take any immediate steps if we exceed that definition.

As you have seen, we have now for the third year in a row not met our definition of price stability. In that respect, you may say that we have failed, but this was due to an unusual series of setbacks. However, that is a fact of life., And you have not seen us reacting automatically or mechanically to any deviations of the actual inflation rate as compared from the definition of price stability.

2-043

Μαρίνος (PPE-DE). - Κύριε Πρόεδρε, το τρέχον έτος διαπιστώθηκε ότι ορισμένες χώρες όχι μόνον δεν ετήρησαν τα προγράμματα σύμφωνα με το Σύμφωνο Σταθερότητας, αλλά απέκρυψαν και πλήθος από στοιχεία, για πολλούς και διαφόρους λόγους - που δεν θα ήθελα να τους αναφέρω -, ώστε να παρουσιάζεται, για τέσσερις τουλάχιστον χώρες εξ αυτών, μια διαφορετική εικόνα από την πραγματική.

Δεύτερον, χθες ακόμη ο Γενικός Διευθυντής της Eurostat, ο οποίος ήταν εδώ στην επιτροπή μας, περιέγραψε τις δυσκολίες που αντιμετωπίζει εις το να πείσει διάφορες κυβερνήσεις να καταρτίζουν με περισσότερη διαφάνεια, αξιοπιστία και την απαιτούμενη ποιότητα τους δείκτες τους σε ό,τι αφορά τα δημόσια οικονομικά, δεδομένου ότι η εικόνα που παρουσιάζουν είναι συχνά πολύ διαφορετική από την πραγματική. Υπήρξαν αναθεωρήσεις αυτών των τρόπων υπολογισμού, ώστε να περιλαμβάνονται όλα τα κριτήρια που διαμορφώνουν τα ελλείμματα του δημοσίου, αλλά και το δημόσιο χρέος.

Δεδομένου ότι οι διεθνείς στατιστικές και, νομίζω, και της Ευρωπαϊκής Ένωσης και οι δικές σας, βασίζονται εν πολλοίς σε στοιχεία που προέρχονται από τα ίδια τα κράτη, από τις ενδιαφερόμενες χώρες, θα ήθελα να ρωτήσω: η επί ένα και πλέον χρόνο αισιόδοξη παρουσίαση των προβλέψεων, και της Επιτροπής αλλά και των δικών σας, που δεν επαληθεύτηκαν κατά την πορεία και μεταφέρονται τώρα ως προβλέψεις αισιόδοξες, αλλά πιο συγκρατημένες για το 2003, μήπως οφείλεται και στο γεγονός ότι τα στατιστικά στοιχεία στα οποία βασίζεστε δεν είναι αξιόπιστα; Και τι μας πείθει ότι τώρα θα είναι περισσότερο αξιόπιστα, έστω και με αυτές τις ρυθμίσεις που έγιναν;

2-044

Duisenberg, *ECB***.** - I do not know how to convince you but they are certainly not yet good enough. We are working continuously together with Eurostat, with which we have intensive contacts and very good cooperation, to improve the statistics as we have them. We believe that the monetary statistics which we compile ourselves are already a great deal better than the simple sum of the figures of the twelve member countries.

I am sorry to sound philosophical but statistics can always be improved and they are being continuously improved. That has strong support not only from the European Central Bank but also from the Council of Ministers. The Council of Ministers is particularly concerned that situations such as we have seen last year or this year, for example concerning Portugal or Greece, should not arise again. There should be greater convergence between reality and fiction regarding statistics.

I do not think that the quality of the statistics in itself is an impediment to the reliability of the forecasts of the European Commission, the OECD, the IMF or the ECB. In the course of next week the new forecasts should be available. They are in the process of being finalised at the moment. The quality of the statistics is not an impediment to the reliability of the forecasts, but forecasts always, by necessity, carry a margin of error which sometimes is not unsubstantial.

2-045

Randzio-Plath (PSE). - Herr Präsident! Beobachter meinen, dass Sie am 7. November keine Zinssenkung durchgeführt haben, um diejenigen zu bestrafen, die ein höheres Haushaltsdefizit haben, sowie diejenigen, die über den Stabilitätspakt ein bestimmtes Urteil abgegeben haben. Nun hat sich in der Tat die Situation seit dem 7. November weder in Bezug auf Wachstum noch in Bezug auf Preisstabilität entscheidend geändert. Ist es nicht doch so, dass die Europäische Zentralbank stärker überlegen müsste, wie sie bei ihren zinspolitischen Entscheidungen und auch bei ihrer Kritik an den Defiziten die Wachstumspolitik der Länder stärker miteinbeziehen kann, die ja eigentlich als Wachstumslokomotiven im Euroraum dienen sollten, und hier meine ich eben insbesondere Frankreich und auch Deutschland? Wenn nämlich die wirtschaftliche Entwicklung in den nächsten Monaten nicht besser verläuft, kann es noch schwieriger für die EZB werden, eine richtige Zinsentscheidung zu treffen, die tatsächlich für alle angemessen ist. Von daher noch einmal eine Frage: Kann die EZB nicht doch darüber nachdenken, ob andere Überlegungen anzustellen sind in Bezug auf den Zusammenhang zwischen niedriger Inflationsrate und niedrigem Haushaltsdefizit, weil wir wie gesagt ein niedriges Haushaltsdefizit nicht in den Ländern haben, in denen wir höhere Inflationsraten haben?

2-046

Duisenberg, *ECB***.** - Not to have cut interest rates on 7 November 2002 should by no means be interpreted as a sort of punishment for those governments which have not lived up to their medium-term budgetary commitments so far. So there is no link there.

Those who assign an increasingly strong role to monetary policy in order to enhance economic growth should also determine what role monetary policy can play there. Ultimately, our monetary policy measures are taken with a medium-term perspective in mind: the well known lags in the impact of monetary policy on the economy are between one and two years. . In the long run the only thing that a changed monetary policy stand does is to change the rate of inflation, but not the real growth of output.

In a recent meeting I attended, one of the ministers of finance available remarked that, when he was an entrepreneur and considered an investment opportunity in which he saw a profit emerging or likely to emerge of between 12% and 20%, he could not care less whether the cost of the investment in terms of the rate of interest was 3%, 4%, 5% or 6%. This is also something to be kept in mind.

2-047
Randzio-Plath (PSE). - Aber Herr Duisenberg, wie soll dann das Wachstum in diesen Ländern, die Lokomotive sein sollen, überhaupt zustande kommen? Auf der einen Seite sagen Sie, Ihre geldpolitische Entscheidung hinge natürlich auch damit zusammen, dass wir eine stabile und eine solide Haushaltspolitik haben und deswegen nicht mehr öffentliche Investitionen getätigt werden, auf der anderen Seite machen Sie immer wieder auf die Gefahr einer Lohnpolitik aufmerksam, die nicht mäßig ist, was sie ja über die ganzen letzten Jahre gewesen ist. Man kann doch im Augenblick in der Europäischen Währungsunion nur über Investitionen, über die Kaufkraft, über die Binnennachfrage das Wachstum stützen!

2-048
Duisenberg, *ECB***.** - You cannot ever have heard me say that I am pleading for a decline in purchasing power or for a decline in real wages. I explicitly answered that in one of the questions at the beginning of this hearing. But there is a difference between no increase at all and an increase in wages which might be called excessive. That difference is what I would call a moderate development of wages which is in line with the growth of productivity. This will normally bring with it increases in purchasing power, and, if inflation also comes down, increases in private consumption. What governments and parliaments can do, above all, is to create a climate of confidence in the future with stability-oriented policies. If that climate emerges and people regain hope and confidence and trust again that the environment in which they operate is one of predictability and continuity, then I am an optimist as far as the resumption of growth is concerned.

2-049
Randzio-Plath (PSE). - What is moderate?

2-050
Schmidt, Olle (ELDR). – Fru talman! Herr Duisenberg! De svenska partierna har bestämt att Sverige skall folkomrösta om inträde till fas 3 i EMU den 14 september år 2003, dvs. nästa år. Jag vill ställa en mycket konkret fråga till er, herr Duisenberg. När anser ni att svenskarna *tidigast* skall kunna ha euromynt och eurosedlar i sina fickor? När kan Sverige alltså *tidigast* inträda i EMU om det blir ett ja i folkomröstningen?

2-051
Duisenberg, *ECB***.** - I think today.

2-052
Schmidt, Olle (ELDR). - You see, Mr Duisenberg, we have to have a referendum to start with. The referendum is planned for next year, on 14 September 2003. When is the earliest that you think we can enter the EMU phase three?

2-053
Duisenberg, *ECB***.** - If the referendum turned out positive, then the formal process leading to the accession to the euro area could start. Then the European Commission and the ECB would write a convergence report to judge whether Sweden is ripe to enter the euro zone. We cannot do anything but apply the Maastricht criteria in the same way as we have done for the twelve existing member countries. The ultimate judgement on how to interpret the fulfilment of the criteria, that is the two-year membership of ERM, the long-term interest rates, the inflation rates and the exchange-rate behaviour, will not be given by the central bankers but by politicians.

2-054
Schmidt, Olle (ELDR). - I do understand that, Mr Duisenberg, and I suppose that would be a political decision and you have not given any answer at all. May I then ask you simply, let us hear from you three good arguments why the Swedes should join the euro zone?

2-055
Duisenberg, *ECB***.** - I can give you twenty good arguments

(Laughter)

but I will not, because we have already in the past had all these discussions about whether or not to have monetary union. The same arguments used in the past are still fully applicable to the current situation.

2-056
Lipietz (Verts/ALE). – Juste une petite remarque sur un échange qui a eu lieu il y a une dizaine de minutes. J'ai cru sentir une certaine commisération dans la façon de parler de l'économie japonaise. Je voudrais bien que l'on commence par atteindre le niveau de chômage, d'inflation, d'excédent commercial et d'avance technologique du Japon avant d'en parler avec quelques sourires de pitié, et que l'on réfléchisse à la façon dont le Japon est arrivé à tenir ces quatre objectifs en même temps, lesquels ne sont pas si éloignés, me semble-t-il, des objectifs de Lisbonne.

Le deuxième point porte sur la dernière partie de votre exposé. J'ai été de ceux, en effet, qui, au sein de ce Parlement, ont insisté énergiquement pour que la Banque centrale européenne joue pleinement son rôle de Banque centrale d'une grande fédération, à savoir en jouant celui de référence pour la Banque européenne d'investissement et en faisant en sorte que l'Europe dispose d'une avance considérable en matière de règles de surveillance des conglomérats financiers, ce afin que la Banque centrale européenne puisse parler haut et fort au comité de Bâle, etc. Je pense qu'en contrepartie, il serait souhaitable que la Banque centrale européenne se préoccupe d'un certain nombre de problèmes de la politique du crédit de façon plus active qu'elle ne l'a fait jusqu'ici. On a signalé des problèmes tels que l'hétérogénéité des différents pays européens. Je

voudrais souligner l'hétérogénéité des objectifs de crédit entre les différentes branches. Je sais bien que c'est un problème abordé par le traité de Maastricht, qui interdit pratiquement à la Banque centrale européenne de différencier sa politique de crédit selon les emprunteurs. Il me semble toutefois que la Banque centrale européenne pourrait, en accord avec la Banque européenne d'investissement, commencer à réfléchir à la façon de privilégier certains investissements, notamment les investissements d'avenir tels que ceux concernant les économies d'énergie, les transports en commun, etc. Qu'en pensez-vous?

2-057
Duisenberg, *ECB***.** - I cannot find anything in the Treaty which assigns a special role in this respect to the European Central Bank.

All the Treaty says about banking supervision and financial stability is that the ECB shall contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.. But the power in the field of banking supervision and the specific micro-power of regulating and supervising the banking system remains, in line with the principle of subsidiarity, with the national central banks and the national supervisory authorities if they are not the central banks. The mandate of the ECB is very limited indeed.

I sometimes wish it were otherwise, but that is fantasy.

2-058
Langen (PPE-DE). - Herr Präsident Duisenberg! Ich möchte auf Ihre allererste Antwort zurückkommen, in der Sie wohl erstmals bestätigt haben, dass Sie bereit sind, falls der Rat das wünscht, über den 9.7.2003 hinaus im Amt zu bleiben, um die Kontinuität zu wahren. Ich möchte das ausdrücklich begrüßen, weil ich die Linie der EZB unter Ihrer Führung für absolut richtig halte.

Zu der Veränderung der Situation zwischen dem 7. November und dem heutigen 3. Dezember: Sie haben gesagt, die Liquidität ist hoch. Sie wird gegen Jahresende möglicherweise ansteigen. Die Zinsen sind ohnehin auf einem historischen Niedrigstand, der Euro ist stabil, das Inflationsrisiko ist weitgehend gebannt, die geostrategischen Fragen - Irakkrieg usw. - sind im Moment gegenüber dem 7. November unverändert, eher positiv geworden. Die EZB will sogar die Liquidität in einzelnen Bereichen kürzen. Erste Frage: Würde da nicht eine Zinssenkung gerade in die völlig andere Richtung führen, wenn Sie zum Beispiel den Dreimonatstender aussetzen, um die Liquidität zu kürzen, und dann durch Zinssenkung die Liquidität wieder erhöhen?

Zweite Frage: Ich halte es schon für richtig, dass die EZB ihre unabhängige Rolle - abgesehen davon, dass sie "nur" für die Geldpolitik zuständig ist - als Mahner im Euroraum verstärkt, indem sie verstärkt auf die notwendigen Strukturreformen hinweist, denn die Tatsache, dass in einigen Ländern nichts vorankommt und hier völlig falsche Rezepte angeboten werden, kann der EZB nicht gleichgültig sein. Wenn man die Kaufkraft durch Steuererhöhungen abschöpft, ist das nach meiner Meinung der falsche Weg!

2-059
Duisenberg, *ECB***.** - First, to avoid any misunderstanding, I did not express a wish to stay on longer than I had announced.

(Laughter)

I only pointed to the letter I wrote to Prime Minister Aznar saying that I wished to resign on a certain date, but that I was prepared in the interest, if judged necessary by others, of a smooth transition of the ECB Presidency to stay on somewhat longer. Effectively, I have only one wish and that is to go fishing.

(Laughter)

The independence is not at stake, what was the question precisely?

2-060
Langen (PPE-DE). - Herr Präsident, eine Frage zur Liquidität: Der Dreimonatstender soll ausgesetzt werden. Der ist besonders bei langfristiger Kreditsicherung notwendig.

2-061
Duisenberg, *ECB***.** - If and when we cut interest rates, we do not do so with, in the back of our minds, the issue of when or by how much we will increase them later. The fact that the European economy is awash with liquidity makes us alert and vigilant but does not, at this point in time, cause us to be over-concerned. We understand why there is so much liquidity and why there is so much hesitancy to invest the liquidity that is available. The main thrust of our statements and policy actions is to diminish the uncertainty which causes so much liquidity to be held by our citizens and corporations.

2-062
Santos (PSE). - Senhora Presidente, muito rapidamente, uma vez que o tempo é escasso, gostaria apenas de fazer uma pergunta ao senhor presidente Duisemberg: falou-nos várias vezes nas chamadas reformas estruturais, falou-nos várias vezes em boas finanças públicas, em restaurar a confiança, em reforçar o crescimento económico e em garantir o desenvolvimento sustentado. A minha única pergunta é muito simples, embora de resposta difícil, sobretudo para o presidente do Banco Central, reconheço-o: está o senhor presidente de acordo com a criação, a curto prazo, de um pacto de coordenação das políticas económicas que abarcasse os incentivos ao crescimento e ao emprego, o investimento, a investigação, o desenvolvimento regional, a formação profissional e os mercados de trabalho?

2-063
Duisenberg, *ECB***.** - The ECB is always prepared to have a dialogue, be it with Parliament or with ministers. However, the ECB shall never be involved in *ex-ante*

coordination before policy measures are taken. Why not? Because it would mean that you negotiate a certain policy mix of fiscal and monetary policies which could compromise the mandate of the ECB, which is primarily to preserve price stability and, without prejudice to this, to support the general economic goals of the European Community. We reject *ex-ante* coordination and we openly reject this also in our dialogue with ministers. But we are completely open to an *ex-post* and dialogue and we want to be fully transparent and accountable.

2-064
Peijs (PPE-DE). - Dank u wel voorzitter, ik dacht dat de heer Duisenberg nog liever ging golfen dan ging vissen, maar misschien komt er een tijd dat hij eruit kan kiezen.

Voorzitter, we hebben op dit ogenblik drie jaar de girale euro en één jaar de chartale euro. Is de heer Duisenberg tevreden over de positie die de euro in de wereldeconomie veroverd heeft totnogtoe? Voorts heeft u een paar keer gesproken over loonmatiging die de productiviteitsstijging bij moet houden. In Nederland daalt de productiviteit op dit ogenblik. Het dalen van lonen, ik denk dat dat onvoorstelbaar is. We zien op dit ogenblik geen enkel signaal op de markt dat de productiviteit of dat de innovatieve investeringen toenemen. Wat is uw mening daarover, hoe lang hou je dat vol? Want als je op een zeker moment wel overgaat tot innovatieve investeringen, dan zullen diezelfde mensen die denken dat ze hun baan houden met loonmatiging op straat komen te staan omdat er minder arbeidskrachten nodig zijn. Dat zal pas op langere termijn door vergrijzing worden overgenomen. Wat vindt u daarvan?

2-065
Duisenberg, *ECB***.** - As far as the position of the euro in the international economy is concerned, we have just issued a report on the international role of the euro which you may or may not have seen. After three years, the performance of the euro is very satisfactory indeed although, admittedly, it is different in various markets.

The share of euros held by central banks across the world is at the moment about the same as the share of the legacy currencies - the Deutschmark, the French Franc, etc. - in pre-euro times - that is about 13%. Those figures go until 1 June 2002 and we do not exclude that, in the second half of this year, there might have been a sizeable movement in the direction of the euro, in particular amongst central banks in the Far East. I will not mention names in this respect.

The use of the euro in foreign exchange markets and capital markets represents at the moment between 30% and 40% worldwide of total turnover in those markets. The share of the US Dollar is 50%. It takes time for a currency to find its place in a global context but we regard the developments so far in this respect to be highly satisfactory. It is also a fact that the use of the euro in the countries around us, in particular in central and eastern Europe, is increasing at a rapid pace. They are increasingly - in one way or another - using the euro either as a parallel currency or in the context of a currency board. It demonstrates how close economic and trade relations are between the eastern and central European economies. The role of the euro is increasing.

I do not want to discuss the particular case of the Netherlands here for obvious reasons, but I for one have been heartened by, and this is a country-specific remark, the recent 'turnabout' in the attitude of the trade unions, in view of the difficult situation that the economy was in, to limit their wage demands, which earlier had been 3.5% to 4%, to 2.5%. This may even imply a cut in real wages given that the inflation rate in that country is well in excess of that.

2-066
Purvis (PPE-DE). - Mr Duisenberg, I hope when you get to the fishing, you will consider Scotland as one of your destinations to try our salmon and trout.

(Laughter)

2-067
Duisenberg, *ECB***.** - If I can combine it with golf!

(Laughter)

2-068
Purvis (PPE-DE). - We can provide the golf as well.

You mentioned at your last meeting about interest rates that things were finely balanced between the upside and the downside risks and you indicated that if anything had happened since then that movement had been maybe towards the downside rather than the upside. I am not going to ask you what you are going to decide next week but I take the strong hint that was in that. Talking about these downside risks - the two you mentioned are the geopolitical tensions and the uncertainty about the size of the adverse effects of the decline in stock market prices. Why should there be such uncertainty about the adverse effects of stock market declines? Maybe this relates to Mr Marinos' question about statistics, but surely there should be a fairly easily translatable effect from what is going on in the stock markets and the wealth effect and demand effect for individuals, both in terms of investment and consumption.

Turning to the geopolitical tensions, I would be interested in your assessment of those at the moment. For all we know, the next time you look at your interest rates and the next time we meet, there could be a war in the Middle East. I wonder whether that is a significant item in your consideration and would you try to pre-empt such an event or would you tend to wait until after it had happened and see what had happened in the way of oil prices, money movements and so forth, and then react? I would be interested to know how you play such a globally important geopolitical tension as that.

2-069
Duisenberg, *ECB***.** - To take your last question first, the key factor remains uncertainty. You cannot pre-empt uncertainty. The main impact in the short term if the political situation were to deteriorate would be on oil prices. That would certainly be an effect which would

not be welcome. But you cannot pre-empt that in advance of its actually happening.

As to the extent of the wealth effect if it exists - and I believe it does: first of all, it is very different in the euro area as compared with the United States. That is mainly because the dispersion of stock holdings amongst households is so very different - although there is some convergence - on both sides of the Atlantic.

In the euro area the bulk of equity is held by institutional investors, pension funds and insurance companies, which are now feeling the effects of the downturn, whereas in the United States it is dispersed to a far greater extent amongst private households. But then you also have the wealth effects arising from the housing market. In the United States one can see a strong trend towards re-financing private mortgages, now that interest rates are so low, and that keeps the housing market fairly well up. There are differences in this respect between the euro area and the United States and - in this case - the United Kingdom, where people are used to variable interest rates for mortgages, by contrast with the situation on the continent, where there is, to a far greater extent, fixed-rate financing for a prolonged period of time.

The wealth effects are very difficult to measure. The main way in which the developments in the stock markets and asset markets in general are working their way through the economy is, I am sorry to say, such that they are having, and have had, an undermining effect on the confidence of people in the future value of their assets. It is very difficult to measure confidence.

2-070
Randzio-Plath (PSE). - Herr Präsident! Ich habe noch zwei Fragen zur Funktionsweise der Europäischen Zentralbank. Erstens bin ich skeptisch gegenüber Ihrem Vorschlag, wie die EZB-Ratsentscheidungen nach der Erweiterung erfolgen sollen, das heißt, die Verteilung der Stimmrechte. Würde die EZB mit einem solchen Vorschlag nicht gegen das Transparenzgebot verstoßen, und kann es nicht zu häufigeren Fehlinformationen an den Markt und zu Irritationen durch diesen Vorschlag kommen?

Meine zweite Frage betrifft ein Thema, das wir auch vor der ersten Bestellung des Direktoriums behandelt haben. Es wurde damals gesagt, die Mitglieder des Direktoriums seien so unabhängig wie kein anderes Zentralbankmitglied auf der Welt, weil sie auch nur für eine Amtszeit gewählt würden. Bedeuten die Überlegungen, die jetzt angestellt werden, dass davon Abstand genommen wird, so dass man nur auf die Funktion guckt, die jemand schon einmal in einem Direktorium innegehabt hat? Ist man der Meinung, dass doch noch einmal eine Nominierung für einen anderen Posten im Direktorium erfolgen kann, oder bleibt auch die EZB bei ihrer Interpretation des Statuts, dass also eine Person nur für eine Amtszeit in das Direktorium gewählt werden kann, unabhängig von der Funktion, die sie in diesem Gremium innehatte?

2-071
Duisenberg, *ECB***.** - I am sorry I cannot answer either question. First, on the enabling clause, as it is called, the issue is to reform the voting modalities in an enlarged Governing Council; no proposal exists yet. We are discussing this in full. We have reached unanimous agreement about certain principles to be observed, such as the one member/one vote principle and the personal independence and attendance of members of the Governing Council, and about what a reform cannot imply. It cannot be based on a constituency system, it cannot be based on a weighted voting system. Moreover, any reform should be transparent, should be simple and well understood, and it should be robust, meaning that the system should not need to be changed each time a country becomes a member of the euro area.

There is one aspect which makes it all extremely difficult, namely what we have come to call representativeness. There is the fear in some countries that, in the context of a Governing Council which could be enlarged from the 18 members it has today to 28 members or more, a monetary policy decision might be taken by - let us say a majority consisting of the six members of the Executive Board – that would have permanent voting rights - and by a limited number of the Governors of the national central banks, whose voting rights would rotate. This group might consist of Governors from countries together representing less than 1% of the GDP of the entire enlarged euro area. In other words, they could, together with the Executive Board, easily overrule more than 90% of the GDP of the euro area, so to speak.

Now, do you want that? How can you avoid that? This is what makes it so very difficult to achieve the solution which we would like to see, namely one which is as simple and transparent as possible. That is the position as it is at this moment.

As to the appointment of a member of the executive board to another function, that is a matter for lawyers. I have talked to an almost infinite number of lawyers and I get a different answer every time. It is ultimately a political decision but of one thing you can be sure: appointments have to be made, at least as matters currently stand, by unanimity. If there is a unanimous decision on a certain appointment, even if there are some legal doubts, the fact of the unanimity itself makes that decision legally valid.

2-072
Die Vorsitzende. - Da es keine weiteren Fragen gibt, darf ich diesen monetären Dialog für heute abschließen. Herr Duisenberg, wir wünschen Ihnen und dem Zentralbankrat für Donnerstag erfolgreiche Beratungen mit einem guten und verständlichen Ergebnis.

(Die Sitzung wird um 12.20 Uhr geschlossen.)