**COMMISSION ÉCONOMIQUE ET MONÉTAIRE**

**DIALOGUE MONÉTAIRE AVEC M. JEAN-CLAUDE TRICHET,**

**PRÉSIDENT DE LA BANQUE CENTRALE EUROPEENNE**

**(conformément à l'article 113, paragraphe 3, du traité CE)**

**BRUXELLES, MERCREDI 20 DÉCEMBRE 2006**

3-003

## PRÉSIDENCE DE MME PERVENCHE BERÈS

*(La réunion est ouverte à 9h40)*

3-004

**La Présidente. –** Chers collègues, nous accueillons pour notre dernier échange de l'année le Président de la Banque centrale européenne, avec lequel nous aurons eu, au cours de ce trimestre, de nombreuses occasions d'échange. En effet, nous nous sommes déjà vus dans cette formation au mois d'octobre; nous nous sommes vus en séance plénière à l'occasion de l'adoption du rapport annuel, et nous étions, la semaine dernière à Francfort avant d'aller à Strasbourg, où nous avons eu un échange très complet sur un certain nombre de sujets.

Aujourd'hui, Monsieur le Président de la Banque centrale européenne, vous avez accepté de centrer votre propos liminaire sur les deux thèmes que nous avions retenus, à savoir, la question de la productivité, de la croissance potentielle et de la politique monétaire au sein de l'Union économique et monétaire, d'une part, et la question de l'importance de la croissance des agrégats monétaires et de l'inflation basse, d'autre part. Sans plus tarder, je vous donne la parole pour traiter de ces deux questions. Ensuite, selon l'usage, vous aurez droit à un flot de questions des membres de la commission. Monsieur le Président, vous avez la parole.

3-005

**Jean-Claude Trichet,** *président de la Banque centrale européenne***. –** Madame la Présidente, Mesdames et Messieurs les membres de la commission économique et monétaire, je me réjouis d'intervenir devant votre commission aujourd'hui et de poursuivre ainsi notre dialogue régulier. Comme toujours, je commencerai mon intervention par une évaluation de la situation économique et monétaire.

3-006

Anschließend möchte ich auf zwei Themen näher eingehen: erstens, auf den Zusammenhang zwischen Produktivität, Potenzialwachstum und Geldpolitik, und zweitens auf das Geldmengenwachstum in verschiedenen Abstufungen und dessen Einfluss auf das Preisgeschehen.

3-007

I will begin with economic and monetary issues. At the time of my previous appearance before the European Parliament in October, I described how the data then available had served to confirm our assessment that economic growth in the euro area was becoming more broadly based and increasingly supported by domestic demand. In addition, the cross-checking of our economic and monetary analyses underlined the existence of upside risks to price stability over the medium- to longer term. In order to contain such upside risks to price stability and preserve the firm anchoring of longer-term inflation expectations, on 7 December the Governing Council of the ECB decided to increase key ECB interest rates by 25 basis points. Let me explain the assessment underlying this decision.

Starting with the economic analysis, the main indicators of economic activity that have become available over the past few months confirm the Governing Council's assessment that economic activity has continued to expand robustly, albeit moderating somewhat from the very strong rates that we have seen in the first half of the year. According to Eurostat's first estimate, the quarter-on-quarter growth rate of real GDP in the euro area for the third quarter of 2006 was 0.5%, driven mainly by domestic demand. This confirms the anticipated broadening of the recovery and points to the increasingly self-sustaining nature of economic expansion in the euro area. This assessment is also in line with available information for the fourth quarter.

Looking ahead to next year, the conditions remain in place for the euro area economy to grow solidly at rates around potential, with some volatility in the quarterly growth rates likely to emerge around the turn of the year on account of the impact of changes in indirect taxes in a large euro area country. Overall, global growth has become geographically more balanced and remains robust, providing support for euro area exports. Investment is expected to remain dynamic, benefiting from an extended period of very favourable financing conditions, balance sheet restructuring, accumulated and ongoing strong earnings, and gains in business efficiency. Consumption should also strengthen further over time as employment conditions continue to improve. This outlook for economic developments is reflected in the new Eurosystem staff macroeconomic projections (2.5 % to 2.9 % in 2006, 1.7 % to 2.7 % in 2007, 1.8 % to 2.8 % in 2008) and is also in line with recent forecasts made by international organisations.

The risks surrounding the outlook of sustained economic growth close to potential lie on the downside and relate mainly to the possibility of a renewed increase in oil prices, fears of a rise in protectionist pressures, and concerns about possible disorderly developments owing to global imbalances.

Turning to the price developments, annual HICP inflation rose to 1.9% in November 2006, from 1.6% in October. The lower annual HICP inflation rates recorded in the previous months mainly reflected the significant declines in crude oil prices from August onwards, as well as base effects, as we had always said. While the outlook for energy prices remains uncertain, overall inflation rates are likely to increase again in early 2007 and then hover around 2% in the course of that year and in 2008, also reflecting the impact of higher indirect taxes. The Eurosystem staff projections point to a rate of inflation of 2.1 % to 2.3 % in 2006, 1.5 % to 2.5 % in 2007 and 1.3 % to 2.5 % in 2008.

This outlook for price developments remains subject to upside risks, stemming in particular from a stronger than expected pass-through of previous oil price increases, as well as the possibility of renewed oil price increases and of additional increases in administered prices and indirect taxes beyond those announced and decided thus

far – and we have taken that into account already. More fundamentally, given the favourable momentum of real GDP growth observed over the past few quarters and the positive signs from labour markets, wage developments could be stronger than currently expected.

Turning to monetary aggregates and credit, annual M3 growth was unchanged at 8.5% in October, close to the highest rates observed since the introduction of the euro. Increasing interest rates have exerted some influence over monetary developments in recent months, although as yet mainly by triggering shifts among the components of M3 rather than constraining the expansion of M3 itself.

Taking the appropriate medium- to longer-term perspective, the latest developments are consistent with a continuation of the persistent upward trend in the underlying rate of monetary expansion, identified by the ECB's monetary analysis since mid-2004. Furthermore, following several years of robust monetary growth, the liquidity situation in the euro area is ample by all plausible measures. Continued strong monetary and credit growth in an environment of ample liquidity point to upside risks to price stability over the medium- to longer term. Monetary developments therefore continue to require very careful monitoring – as I have said, particularly against the background of improved economic conditions and continued strong property market developments in many parts of the euro area.

To sum up, annual inflation rates are projected to hover around 2% in the coming two years, with risks to this outlook remaining on the upside. In addition, given the ongoing strength of monetary and credit growth in an environment of ample liquidity, a cross-check of the outcome of the economic analysis with that of the monetary analysis supports the assessment that upside risks to price stability prevail over the medium- to long term.

As I said on 7 December, our decision to increase key ECB interest rates by 25 basis points contributes to ensuring that medium- to longer-term inflation expectations in the euro area remain solidly anchored at levels consistent with price stability, which is a prerequisite for monetary policy to make an ongoing contribution towards supporting sustainable economic growth and job creation in the euro area. Indeed, acting in a firm and timely manner to ensure price stability in the medium term is warranted. The Governing Council will therefore monitor very closely all developments so that risks to price stability over the medium term do not materialise. It is very important to understand that we have to ensure price stability if the recovery and job creation are to be sustainable.

As regards fiscal policy, the Commission's autumn forecasts point to improving fiscal balances, but this can only partly be attributed to progress in structural consolidation, as higher economic growth and revenue windfalls are playing an important role. Moreover, in a number of countries with fiscal imbalances, adjustment efforts still fall short of what is needed to meet their respective medium-term objectives in a timely fashion. It is therefore crucial that forthcoming updates of the stability programmes make sufficient headway towards safe budgetary positions in the countries concerned. For all countries it is paramount that pro-cyclical policies be avoided in the current economic upswing.

Let me now turn to productivity. Over the last 15 years the euro area has witnessed an almost steady deceleration in the growth rate of labour productivity. This deceleration can be explained by underlying developments, some of which are welcome, whereas others are less favourable.

First, it is the effect of some welcome progress in labour market reforms and wage moderation over the last decade. Although it is seldom stressed in public discourses, these measures have contributed to remarkable results. Over the last eight years, employment has risen by 9.2 percentage points and the unemployment rate has declined by 1.9 percentage points. If I compare the eight years after the euro was set up with the eight years before the euro: with the euro we created 11.73 million jobs over eight years; before the euro we created only 2.65 million jobs in the euro area over eight years. That is 2.65 million jobs before the euro and 11.73 million jobs after the euro over an equivalent period.

Second, and less welcome, the decline in productivity is partly the result of capital investments not keeping up with the pace of job creation. The still existing rigidities in product and labour markets that impair effective competition and flexibility, and more generally the presence of regulatory restraints on business, have prevented firms from investing more strongly in the adoption of new information and communication technologies, which could be effective tools to reduce costs and improve productivity.

Ultimately, the growth rate of the actively working population and the pace at which technological progress is implemented in the production process are the critical determinants of the growth rate of potential output. It is extremely important, especially at this juncture, to strengthen the reforms aimed at increasing employment, fostering competition in the product markets and creating an environment favourable to the development and implementation of new concepts and technologies. All individuals need to have the opportunity to get appropriate training. In a knowledge economy the wealth and prosperity of European citizens depend on their education, training and skills and the extent to which these skills can flourish in a flexible economy open to innovation and change.

There are sometimes calls upon the Central Bank for more expansionary monetary policy as an incentive to increase productivity. I shall make two points on this. First, monetary policy cannot enhance the trend growth rate of productivity and potential output. A loose monetary policy would just create high inflation and

inject volatility into the economy. On the contrary, a monetary policy geared to delivering low and stable inflation contributes to creating a favourable macroeconomic environment for employment creation and investment decisions. Price stability reduces interest rate premia, and thus the cost of capital, and allows wage and price-setters to focus on productivity, costs and competitive factors, rather than wasting resources on protecting themselves against uncertainty about future inflation. Second, the negative productivity developments I have just discussed have not only been a drag on economic activity, they have also put significant temporary upward pressure on inflation, especially after 2001. The increase of unit labour costs due to mediocre productivity, combined with other supply shocks such as oil price increases, have contributed to a level of inflation over the threshold of our definition of price stability of less than 2%. Had we not had a highly credible monetary policy, we would not have been able to anchor solidly medium- and long-term inflationary expectations in the euro area. We would have had to pay a significant price in terms of growth and job creation because of this poor anchoring of medium- and long-term inflationary expectations.

Let me now turn to developments in monetary aggregates. Monetary analysis plays an important role in our monetary policy concept. As you know, we are cross-checking the results of our economic analysis with those of our monetary analysis. Allow me to recall that the strong long-term relationship between monetary growth and inflation is one of the best documented empirical findings in economic literature. Many studies have documented this relationship in the euro area, demonstrating that it is particularly close over longer horizons. I will add that the national currencies that had the highest level of credibility and against which the euro has been benchmarked, all relied on a monetary policy comprehending monetary analysis. Given the ECB's mandate to maintain price stability, the necessarily medium-term orientation of its strategy to do so and the continuity between the most credible national currencies and the euro, assigning an important role to the analysis of monetary developments is both necessary and very useful. The monetary pillar of the ECB's monetary policy concept has contributed importantly to the success of our monetary policy and to the anchoring of long-term inflation expectations, something I have already stressed.

In recent years, money has grown strongly while, at the same time, inflation developments have remained under control. This begs the question of how the ECB has interpreted strong monetary growth. The ECB has always emphasised the broad-based nature of its monetary analysis. In order to distil the policy-relevant 'signal' about risks to price stability from the monetary data, the inevitable 'noise' in shorter-term movements needs to be identified and removed. To do so, the ECB employs a variety of instruments, such as analysis of the components and counterparts of money, and other economic and financial data as necessary, as well as statistical and econometric models.

The practical side of this signal extraction problem in the euro area can be illustrated by the experience between 2001 and 2003. Financial and geopolitical uncertainty at that time triggered portfolio shifts into safe and liquid monetary assets. Since these shifts reflected portfolio behaviour rather than an accumulation of transaction balances, the ensuing strong monetary expansion was assessed by the Governing Council not to pose risks to price stability under the prevailing economic conditions. On this basis, strong monetary growth of the M3 measure during that period was analysed as relatively benign in terms of inflationary risks, in line with the information extracted from the economic analysis.

This example illustrates how the ECB has eschewed a mechanical interpretation of the development of M3. Rather, the ECB has sought to explain monetary developments in a comprehensive manner, extract from these developments the policy-relevant signal about the medium- to long-term outlook for inflation, and set interest rates in a manner that addresses the risks to price stability revealed by this analysis as well as by the complementary economic analysis.

Since mid-2004, monetary growth in the euro area has been of a different nature to that observed between 2001 and 2003. In particular, the strengthening of M3 growth has been driven by the low level of interest rates rather than portfolio shifts into money. This has been reflected in the strong contribution that the most liquid components, such as currency and overnight deposits, have made to M3 growth. Moreover, strong money growth has been primarily driven by a rapid expansion of loans to the private sector, underpinned by the economic recovery. Taking the appropriate medium- to longer-term perspective, the continued expansion of money and credit through the course of 2005 gave an intensifying indication of increasing risks to price stability, fully in line with the results of our economic analysis, and vindicating our orientation to progressively increase interest rates by 150 basis points from December 2005 onwards.

I would say that what we have been doing since December 2005 has been totally accepted by all the international institutions, even if at the time they might have had a slightly different view.

3-008

**La Présidente. –** Monsieur le Président, nous voilà revenus à des pratiques renouvelées sur le thème, puisque vous avez bien voulu traiter des deux thèmes dont nous étions convenus. Cela dit, en termes de durée, étant donné que les membres sont impatients de vous interroger, nous devrons peut-être revenir aux pratiques modernes que nous avions définies, à savoir la présentation d'un exposé qui permette de consacrer davantage de temps aux questions des membres. Mais je crois que, compte tenu de la densité des deux sujets que nous avions retenus, il était important pour que vous puissiez exposer clairement la pensée de la Banque. Je donne immédiatement la parole, au nom du groupe du

PPE, à M. Radwan, puis à M. Purvis. Monsieur Radwan pour une minute et demie.

3-009

**Alexander Radwan,** *im Namen der PPE-DE-Fraktion***.** – Herr Präsident! Eine ganz kurze Anmerkung: 2012 werden wir ja im europäischen Rahmen eine Ausschreibung über die Banknoten haben. Ich sehe hier ein eklatantes Ungleichgewicht zwischen staatlichen und privaten Banken im Wettbewerb. Aber da werde ich noch einmal auf Sie zukommen.

Das Kernthema heute ist die Arbeit der Europäischen Zentralbank. Die Europäische Volkspartei — meine Fraktion — unterstützt die Europäische Zentralbank intensivst und ausdrücklich im Bereich der Unabhängigkeit der Zentralbank in Geldwertfragen. Ich betone: in Geldwertfragen — das Thema Marktteilnahme will ich jetzt nicht ausführen.

Umso besorgniserregender ist aus unserer Sicht momentan eine Entwicklung, die möglicherweise auch Sie selbst immer mehr zu einem Thema im Wahlkampf macht. Wir reflektieren ja in den letzten Tagen und Wochen eine große Koalition in Frankreich, von der sozialistischen Kandidatin Royal bis hin zu Le Pen, die die Europäische Zentralbank und den Euro zunehmend für die schlechte Wirtschaftslage Situation in Frankreich verantwortlich macht, da die 35-Stundenwoche keinen Aufschwung in Frankreich bewirkt hat.

Meine Frage ist: Was würden Sie eigentlich wählen, bei den Möglichkeiten, die sich derzeit für Sie anbieten? Das werden Sie heute sicherlich nicht beantworten. Aber was würden Sie denn Ihren Landsleuten sagen, warum in der jetzigen Situation die Europäische Zentralbank und der Euro so stark in den Mittelpunkt gerückt werden? Das wird natürlich möglicherweise auch weitere Fragen in Bezug auf die künftige Befassung mit europäischen Themen aufwerfen. Darum sehe ich diese Entwicklung auf europäischer Seite — die sich immer mehr auf diese Frage konzentriert — mit großer Sorge. Wir werden Sie gegen Ihre Landsleute verteidigen, aber sicherlich haben Sie auch selbst etwas dazu zu sagen.

3-010

**Jean-Claude Trichet,** *President of the European Central Bank***.** – I hope that in a few years, Mr Radwan, I will answer you in German, but permit me to answer you in English just now.

I ran the independent Banque de France during the five years before the euro was set up. After four years we had eliminated all risk premia with the Deutsche Mark, with the guilder and with other currencies that had the highest level of credibility and we had attained the highest level of credibility possible in Europe.

Opinion polls throughout this period showed that 70% of the French population were backing our monetary policy, with the same degree of support from people with moderate and left-wing sympathies. I have every reason to believe that we have the same level of support among the French population as in the euro area as a whole. The last indication I had was that, when asked 'Is it important that the ECB is independent of the government to ensure price stability?', the answer in the euro area as a whole was 73% and the answer from France was 75%, a little bit higher than the average.

The independence of the Banque de France and of the ECB has been subject to the verdict of French democracy four times. First, when the Constitution of the Fifth Republic was changed in 1992 by a vote in Versailles by Congress, the Upper Chamber plus the Lower Chamber, with the appropriate three-fifths qualified majority. Then, after the Constitution was changed, the French people voted Yes in the Maastricht referendum, which included the independence of the Central Bank. Then two laws were voted by the French Parliament. The decision was taken four times – and it was a bipartisan decision – both moderate and left-wing opinion endorsed this independence.

In conclusion I will say that an independent Central Bank is running the currency for the sake of everyone, people of every shade of opinion. The full body of our fellow citizens – in the case of the ECB, 315 million citizens including those in Slovenia, which to all intents and purposes is one of us – are counting on us to deliver price stability and be credible in the delivery of it. It is a very important responsibility and you know because I have told you many times that my colleagues in the Governing Council, my colleagues on the Executive Board and myself are fully committed to what is contained in the Treaty since it has been decided by the 13 democracies in question and is supported by public opinion.

I would also add that the poorest and the weakest are the most vulnerable to inflation and that it is our duty to protect them from the hurdles of inflation.

3-011

**John Purvis,** *on behalf of the PPE-DE Group***.** – I accept I am a very rusty and out-of-date economist but I am very interested in the subject of productivity because your exhortations in the past have always been on more labour market flexibility.

Today you have spoken a little about a lack of capital investment in our markets here in Europe. But it seems to me that the more expensive labour markets like Germany and France tend to be the more capital-intensive markets rather than the low labour cost countries like the UK, which tend to be concentrating, as is quite natural, on utilising labour rather than capital. So I am interested in that interrelationship. And I would take it further and say that maybe in Europe we value our quality of life and our time on the beach and our time with our families and so on rather more than the Americans who like to make lots of money. Maybe that is a perfectly reasonable dividend for our labour efforts. I am not sure. I would be interested in your views. Therefore there is all the more reason for investing in capital.

But sometimes I am surprised, for example, at our airports which sit unused for eight hours during the night whereas in America planes fly all night in order to use their capital. This does not happen here. We tend to be rather less intensive in our use of capital – our shops in Germany close on Saturdays and Sundays – this sort of thing. We are not using our capital particularly well.

Thirdly, there is the productivity of money. Could the velocity of money turnover be improved? Perhaps evidenced by the sudden appearance of private equity taking a very large part, could more use be made of leverage – highly leveraged use of money to force greater productivity in corporations which have probably been rather inadequately managed?

I am interested in that relationship.

3-012

**Jean-Claude Trichet,** *président de la Banque centrale européenne***. –** J'ai répondu longuement à la question précédente, mais il s'agissait d'une question très importante.

3-013

To reply in a few words: I would very much agree with quite a number of your observations, although I have to say not all. But I fully agree that, when we speak of flexibility, we mean flexibility in all markets, goods and services, capital, and of course labour.

It is true that our main diagnosis is that, if we have observed a great divide between the two sides of the Atlantic as regards the rapidity of labour productivity increases since 1995-1996, it is because we think it is substantiated by research that the US has taken all the virtualities of the new technologies, including communication and data processing – and not only communication and data processing – and has very largely re-engineered its production process, both in the production of goods and in the production of services. I would say, as regards both atoms production and bits production, that, because Europe as a whole is less flexible, this re-engineering and taking advantage of the virtualities of the new technology has not been as active. So we have a big stake in being more flexible. It is also true that in a number of indicators we see that we are investing less in higher education, in research and development, in high tech. All this is borne out by research at global level.

I would mention two things in conclusion. We cannot deny that there is a high level of heterogeneity in Europe. In terms of the absolute level of output per hour worked, the results in a number of European countries are higher than in the US. If we were to benchmark on these countries, we would make enormous progress. So we do not necessarily have to look at other industrialised countries. We could pretty much look at ourselves and try to benchmark on the best behaviour inside Europe to make progress.

3-014

**Cristóbal Montoro Romero,** *en nombre del Grupo PPE-DE***. –** Señor Presidente del Banco Central Europeo, yo esta mañana estoy contento; estoy contento con su intervención. Ya sabe que estos meses he mantenido una postura más crítica, advirtiendo de los riesgos de la subida de los tipos de interés, pero a mí me ha gustado hoy su intervención.

Y me ha gustado por dos motivos. Es la primera vez que usted habla de la creación de empleo en la zona del euro, y esto, señor Presidente, es muy importante. Ésta es la cuestión: hablar del empleo, hablar de la creación de empleo. La política monetaria es para crear empleo, la política fiscal es para crear empleo y la política de reformas estructurales es para crear empleo.

Y, efectivamente, desde que existe el euro, en Europa se han creado 11,7 millones de empleos. La cuestión es que no hay un equilibrio regional en Europa. Y hay en Europa un país que representa el 10 % del PIB europeo —no más del 10 %— y que ha creado en este tiempo, gracias al euro, más de siete millones de puestos de trabajo. No hace falta que le diga el nombre del país, ¿verdad, señor Presidente? Estamos hablando de una gran cuestión, efectivamente, europea.

El problema es que eso no está equitativamente distribuido por otras razones y éste es el argumento fundamental hacia el que yo creo que tiene que virar el debate de política económica.

Y otra cosa que también me ha gustado, señor Presidente, es que le he encontrado satisfecho con su actuación desde diciembre del año 2005, y eso a mí me ha parecido un buen balance. Realmente estamos ante un saldo en el que, efectivamente, la inflación está controlada, y lo peligroso de este momento es el tipo de cambio euro/dólar.

Ésta es la otra gran cuestión: si el tipo de cambio euro/dólar puede perjudicar a las exportaciones europeas y si, de esa manera, puede frenar el crecimiento de los próximos años.

3-015

**Jean-Claude Trichet,** *President of the European Central Bank***. –** Thank you for what you have said. I would like to mention again that on all criteria I have in mind – job creation, growth, inflation – during the eight years since the introduction of the euro we have had better results than during the eight years preceding the euro, both in the euro area as a whole and in France (a question was asked on France). This is something which needs to be known because from time to time people say things that are not documented and substantiated by facts and figures.

Concerning the euro-dollar relationship, I can say as President of the European Central Bank that we have signed a communiqué together with our friends in the United States of America, both the Secretary of the Treasury and the President of the Federal Reserve, and with the executive branches in Europe that took part in

the meeting, including Mr Jean-Claude Juncker. I myself signed. I will stick to what I have signed, which includes the sentence I have already quoted to you: 'excess volatility and disorderly movements in exchange rates are undermining economic growth'. I will stick to that on this particular point.

3-016
**Ieke van den Burg,** *on behalf of the PSE Group* **. –** May I start by thanking you for answering Mr Radwan's question about the independence of the European Central Bank in such detail. I would like to stress that in our political group we are also very much attached to the independence of the European Central Bank. There are ways in which our opinions differ. In your political group it is the policy mix and the context in which monetary policy is taken, and this is often misunderstood and confused with attacking the independence of the Central Bank. Let me state clearly that there is no question of this.

One of the heavy elements of this policy mix and also of the monetary policy is the M3 pillar. This is an instance of a legitimate topic of discussion in monetary policy: how the ECB is using this instrument. In your own ranks, there was a conference in Frankfurt on this. So this is an issue for debate and I think it is fully legitimate to go into that type of debate.

In this debate it is clear that there are some doubts about both the relevance of the M3 pillar and the 4.5 benchmark. We have also asked our experts to elaborate on this. I will not go into detail but my question would be: why are you still attached to this M3? In your speech you said that historically it has played a role in the credibility of the Central Bank. Some experts say that this credibility could make it unnecessary to be so attached to this M3 figure. You say it should not be used mechanically, but what exactly do you want to do with this figure? The other element is the increasing element of lending to the private sector, particularly to companies, which Mr Purvis also mentioned with his comment private equity. Are there not alternative methods for dealing with that instead of the interest rate mechanism?

3-017
**Jean-Claude Trichet,** *President of the European Central Bank***. –** As I have explained, we have, at the request of Parliament, a two-pillar monetary policy concept with an economic analysis and a monetary analysis that we cross-check. As I said, it is our strong belief and the strong belief of the Bundesbank, the Banque de France, and directly or indirectly the Central Bank of the Netherlands, the Central Bank of Belgium and the Central Bank of Austria – I am quoting only those central banks that have the highest level of credibility in Europe and the lowest level of market interest rates associated with their credibility – that very pertinent information could be extracted from monetary analysis. This was also my strong belief when I was at the Banque de France. As I said, in the long run it has been well documented and substantiated that inflation is a monetary phenomenon. The long-term correlation is not disputed by mainstream economists.

We have to do a lot of work in extracting information and we are doing it. We are looking at the components of M3 and we now see for instance that we have a deceleration of M1 and a reallocation between M1 and M3, minus M1, which offsets the deceleration of M1 and explains why M3 is going at the same pace. We are working on understanding exactly what is happening, which we understand pretty well; we have increased rates so it is normal that M1 is decelerating.

We also carry out a close analysis of the counterparts. The counterparts of M3 as regards credit, and in particular credit to the private sector, are moving extremely rapidly, much more rapidly than the GDP in value terms. For the credit to general government, we have figures that are quite low, but for the credit with the other euro area residents, we have +12% .

If I take only the outstanding credit to non-financial cooperation, it is moving at a pace of around 12.9%. It is moving extraordinarily rapidly and this is very important information for us to analyse and, again on the basis of this analysis, to cross-check with the economic analysis.

At the conference that you mentioned I explained how useful this had been. I was told by the Chairwoman that I was too eloquent in my introductory statement. I could have been even more eloquent in explaining how we had treated as important information the monetary analysis cross-checked with the economic analysis, permitting us to take decisions which we trust were the right and appropriate ones.

3-018
**Udo Bullmann,** *im Namen der PSE-Fraktion***. –** Frau Vorsitzende! Dass wir heute, vier Tage vor Weihnachten, den Präsidenten der Europäischen Zentralbank ebenso wie den Wirtschaftsausschuss des Europäischen Parlaments bei der Arbeit erleben — und nicht am Strand, Herr Kollege Purvis —, registriere ich mit Befriedigung und bin geneigt, es für eine europäische Tugend zu halten, die unser Arbeitsverständnis belegt.

Ich komme zu meiner Frage: Herr Zentralbankpräsident, wir sprechen über den Umstand, dass das Wachstum nach Europa zurückgekehrt ist. Ich möchte Sie fragen, ob Sie den Aufschwung in einen zyklischen und einen nachhaltigen Anteil qualifizieren können und wie Sie diese Einschätzung gegenwärtig beurteilen. Das ist ja nicht unerheblich für die Ausrichtung der Geldpolitik.

Ich möchte Sie weiterhin fragen, inwieweit der schwächelnde Dollar in Ihre Einschätzung über die zukünftige Wachstumsentwicklung in der Europäischen Union einbezogen wird. Sie haben ja über das Kommuniqué gesprochen — das habe ich sehr wohl gehört. Inwieweit wird also der in der Realität ja schwache Dollar auch in Ihre Inflationserwartung einbezogen? Welche Rolle spielt der zu erwartende

Außenwert — der Euro im Verhältnis zum US-Dollar — bei Ihrer Inflationserwartung, die für die Ausrichtung der Geldpolitik ja nicht unerheblich ist?

Kann es nicht sein, dass die empirischen Daten immer mehr zugunsten einer Politik verloren gehen, die von den Märkten als automatische Zinserhöhungspolitik begriffen wird? Kann es nicht sein, dass durch die ständige Abfolge von Zinserhöhungen der zarte Aufschwung in große Gefahr gerät und wir deswegen vielleicht keine Nachhaltigkeit erzeugen?

3-019
**Jean-Claude Trichet,** *President of the European Central Bank***. –** On the question of describing what we are observing as structural or cyclical, I would say that we should do everything we can to raise Europe's growth potential. In our view, this calls for those structural reforms we all agree on, that are part of the Lisbon Agenda, that have been fostered by successive Presidencies. We share the general view in this respect.

We certainly have potential for raising our growth potential. It is entirely related to what we have already discussed: increased labour productivity. If we could jump from the present level of progress in the output per hour to the US output per hour, at least the average that has been observed since 1995-1996, we could very substantially improve Europe's growth potential. We know that there is approximately 1% difference between the average growth in output per hour worked between both sides of the Atlantic. What we are observing at the moment is, to an extent that I cannot substantiate now, that we are at a level of labour productivity which differs substantially from the average since 1995-1996. In my opinion what we are observing is largely cyclical.

As regards the dollar, the dollar is included with all other parameters in our own deliberations and judgement in the Governing Council when we take decisions and at the level of staff projections, Eurosystem staff projections. Let me just say that, by ensuring price stability and being credible, which is the case in ensuring price stability, we are doing what is necessary for growth to be sustainable. So we are working for the sustainability of growth and job creation. If we were not credible in ensuring price stability over the next 50 years, what would be the 50-year rate for the bonds issued by various treasuries in Europe? What would the rates be if they were issuing bonds under their own signature and with their own currency? I let you judge.

3-020
**Wolf Klinz,** *im Namen der ALDE-Fraktion***. –** Herr Präsident! Zunächst einmal möchte ich Sie und Ihre Kollegen beglückwünschen. Ihre Einschätzung der Lage hat sich als richtig erwiesen, und Ihre Geldpolitik ist konsequent und korrekt.

Und nun zu meiner kurzen Frage: Nach dem revidierten Stabilitäts- und Wachstumspakt sind die Mitglieder der Eurozone angehalten, in guten Zeiten für die irgendwann wieder kommenden schlechten Zeiten vorzusorgen. Haben Sie das Gefühl, dass die Euroländer tatsächlich die jetzige gute wirtschaftliche Situation adäquat nutzen, oder müssen wir nicht befürchten, dass wir beim nächsten Abschwung wiederum zahlreiche Länder haben, die die Maastricht-Kriterien nicht erfüllen können?

3-021
**Jean-Claude Trichet,** *President of the European Central Bank***. –** As you know, we have always said that, after the revision of the Stability and Growth Pact, a strict implementation, a rigorous implementation of this pact, of its letter and its spirit was necessary. We have totally backed the Commission's work in this respect. If I have to sum up our own understanding, I would say that the situation is much better than before, because of the cyclical recovery which we are currently observing and all the lessons of the past that during this period you have to be as active as possible in preparing for the period that will be necessarily less propitious.

So, I would say that we are anchoring all actors, and certainly all governments and parliaments, to go as far as possible in taking advantage of the present period which, in the euro area as a whole, is a good period; it has been very good this year. There are differences on a country-to-country basis, but it is because there are differences that you have to do all you can in good times – it is the letter and the spirit of the Stability and Growth Pact – and one can certainly do more than what is being done. I am again speaking about the euro area as a whole.

3-022
**Wolf Klinz,** *au nom du groupe ALDE***. –** J'aurais préféré avoir une réponse un peu plus précise concernant les pays.

3-023
**Jean-Claude Trichet,** *President of the European Central Bank***. –** I myself have never allocated good marks and bad marks on a country-by-country basis. There are countries where it seems to me that things are done very seriously and countries where I trust the difficulties will be tackled. However, I would like to say something very important. You have to consider very carefully the data outstanding and the 60% criteria of the Maastricht Treaty and the Stability and Growth Pact, as well as the need to be close to balance or in surplus as the goal of the convergence programme.

You also have to look at overall public spending as a proportion of GDP. There are enormous differences from country to country in the euro area in that respect. A number of countries have to work much more on the optimisation of their public spending because their level of public spending clearly indicates that they are not optimising and they are hampered by this absence of optimisation. The quantitative analysis suggests that one has to look very carefully at what is being done in this respect. Quality also counts – the economic quality of your taxation policies and the quality of your spending.

3-024
**Alain Lipietz,** *au nom du groupe Verts/ALE***. –** Monsieur le Président, vous avez rapproché, dans ce débat, deux points essentiels, à savoir la lenteur extrême

de l'investissement en capital par tête en Europe et la croissance anormalement rapide de la masse monétaire M3.

Si nous regardons l'expérience américaine, on observe que l'intensité capitalistique a crû et que les investissements ont été forts, et cette évolution s'est manifestée dans la période où M. Greenspan a mené une politique extrêmement *ample* en matière monétaire, comme vous le dites dans votre texte. Il y avait de l'argent à investir, et les fonds en question ont été investis en capital productif. Votre prédécesseur, M. Duisenberg disait toujours: "oui, mais il y a un risque énorme qu'un tel investissement soit effectué dans des actifs non productifs". Je crois que le fait de maintenir M3 comme indicateur traduit la volonté de contrôler la possibilité de formation de bulles. Ne pensez-vous pas que le recours à des méthodes d'orientation plus directe du crédit vers le capital productif serait une méthode plus sûre qu'une augmentation indiscriminée des taux d'intérêts?

3-025
**Jean-Claude Trichet,** *président de la Banque centrale européenne***. –** Je crois que l'on peut certainement dire que, quel que soit leur concept de politique monétaire, tous les banquiers centraux du monde suivent de près les évolutions du crédit et, d'une manière générale, l'ensemble des évolutions financières, qui leur donnent des informations précieuses.

Je reviens un instant sur notre concept: nous disposons d'une analyse économique et d'une analyse monétaire, et nous procédons à des recoupements. Lorsque je lis ce que disent beaucoup de mes collègues, je vois qu'ils regardent, eux aussi, bien entendu, les évolutions monétaires et les évolutions financières.

Deuxièmement, je ne porte pas de jugement sur les États-Unis et ce qu'ils ont fait ou ce qu'ils n'ont pas fait, mais je dirai ceci: un consensus mondial existe quant au fait qu'une politique de crédit sélective n'est pas du tout optimale. Et donc, de ce point de vue là, je réponds clairement à votre question: non, je ne crois pas – et je crois pouvoir vous dire que tous mes collègues sont convaincus, de même que beaucoup d'autres, mais je parle des banquiers centraux – qu'une politique de crédit sélective ne permettrait pas du tout d'arriver à cette allocation optimale de l'épargne et du capital qui est évidemment nécessaire si l'on veut parvenir à une optimisation économique. Je dirais même que c'est le contraire: nous avons tous le sentiment qu'une politique de crédit sélective nous conduirait nécessairement à un sous-optimum. Cela ne veut pas dire du tout que nous ne devons pas être prudents, que nous ne devons pas avoir, dans un très grand nombre de domaines, des règles de surveillance et de prudence capables d'empêcher des anomalies dans la prise de risques ou ayant trait à une allocation qui serait aberrante ou imprudente de l'ensemble du capital et des décisions. Mais cela veut dire qu'il faut laisser les agents économiques faire leurs arbitrages eux-mêmes. En tout cas, c'est notre conviction très forte.

3-026
**Sahra Wagenknecht,** *im Namen der GUE/NGL-Fraktion***. –** Herr Trichet! Sie haben ja kürzlich in einer deutschen Zeitung noch einmal sehr vehement für moderate Lohnabschlüsse plädiert. Nun ist Ihnen sicherlich bekannt, dass gerade in der Bundesrepublik die Lohnabschlüsse in den letzten Jahren so moderat waren, dass die Bruttolohnquote seit 1980 um fast 10 % gesunken ist und dass die realen Nettolöhne der Arbeitnehmer heute deutlich unter denen von Anfang der 90er Jahre liegen.

Nun wollte ich Sie fragen: Ist es das, was Sie unter moderater Lohnpolitik verstehen? Sollte dem so sein, können Sie mir dann erklären, weshalb eine produktivitätsorientierte Lohnpolitik, die tatsächlich die Produktivitätserhöhung an die Arbeitnehmer weitergibt, in irgendeiner Weise die Inflation beschleunigen sollte? Das ist mir wirklich nicht ganz verständlich! Und letzter Teil der Frage: Wenn Sie sich in dieser Form äußern – es hat ja in der Bundesrepublik gerade eine Debatte zu diesem Punkt gegeben –, finden Sie nicht, dass Sie sich dann dem Vorwurf aussetzen, Ihre Funktion für eine relativ plumpe Interessenpolitik zugunsten der Unternehmen zu missbrauchen?

3-027
**Jean-Claude Trichet,** *President of the European Central Bank***. –** No, certainly not. I am not using my position and the ECB is not using its position to favour business or anybody in particular. It is for sustainable long-term growth and job creation.

The message in this area must be interpreted at the level of the various economies concerned. They have different levels of productivity and different levels of labour productivity increases. As I said, we have very good performers in Europe and less satisfactory performance. We also have different levels of unit labour cost, cost competitiveness and unemployment. When you negotiate wage agreements, you take all that into account.

All things being equal, there is no doubt that, if unemployment is very high, accelerating wages and salaries will not help to reduce unemployment. If you are not competitive, increasing the level of unit labour cost would hamper your own competitiveness. So again, it is a general message of prudence and moderation, taking the real situation into account. For the euro area as a whole, it is important that the addition of all those prudent decisions permits continuing price stability, which, as I said, is not only our mandate but what our fellow citizens want. It is also very important for the poorest and most vulnerable part of the population.

3-028
**Sahra Wagenknecht,** *im Namen der GUE/NGL-Fraktion***. –** Damit ist eigentlich meine Frage noch nicht beantwortet! Ist das, was Sie unter moderater Lohnpolitik verstehen, etwa eine Lohnpolitik, wie sie in der Bundesrepublik praktiziert wird, wo der Anteil der Arbeitnehmer am Volkseinkommen sinkt, oder ist unter moderater Lohnpolitik zu verstehen, dass die Lohnquote

tatsächlich insgesamt doch wenigstens auf dem gleichen Niveau bleibt oder sich sogar auf das in der Vergangenheit erreichte Niveau erhöht?

3-029
**Jean-Claude Trichet,** *President of the European Central Bank***. –** In the case of Germany, after the boom of reunification there was an enormous loss of cost competitiveness that could be observed in a large variety of indicators.

What we are observing in Germany today – at least in my understanding – is that progressively, year after year, Germany has come back to a higher level of cost competitiveness, thanks both to labour productivity progress and wage moderation. You can judge for yourself whether this is satisfactory in terms of unemployment or whether it is not. If you judge that it is not, then you could conclude that perhaps continuing wage moderation would be good. Again, it is a question of judgement.

3-030
**Astrid Lulling (PPE-DE). –** Madame la Présidente, je voudrais d'abord féliciter le Président Trichet. Je pense que vous avez très bien vendu, et avec une profonde conviction, votre politique en matière de taux d'intérêts pour tenir sous contrôle l'inflation – politique, bien sûr, vertement critiquée par une candidate à la Présidence de la République de votre patrie, qui juge votre politique contreproductive pour la création d'emplois. Vous pourrez peut-être lui fournir quelques informations parce qu'il me semble qu'il y ait des malentendus dans sa position.

J'ai été très impressionnée par vos comparaisons sur la création d'emplois dans la zone euro, avant et après l'introduction de l'euro, et je voudrais savoir si vous disposiez de comparaisons semblables en ce qui concerne le Royaume-Uni, le Danemark et la Suède, qui restent en dehors de la zone euro? Quelle est leur performance en matière de création d'emplois pour les mêmes périodes?

Vous avez plaidé récemment en faveur de la modération et appelé les partenaires sociaux à se montrer plus responsables concernant le niveau des salaires. Vous avez déjà répondu à cette question; une telle prise de position n'est pas du goût des syndicats, bien sûr. Je dois vous dire que vous êtes une vraie vedette dans la presse luxembourgeoise actuellement, notamment du fait de vos relations avec notre Jean-Claude, mais du fait, surtout, de cet appel, que la Confédération européenne des syndicats a qualifié de superflu et d'unilatéral. Je me suis demandé, lorsque j'en ai pris connaissance, pourquoi avoir lancé un tel appel sachant que vous seriez mal compris. En outre, j'ai également apprécié votre mise en garde contre l'augmentation des impôts indirects, sur les produits (*intervention de la Présidente concernant le dépassement du temps de parole)*... Je voulais simplement savoir si le Président partageait ma satisfaction que les gouvernements soient incapables de se mettre d'accord sur l'augmentation des taux d'accises sur l'alcool proposée inutilement par la Commission.

3-031
**Jean-Claude Trichet,** *président de la Banque centrale européenne***. –** D'abord, je tiens à confirmer une chose: nous gérons la monnaie pour le compte de toutes les sensibilités politiques dans tous les pays et nous avons en face de nous 315 millions de citoyens européens, à l'égard desquels nous avons, mes collègues et moi-même, la très lourde responsabilité d'assurer la stabilité des prix et la stabilité de la monnaie.

En ce qui concerne les pays qui ne sont pas parmi les quinze - il y a aussi, bien entendu, tous les nouveaux pays, puisque nous sommes maintenant 27 -, qui ne sont pas dans la zone euro, je n'ai pas les chiffres que vous souhaitez. Je pourrais les rechercher et les transmettre à la commission. Je note simplement que l'un des trois que vous avez cités - Danemark, Suède et Royaume-Uni - suit exactement la politique monétaire de la zone euro, à savoir le Danemark. Le Danemark suit exactement notre politique monétaire, et je vois l'un des parlementaires opiner. Le Danemark est une remarquable *success story* en suivant la politique monétaire de la zone euro.

Concernant le dernier point, je me suis déjà exprimé. Le Conseil des gouverneurs de la Banque centrale européenne a pensé qu'il était important que nous puissions lancer ce message qui, encore une fois, doit être bien compris. Chaque économie se trouve dans une situation particulière en termes de compétitivité-coûts, de niveau absolu des coûts unitaires de production (*unit level costs).* Chacune se trouve aussi dans une situation particulière en termes de chômage, et tout cela doit être pris en compte quand on décide – ce qui est très important au niveau des négociations entre partenaires sociaux –, des augmentations nominales de traitements et de salaires.

3-032
**Zsolt László Becsey (PPE-DE). –** Mr President, congratulations on your fantastic results in job creation and price stability – I hope that the single price stability interpretation will come very soon – productivity, growth and everything. I feel as though I am in paradise.

My question is about the enlargement of the euro zone in the light of the convergence report published in 2006. Who do you see joining in the coming two or three years after Slovenia? And, related to this question, can you, for instance, influence the Commission to assist these countries to join the euro zone as soon as possible, for example by moderating the pressure on excise duty levels, because that is the major problem for the Baltic States in inflation criteria?

Thirdly, can you give some positive sign to these new Member States by working with them on the question of how to write the euro, by working with them on the new banknote pictures and this type of thing, to symbolise that we shall join the euro zone? That is a question about working with us on the public relations aspect. I come from a country where the popularity of the EU has dropped by 10% so I think it is very important.

3-033

**Jean-Claude Trichet,** *President of the European Central Bank***. –** First of all, the decision taken by the Council, following the Commission's analysis and proposal and our own analysis, that Slovenia should come in proves that the euro area is an open entity, an open concept, an open shop and certainly not a closed shop. That is very important.

I cannot tell you what will happen in the years to come. It seems to me that it is very likely that we will see newcomers entering, but I do not want to prejudge the analysis by both the ECB and the Commission on the basis of the existing criteria. You know these pretty well so everybody can form a judgement. We will see when the time comes, when we have to pronounce on these criteria.

So, I would like to make a very important point again: there are 27 countries in the European Union if I look forward to 1 January 2007; 13 of them in the euro area. We have 25 countries that do not have an opt-out clause so they themselves have already taken the decision to enter when they meet the criteria: 25 out of 27. Of the two remaining countries that have an opt-out clause, one is following our own monetary policy. This shows the virtuality of the euro zone. But in the interests of the newcomers in the euro area, as well as the interests of the euro area, there is a shared interest in being sure that convergence has been in line with the Treaty and that convergence is not only a snapshot convergence but also a sustainable convergence, something the Treaty also calls for.

The inflation criteria – we had a lot of discussion on that – and you know that there has at last been a clear-cut decision that I will certainly not suggest calling into question. As regards the spelling of euro and the banknotes: these will not change. The presentation of the banknotes will remain the same. We have decided already that the euro will be called euro, full stop. So do not expect that we will have different spelling on the notes.

3-034

**Werner Langen (PPE-DE). –** Herr Präsident! Sie haben die positiven Arbeitsmarktzahlen genannt, und eben sind ja kritische Fragen hinsichtlich der Löhne gestellt worden. Wenn Sie jetzt fünf Jahre nach der praktischen Einführung des Euro — die Gesamteinführung ist ja länger her — Bilanz ziehen, dann haben die Bürger der Europäischen Union den Euro akzeptiert, der Euro ist weltweit stark. Meine Frage: Welche Perspektive haben Sie hinsichtlich der Positionierung des Euro als zweite Weltreservewährung?

Mir ist bei einem Besuch in China — unsere Vorsitzende war auch dabei — deutlich geworden, dass die Chinesen ein Pendant zum Dollar wollen und verstärkt auf den Euro setzen. Man hat uns zwar nicht genau verraten, wie hoch der Anteil des Euro an den chinesischen Währungsreserven ist, aber würde es gelingen, den Euro noch stärker als bisher als zweite Währung zu positionieren, dann könnte das Auswirkungen auf die internationale Position Europas haben.

Wie beurteilen Sie also fünf Jahre nach Einführung der greifbaren Währung Euro die Entwicklung für die nächsten fünf Jahre?

3-035

**Jean-Claude Trichet,** *President of the European Central Bank***. –** It is eight years since the euro was introduced, because the notes and coins were introduced three years after the euro itself was created. In the eyes of the rest of the world, it is already ages.

As you know – as my predecessor has already said here and I will repeat it because I have been saying this in all the positions I have held since the setting up of the euro – we are not campaigning for the international use of the euro. We are not discouraging it. We are telling market participants, investors and savers: take your decision on the basis of your own judgement and analysis.

Everything that has happened up to now can be described as an orderly, smooth and slow transformation. This orderly, smooth and slow transformation is probably appropriate and I would certainly not call for any sharp, abrupt moves. That would not be in the interests of Europe or any of our partners, including the United States, with which we have an excellent close relationship based on trust – I am speaking of course of the relationship between the Fed and the ECB. It would also certainly not be in the interests of the global economy.

3-036

**Pervenche Berès (PSE). –** Au nom du groupe socialiste, je vais me donner la parole. Du fait de l'indépendance de la Banque centrale, vous êtes investi, Monsieur le Président, d'un certain nombre de responsabilités, notamment dans votre capacité de dialogue avec les autres autorités en charge de l'Union économique et monétaire. Et c'est bien la question du fonctionnement des deux piliers de l'Union qui est posée de manière lancinante et qui doit permettre de répondre aux préoccupations de nos concitoyens.

Je voudrais vous poser deux questions. Premièrement, s'agissant de la décision des autorités publiques iraniennes d'adopter l'euro comme monnaie de réserve – et ne me renvoyez pas au communiqué du G8 –, qu'est-ce qui doit changer dans la stratégie des pays de la zone euro, et notamment dans leur capacité d'avoir une expression commune sur la question des monnaies de réserve et du taux de change entre l'euro et le dollar?

Ensuite, dans le dernier rapport de supervision de la stabilité financière, vous avez indiqué que la question de la durabilité des profits dans le secteur bancaire au sein de la zone euro devait être posée, et que, vraisemblablement, cette durabilité n'était pas au rendez-vous. Qu'entendez-vous par là? Quelles sont vos inquiétudes et quelles conséquences en tirez-vous en termes d'évolution des mécanismes de supervision de la stabilité financière dans la zone euro?

3-037
**Jean-Claude Trichet,** *président de la Banque centrale européenne***. –** Madame la Présidente, en ce qui concerne les décisions iraniennes, je n'ai pas de commentaires. Je dois simplement dire qu'à ma connaissance, il y a eu des informations contradictoires et que la première indication a été suivie d'autres qui sont venues soit la nuancer, soit la contredire. Donc, je n'ai pas d'autres commentaires.

En ce qui concerne la surveillance de l'ensemble des institutions financières en Europe, je crois que la question est évidemment extrêmement importante. Nous avons publié nous-mêmes, tout récemment, notre revue de stabilité financière en insistant sur le fait que, si, d'une manière générale, le secteur des banques en Europe s'était renforcé sur le plan de la solidité et de la capacité de résister aux chocs, des progrès supplémentaires étaient certainement nécessaires, et il n'y avait absolument pas de place pour la moindre complaisance. Nous savons que les risques sont là, nous savons qu'il y aura des tests à l'avenir, et peut-être des tests qui seront importants. Ces risques existent au niveau mondial – je ne les probabilise pas, mais ils existent –, et leur existence doit être prise en compte. Les risques sont d'ailleurs la contrepartie d'une prospérité au niveau mondial qui est tout à fait exceptionnelle. Nous vivons en ce moment, au niveau mondial, une période extraordinairement prospère. Nous ne manquons pas de rappeler que, parmi ces risques figure celui lié à une réappréciation générale par les marchés financiers de l'ensemble des risques, ce qui, évidemment, aurait un impact sur l'ensemble des institutions financières. Donc, des progrès ont été faits, mais il n'y a aucune place pour la complaisance dans ce domaine.

3-038
**Pervenche Berès (PSE). –** Et si l'Iran adoptait l'euro comme monnaie de réserve, comment pensez-vous que la zone euro devrait réagir?

3-039
**Jean-Claude Trichet,** *président de la Banque centrale européenne***. –** Encore une fois, nous ne faisons pas campagne pour l'utilisation internationale de l'euro. Je l'ai déjà dit, et je le répète.

Pour le reste, si les autorités politiques ont une qualification à donner, c'est à elles de la donner.

3-040
**Antolín Sánchez Presedo (PSE). –** Señor Presidente, es una verdadera satisfacción comprobar cómo dos objetivos que durante mucho tiempo parecían incompatibles, como son el empleo y la lucha por la inflación, realmente se reconcilian.

Además, éste es el año en que se ha dado el Premio Nobel a Edmund Phelps que, desde los años sesenta, lleva propugnando esta línea; hubo que tratar de evitar que la lógica monetarista prevaleciera para que hoy sea un lugar común.

Una intervención reciente ha hecho referencia a la diversidad en las tendencias de inflación, crecimiento y costes laborales dentro de la zona del euro. Señalaba cómo el diferencial de la evolución de los costes laborales, en el país más alto y en el más bajo, se situaba entre el 20 y el 25 % durante el período 1999-2005. Y expresaba que eso era ocasionado por varios factores, pero, fundamentalmente, por dos: la renta per cápita y las tasas de cambio de entrada en el euro.

Entonces, la pregunta es bastante clara: aunque es evidente que no debe haber cambios bruscos en la escena internacional, ¿no considera usted que una apreciación excesiva del euro podría incidir en la competitividad, impidiendo que las ganancias de productividad se puedan hacer efectivas en el contexto internacional?

Y, sobre todo, hay que tener en cuenta que se deben repartir los sacrificios, porque en la zona euro nos estamos exigiendo un pacto de estabilidad y crecimiento que otras zonas del mundo no cumplen.

3-041
**Jean-Claude Trichet,** *President of the European Central Bank***. –** On the first point you mentioned, for us, and I would say for the European democracies that have decided on EMU, price stability is a necessary condition for sustainable growth and job creation. The Central Bank's goal of price stability is derived from all the economies and countries throughout the world that have the concept of inflation targeting, because price stability is a necessary condition for sustainable growth and job creation. In the US, my former colleague Alan Greenspan and my present colleague Ben Bernanke have mentioned price stability in their speeches as a necessary condition for sustainable growth and job creation. So I would say we have global understanding on the logical relationship between price stability and sustainable growth and job creation.

On the exchange rate, again I have said what I had to say: excess volatility and disorderly movements of exchange rates do not favour economic growth. We have signed; we trust that. You know that since the explosion of the Bretton Woods system, we are in a floating exchange system.

3-042
**Olle Schmidt (ALDE). –** I would emphasise that the independence of the ECB is essential, especially for small countries. So there I would certainly agree with you.

There is a momentum in the development of the euro and some questions arise concerning the countries outside the euro area, as Mr Becsey said earlier – countries that voluntarily keep themselves outside. As you said, we know that the UK and Denmark have derogations under the Treaty. This is not the case for Sweden. As you also stressed, from 1 January 2007 the EU will be a club of 27 members. Less than half the Member States will be using the same currency.

Some of my questions arise because I come from an 'outside' country. I personally would like to be inside; I think it is warmer there. Do you think that there is an increasing risk of economic and political tensions within the euro zone and the EU when more members come in and the United Kingdom, Denmark and Sweden are still outside?

The second question is a bit nationalistic. In the enlarged context of the euro, what is the ECB's current view concerning Sweden being outside the euro without having a legal derogation similar to the one that the UK and Denmark have?

3-043

**Jean-Claude Trichet,** *President of the European Central Bank.* **–** Even without the UK, Sweden and Denmark and all the newcomers apart from Slovenia, there are 315 million people in the euro area. There are 300 million people in the US. Those who have this opt-out clause know that they are welcome; they will always be welcome. We know that it is a decision that will be taken by their people. It is up to them. We are already 315 million without them. If they come in we would be more than happy. They are very warmly welcome.

Sweden does not meet the price stability criteria as laid down in the Maastricht Treaty. I make the working assumption – but you know better than me – that at some time in the future Sweden will realise that it is in its interests to enter the euro area and I will again confirm that all the countries in the euro area would be overjoyed to welcome Sweden.

As far as the new countries are concerned, Slovenia proves that we are an open shop; certainly not a closed shop. We will see in which order and how quickly the newcomers come into the euro zone by meeting the criteria. Again it is a decision that has to be in full conformity with the Treaty. But, as I said, we are much more numerous than is indicated by the 13 countries in the euro zone today. The 13 countries alone represent a very large majority of the population of Europe – 315 million, 15 million more than the US. It is an impressive order of magnitude.

3-044

**Sharon Bowles (ALDE). –** In your presentation, not surprisingly you mentioned oil prices quite a few times. In a few moments we will be voting on a report that this committee has drawn up on oil prices – the rapporteur is sitting in front of me. Two aspects of that report have been exercising our minds: one is the volatility of prices and the other is that we think there is a permanent element to the price increases, even though they will continue to go up and down. So, given those two factors, how is that permanent element of increasing oil prices influencing interest rates, given that, as it is permanent, it is not something that can be discouraged or squeezed away by raising interest rates? Indeed, if it could be squeezed away, there are plenty of new environmental taxes aimed at doing that.

The second point on volatility: have you anything to say on the impact of hedge funds on oil prices and volatility? Perhaps you would like to say a few words on hedge funds in general?

3-045

**Jean-Claude Trichet,** *President of the European Central Bank.* **–** Our first observation is on oil prices. Since we started observing this creeping oil shock, we have said that we see it as a different phenomenon to that observed in the first and second oil shocks where you clearly did not have a demand-driven price increase. In the present case, we have had the feeling from the beginning that in this domain we were observing the influence of the very rapid increase in the number of emerging economies exerting demand pressure on those markets. We have said since the beginning that we needed a comprehensive understanding of what is happening. Some prices are pushed down, particularly prices of manufactured goods produced, for example, in China or other emerging countries, and oil prices are pushed up.

It is a change in the relative prices that we are observing at global level and not necessarily only an oil shock of the traditional type. That has led us to say: let us continue to look at headline inflation as a pertinent indicator, and not necessarily at core inflation, which might not be a good predictor of medium-term inflation. That is our first observation.

Our second observation. We are thinking in the medium term in any case. As you know, we have always stressed the importance of the prevention of the secondary effects of these increases in oil prices and other commodity prices. This has been quite well understood by observers and market participants. The anchoring of our inflationary expectations throughout this time is testimony to the fact that our own monetary policy has been very well understood in this environment of oil prices by all market participants, economists, observers and savers.

As regards hedge funds, I will not describe their influence on the future market, particularly the oil stock market. Hedge funds plus the very rapid development of derivative markets are seen by us as one of the major issues where we need to get a better understanding of what is going on and be ready to improve surveillance indirectly. It is our present consensus that we can improve surveillance on hedge funds indirectly, but we can still make a lot of progress in this respect. We also have to investigate further because it is really work in progress.

3-046

**Valdis Dombrovskis (PPE-DE). –** My question is related mainly to the Maastricht Treaty criteria, especially inflation criteria for joining the euro zone. As you are maybe aware, there are an increasing number of new Member States that are postponing their accession to the euro. It seems there is some problem in the design of the inflation criteria.

If you look at a couple of things which are driving inflation higher in new Member States, one is the process of nominal convergence. Another issue is the need to raise indirect taxes, to level up with EU requirements. Most of the new Member States have a transition period which means that there is higher inflation because of indirect taxes.

The third process is some kind of real convergence, where we see that new Member States are developing economically faster on average than old Member States. This is well justified given that on average GDP per capita is lower in new Member States than in old Member States.

So, given all this, basically it means that, if a new Member State decides to fulfil inflation criteria, it would have to push down the nominal or the base inflation rate well below any economically justified level. Of course the new Member States are not doing that and the question is: are there any thoughts from the ECB as regards the design of the Maastricht Treaty inflation criteria?

3-047

**Jean-Claude Trichet,** *President of the European Central Bank***. –** It is a very important question which was considered carefully during the analysis that had to be carried out by the ECB and the Commission, with a final decision by the Council, when the cases of Slovenia and Lithuania were examined.

We have consensus on the legal analysis because we are totally dependent on the Treaty itself. Our legal analysis is no, we do not envisage changing the methodology which has been applied to Slovenia and Lithuania. We are not a closed shop. The proof is that Slovenia could get in. In the case of the other country, it was absolutely clear that not only did the snapshot examination not indicate that the criteria had been met, but it also appeared very rapidly that in any case it was not sustainable, so our judgement has been vindicated.

With all due consideration to what you have said, in our understanding it remains possible for a country that wants to enter and has made the convergence efforts that are in its own interests to do so. It is in the interests both of the countries concerned and of the euro area as a whole that the convergence is made. I do not want to go into details, but in my opinion there are plenty of possibilities for inflation to be contained in line with Treaty implementation.

3-048

**Elisa Ferreira (PSE). –** Muito obrigada pela apresentação que nos trouxe mais uma vez, Senhor Governador, e pela apresentação que fez sobre a economia europeia e sobre o emprego. Pessoalmente considero que talvez haja algum excesso de optimismo na maneira como descreveu o comportamento europeu porque, se não compararmos só com o passado mas fizermos uma comparação em termos internacionais, o crescimento não é tão bom assim. Por outro lado, em termos de exportações, elas aumentaram mas as importações também e, por último, porque esse crescimento inclui grandes divergências internas entre os diferentes países membros da União Europeia em termos de capacidade de crescimento e de problemas, como também referiu depois verbalmente.

Neste contexto, e não havendo de facto tendências inflacionistas, os cidadãos sentem que os aumentos sucessivos das taxas de juro são a perda talvez de um dos elementos mais positivos associados à adopção do euro e que vão ter um impacto ao nível do custo do capital produtivo e redução da procura interna. E, portanto, têm sobretudo um risco de reduzirem o impulso para o crescimento e para a criação de emprego que é vital para alguns dos países que fazem parte da zona.

Eu queria portanto perguntar-lhe, primeiro, num quadro em que, digamos, a situação de crescimento de alguns países começa a ser bastante preocupante, como é que avalia estes eventuais impactos assimétricos da política que está a seguir, o que é que se espera em termos de aumentos a partir de agora, a continuação de aumentos da taxa de juro, e se não receia que isto leve a tensões internas que reduzam o apoio popular e político à política do Banco Central Europeu?

3-049

**Jean-Claude Trichet,** *President of the European Central Bank***. –** I will reply very rapidly. First we can do better, and I would say there is a large consensus amongst us and certainly amongst institutions – the Commission, the Council, the ECB – to consider that we can do better and we must do better. That is particularly true as regards the long-term growth potential through reform.

Second observation. If I speak about the eight years after the euro and the eight years before the euro, it is because I have seen in some papers, articles and so forth that there is a tendency to use the euro as a scapegoat, which is extraordinarily unjust, unfair and inaccurate. So I wanted to make that point very clearly. As I said, we can demonstrate that point on the basis of a very large array of indicators, not on the growth of jobs and consequent unemployment reduction.

We are in a vast continental economy of 315 million people. I know that the economies are not exactly in the same situation and that is why we said that every particular situation had to be taken into account in wage and salary discussions. We have to take care of the euro area as a whole, in exactly the same way as the Federal Reserve takes care of California, Florida, Massachusetts and South Carolina: with a single currency and a single market. With a single currency, we have to consider the continent as a whole. In this respect we are very close in terms of standard deviation, diversity of growth, diversity of inflation. We have very much the same degree of diversity as the US.

It is also important that the policies that remain in the hands of the various governments are fully in line with

their particular situation. As far as we are concerned, we will continue to deliver a currency that is credible and we will continue to give everyone no-risk premia in interest rates. You will have the same level of interest rates that were the privilege of the most credible economies in Europe before the euro. That is one of the great successes of the euro.

3-050
**La Présidente. –** Monsieur le Président, je vous remercie pour cet échange, qui s'inscrit dans la continuité de nos précédents dialogues. Nous aurons le prochain le 21 mars mais, d'ici là, vous serez dans nos murs le 28 février prochain pour poursuivre exactement le point sur lequel Mme Ferreira vient de vous interroger. En effet, à l'occasion de notre rencontre annuelle avec les parlements nationaux, nous aborderons la question des convergences et des divergences au sein de la zone euro, et nous nous réjouissons que vous ayez accepté de participer, aux côtés de Jean-Claude Trichet et de Joachim Almunia, à un échange que j'imagine vivant.

Vous avez mentionné que nous allions fêter les huit ans de l'euro. C'est exact, mais cette perception est d'abord présente dans le monde des marchés financiers et des banques. N'oubliez jamais que, dans l'esprit de nos concitoyens, le premier janvier 2001 marque un anniversaire de cinq ans qui était un anniversaire heureux: celui du passage à l'euro en tant que monnaie dont nous disposions dans nos portefeuilles, dans nos portemonnaies. N'oubliez pas les cinq ans de l'euro dans la perception des uns et des autres. C'est un anniversaire important! Et, puisque nous parlons d'anniversaire, permettez-moi aussi de vous souhaiter un bon anniversaire.

*(La réunion est levée à 11h30)*