2-001

UDVALGET OM ØKONOMI OG VALUTASPØRGSMÅL

MONETÆR DRØFTELSE MED DUISENBERG, FORMAND FOR ECB

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

BRUXELLES, DEN 8. OKTOBER 2002

AUSSCHUSS FÜR WIRTSCHAFT UND WÄHRUNG

MONETÄRER DIALOG MIT HERRN DUISENBERG, PRÄSIDENT DER EZB

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

BRÜSSEL, 8. OKTOBER 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, 8 ΟΚΤΩΒΡΙΟΥ 2002

COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

MONETARY DIALOGUE WITH MR DUISENBERG, PRESIDENT OF THE BCE

(in accordance with article 113(3) of the EC Treaty)

BRUSSELS, 8 OCTOBER 2002

COMISIÓN ECONÓMICA Y MONETARIA

DIÁLOGO MONETARIO CON EL SR. DUISENBERG, PRESIDENTE DEL BCE

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

BRUSELAS, 8 DE OCTUBRE DE 2002.

COMMISSION ÉCONOMIQUE ET MONÉTAIRE

DIALOGUE MONÉTAIRE AVEC M. DUISENBERG, PRÉSIDENT DE LA BCE

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

BRUXELLES, LE 8 OCTOBRE 2002

COMMISSIONE PER I PROBLEMI ECONOMICI E MONETARI

DIALOGO MONETARIO CON IL SIGNOR DUISENBERG

PRESIDENTE DELLA BCE

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

BRUXELLES, 8 OTTOBRE 2002

COMMISSIE ECONOMISCHE EN MONETAIRE ZAKEN

MONETAIRE DIALOOG MET DE HEER DUISENBERG, PRESIDENT VAN DE EUROPESE CENTRALE BANK

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

BRUSSEL, 8 OKTOBER 2002

COMISSÃO ECONÓMICA E MONETÁRIA

DIÁLOGO MONETÁRIO COM WIM DUISENBERG, PRESIDENTE DO BCE

(nos termos do nº 3 do artigo 113º do Tratado CE)

BRUXELAS, 8 DE OUTUBRO DE 2002

TALOUS- JA RAHA-ASIOIDEN VALIOKUNTA - KESKUSTELU RAHAPOLITIIKASTA EKP:N PUHEENJOHTAJAN DUISENBERGIN KANSSA (EY:n perustamissopimuksen 113 artiklan 3 kohta) BRYSSELISSÄ 8. LOKAKUUTA 2002

UTSKOTTET FÖR EKONOMI OCH VALUTAFRÅGOR

DISKUSSION OM VALUTAFRÅGOR MED DUISENBERG, ORDFÖRANDE I ECB

(se artikel 113.3 i EG-fördraget)

BRYSSEL DEN 8 OKTOBER 2002

2-002

VORSITZ: Christa RANDZIO-PLATH

(Die Sitzung wird um 9.40 Uhr eröffnet.)

Die Vorsitzende. - Liebe Kolleginnen und Kollegen! Im Rahmen der Sitzung des Ausschusses für Wirtschaft und Währung darf ich heute den Präsidenten der Europäischen Zentralbank, Herrn Duisenberg, recht herzlich bei uns begrüßen. Wir befinden uns in wirtschaftlich nicht mehr so guten Zeiten, und das ist ja auch im letzten Monatsbericht der Europäischen Zentralbank deutlich geworden. Sie werden verstehen, Herr Duisenberg, dass sich die Aufmerksamkeit der Abgeordneten, der Mitglieder dieses Ausschusses vor allem auch auf die Frage richtet, ob die Europäische Zentralbank durch Entscheidungen in diesem Monat zeigen wird, wie das sekundäre Ziel der Europäischen Zentralbank, zu Wachstum und Beschäftigung beizutragen, zu interpretieren ist, und ob es - wie in den USA vermutet - auch in Europa zu einer Zinssenkung kommen wird.

Sicherlich gibt es heute viele Fragen, die sich mit diesem Thema befassen, auch wie Sie die wirtschaftliche Entwicklung einschätzen. Für uns ist es höchst interessant, dass die Kerninflation in den Monatsberichten der Europäischen Zentralbank eine immer größere Rolle spielt. Hierauf werden wir sicherlich auch eingehen. Zunächst aber haben Sie das Wort, damit wir dann in den Dialog über Geldpolitik, aber auch über Fragen der Transparenz und der internationalen Dimension des Geldes und der Geldpolitik eintreten können, denn immerhin haben auch bei den IWF- und Weltbank-Tagungen der vergangenen

Wochen auch die geldpolitischen Fragen eine Rolle gespielt.

2-003
Duisenberg, *ECB***.** - Madam Chairman, it is a pleasure to appear before this committee today to explain, as you requested, the European Central Bank's assessment of economic and monetary developments and to report on the decisions taken by the Governing Council.

At the time of our last meeting in May, we were expecting economic growth in the euro area to be in line with trend potential again by the end of this year, and we noted that some upward risks to price stability still existed in the euro area. At the same time, however, we also noted that there were still uncertainties with regard to the strength of the economic recovery, which implied the existence of uncertainties with regard to the inflation outlook. Since then, some of the downward risks to our main growth scenario have in fact materialised. The recovery, in both the euro area and the world economy, has progressed more slowly than expected and it has been necessary to scale down our expectations for economic growth in 2002. At the same time, the exchange rate of the euro has strengthened and we have seen, to put it mildly, some rather turbulent periods in financial markets. All these factors have contributed to balancing the risks to price stability over recent months.

Looking at recent information in more detail, and starting with the most recent data available for the first pillar of the ECB's monetary policy strategy, the figures up to August 2002 continue to suggest that monetary growth is strong in the euro area and that liquidity is ample. However, we need to be cautious in our assessment of recent monetary developments. On the one hand, in an environment marked by considerable uncertainty, especially in the financial markets, the current high rate of monetary growth reflects a preference for holding relatively safe assets included in M3. On the other hand, the strong monetary growth may also reflect stimulus from the low level of short-term interest rates. This can be seen from the fact that the most liquid components of M3, i.e. those included in the narrow aggregate M1, have continued to rise at a rapid pace recently.

The growth of loans to the private sector appears to be stabilising at levels above 5%. While the decline in loan growth which has occurred over the past 18 months is significant, the current rate of growth, above 5%, is not low by historical standards. This indicates that bank financing conditions are overall favourable.

The assessment of monetary development remains complex at this stage. The existing excess liquidity, if sustained, might signal risks to price stability in the medium term. However, it is unlikely that excess liquidity will translate into inflationary pressures in the near future, given the environment of subdued economic growth.

Turning to the second pillar of the ECB's monetary policy strategy, at this juncture the most likely scenario is modest real GDP growth in the second half of 2002 and an acceleration towards growth rates more in line with potential in the course of 2003. The recent scaling-down of expectations for economic growth stems partly from a weaker outlook for the global economy, which in turn is closely related to the significant fall in stock prices which has occurred over recent months in all major economies.

As regards domestic demand, higher growth of private consumption should be a key factor in supporting economic activity in the euro area. There are indeed indications that such a recovery took place in the second quarter, but at a moderate pace. In the period ahead, if oil prices do not rise further, consumption should be supported by an increase in real disposable income resulting from the decline in inflation from the higher levels recorded at the start of this year. The impact of the introduction of the euro banknotes and coins on consumer prices has been very limited and we are convinced that divergences between factual and perceived inflation are a temporary phenomenon. Furthermore, the low levels of interest rates across all maturities should help to support investment and economic growth in the period ahead.

In spite of these positive factors, however, the uncertainty surrounding the economic outlook remains high in the short term. In principle, the increase in direct and indirect holdings of equities by euro area households over recent years has raised the potential for recent financial market developments to have an adverse influence through wealth effects. Moreover, recent financial market developments may make it more expensive to raise equity capital to finance corporate investment in the euro area. While all available evidence suggests that these effects will continue to be relatively limited and indeed much smaller than in other major economies, the sharp decline in equity prices is an element which has increased the uncertainty surrounding the recovery. In addition, imbalances in the global economy and their potential spillover to the euro area economy remain a significant source of risk for growth. Finally, uncertainty is also high because it is difficult to foresee developments in the oil markets against the background of current political developments.

Moving to the outlook for prices in the euro area, we have seen the harmonised index of consumer prices inflation rates hovering around 2% over the past couple of months. These developments are broadly in line with previous expectations of inflation rates for the remainder of the year, but recent upward tendencies indicate that the short-term trend has been affected by oil price developments. However, subdued economic activity and the stronger euro should help to dampen inflationary pressures over time.

At the same time, however, we need to assess other factors which may involve upward risks to price stability. Among those, wage developments play a

particular role. Wage growth remained on an upward trend until early this year. Although we have indications that this trend may have come to a halt in the second quarter of 2002, close monitoring remains necessary.

To sum up, inflationary pressures have declined. Looking forward, recent trends in economic activity and the exchange rate of the euro imply downward pressure on inflation rates, but other factors, in particular monetary developments, wage trends and oil prices need to be monitored for their possible upward impact on inflation. Overall, therefore we are of the opinion that the risks to price stability over the medium term are at present balanced. We thus consider the current level of the key ECB interest rates to be appropriate.

At this juncture, it is of the utmost importance that all macroeconomic policies remain oriented to the medium term, with all players fulfilling their responsibilities. Monetary policy will continue to provide a reliable anchor for the economy, especially in an environment characterised by high uncertainty and fragile confidence. This implies focusing on the maintenance of price stability over the medium term.

Let me make a remark in this context, linked to comments which arise with a certain regularity in public debate and which argue that monetary policy should follow a different orientation, an orientation in which price stability is not the overriding objective.

I should like to recall in this connection the fundamental and yet simple principle that monetary policy should not be overburdened with objectives that it cannot fulfil. It is well established that monetary policy can only control price developments over the medium term and cannot have an impact on output beyond the short term. Monetary policy can certainly not heal structural problems in the economy, such as those underlying the high level of unemployment.

In line with these principles, the Treaty establishing the European Community has assigned the ECB the primary objective of maintaining price stability. In the end, strictly following this mandate, with the appropriate medium-term orientation, is the best contribution the ECB can make to supporting sustainable non-inflationary growth and a high level of employment in the euro area.

Taking a broader perspective, I should like to take this opportunity to further emphasise the overall soundness of the institutional framework for monetary and economy policy laid down by the Treaty. In fact, the Treaty provides, in all fields, a clear and consistent allocation of policy objectives and responsibilities among the various policy-makers.

In this respect, it is the task of fiscal policy to make its contribution to enhancing the growth potential of the euro area by maintaining sound fiscal positions and helping to reinforce the proper framework for the functioning of a market economy. It is also important that fiscal policy maintains a medium-term orientation throughout the economic cycle.

The results of fiscal policy in several countries have been very disappointing in the last few years. The pace of reform has significantly fallen and there have even been setbacks in the efforts to consolidate in some cases. In fact, the main reason why several countries at present are in budgetary difficulties is because they have not used the past phase of higher growth to substantially improve their fiscal position, i.e. they have shown precisely a lack of medium-term orientation.

It is crucial that fiscal policy fully respects the basic principles of the Treaty and of the Stability and Growth Pact, namely to avoid excessive deficits and to attain budgetary positions close to balance, or in surplus, in the medium term. If the Pact is to work efficiently, all countries with remaining imbalances must commit themselves to implementing a clear consolidation strategy. Such a strategy should specify a credible adjustment path with significant improvements in the cyclically-adjusted budget balance every year. This path should be followed strictly and completed within the shortest possible time frame. It must be based on realistic assumptions for the economic environment and include clearly specified measures. Furthermore, accounting rules must be rigorously applied and strict procedures established to monitor the implementation of the consolidation strategies. In the end, the full adherence of all governments to the Stability and Growth Pact can only be beneficial for the euro area.

Finally, it is important to stress, especially in a phase of uncertainty regarding economic activity, that decisive structural reforms will contribute to increasing the euro area's resilience to economic shocks, enhance price and wage flexibility, and thereby reduce the costs associated with an economic downturn and increase the euro area's growth potential. Structural reforms in product, labour and financial markets are essential to foster non-inflationary growth in the euro area and create a climate of economic stability and dynamism. Countries should therefore speed up their efforts to implement such structural reforms, without which the benefits of the introduction of the euro can hardly be reaped.

2-004
Die Vorsitzende. - Vielen Dank, Herr Präsident Duisenberg. Wir kommen jetzt zu unserer Aussprache, dem monetären Dialog.

2-005
Karas (PPE-DE). - Frau Vorsitzende, Herr Präsident, ich danke Ihnen für die auch zwischen den Zeilen klaren Worte und möchte diese ein bisschen undiplomatisch auf den Punkt bringen. Wenn ich Sie richtig verstanden habe, sagen Sie, der Großteil der budgetpolitischen Probleme ist hausgemacht, und die Antwort ist eher die Steuerpolitik als die Änderung der Regeln und eine Zinssenkung. All das steht derzeit zur Debatte. Sie haben gleichzeitig die niedrigen Zinssätze gelobt. Wir haben aber eine Debatte sowohl bei Wirtschaftsforschern als auch bei Politikern - die

Vorsitzende hat es zu Beginn angeschnitten -, ob nicht eine Zinssenkung einen wichtigen wirtschaftspolitischen Impuls bieten könnte. Wenn ich Sie jetzt richtig verstanden habe, ist das nicht Ihr primäres Anliegen, sondern die Steuerpolitik ist Ihr Hauptanliegen, obwohl gleichzeitig in sehr vielen Ländern eher die Zinssenkungsdebatte geführt wird und einer Steuerreform zur Erreichung der Maastrichter Ziele eine Absage erteilt wird. Meine Frage lautet daher konkret an Sie: Welche Auswirkungen hat die Debatte und die Verschiebung der Deadline für die Erreichung des ausgeglichenen Budgets auf den geldpolitischen Rahmen, und wie stehen Sie zur aktuellen Debatte, diese Deadline aufzuweichen, wobei ich nicht dazusagen muss, dass ich Ihrer grundsätzlichen Haltung zuneige?

Meine zweite Frage lautet: Reichen die statistischen Grundlagen für die fiskalpolitische Überwachung aus, nachdem gerade die Kommission im Fall Portugal gemeint hat, dass die Daten nicht ausreichend sind und sehr viele Mängel aufweisen? Meine dritte Frage lautet: Fühlen sich die EZB und die nationalen Notenbanken ausreichend in die Regulierungs- und Aufsichtsdebatte eingebunden?

2-006

Duisenberg, *ECB***.** - Madam Chairman, the main problem plaguing both the euro area and the American economy is not the level of interest rates. It is the lack of confidence and great deal of uncertainty prevailing in these economies. It is my strong belief that the contribution that monetary policy can make to enhance confidence amongst the public, both consumers and investors, is to have a stability-oriented policy for the medium term.

May I, perhaps unkindly, compare the euro area economy with the other major economies in the world which have followed, what I would call a more aggressive interest rate policy. If one looks at the results of these policies then I am positively convinced that our policy stance, which implies historically low real interest rates and nominal interest rates, but also presents an image of stability, forward-looking and creating no hindrance whatsoever to the resumption of growth in both investment and consumption; witha liquidity situation which can be described as ample and a monetary policy stance which can be characterised as accommodative, is one which deserves to be greatly valued.

I returned from Luxembourg at 2.30 this morning having debated the entire evening with the ministers of finance about, among other things, the question of changing the date by which the objectives of the Stability and Growth Pact should be met. I am very pleased to say that there was broad, if not unanimous support amongst ministers for the view, with which the ECB concurred, that there should be no question of changing the date.

No decision was taken on the date by which the objectives of the Stability and Growth Pact should be met. In fact, I must confess I left the meeting before it was finally concluded but I know the result. I will read it to you: Ministers and the European Central Bank concurred therefore with the Commission that those countries which have not yet reached that objective need to pursue continuous adjustments of the underlying balance by at least ½ %-point of GDP per year; for any Member State with an excessive deficit such an adjustment is clearly not enough. All ministers but one accept that the adjustment of the underlying budget should start no later than in next year's budget. That confirms that the ministers are determined to stick to their stability-oriented and ambitious budget consolidation growth path.

Although I will not comment on individual countries, you may be aware that the recent so-called audit of the books of the Portuguese government has revealed that, in 2001, Portugalindeed transgressed the 3% limit for the budget deficit. I believe the outcome was 4.1% and the excessive deficit procedure has in the meantime been set in motion. A decision to apply the excessive deficit procedure is expected in early November 2002.

2-007

Goebbels (PSE). – Monsieur le Président, vous venez de nous dire que toutes les politiques macro-économiques doivent être orientées vers le moyen terme. Vous venez de nous faire un résumé des débats d'hier soir à Luxembourg, qui semblent montrer que tous les États, Portugal, Italie, France, Allemagne et tous les autres, veulent s'en tenir aux objectifs du pacte de stabilité, même s'il y a des difficultés dans certains de ces pays. D'un autre côté, vous nous avez dit dans vos remarques liminaires que les pressions inflationnistes sont à la baisse, que même l'excès de liquidités ne présente pas un risque réel pour l'inflation mais que, par contre, vous avez constaté une baisse de la croissance économique. Or, en fin de compte, si je vous résume bien, les risques de déflation sont actuellement plus importants que les risques d'inflation. Croyez-vous sincèrement que la politique monétaire de la Banque centrale est adéquate, vous venez de nous le dire, mais ne faudrait-il pas, peut-être, ouvrir également des perspectives à moyen terme pour les gouvernements, pour les marchés et pour les consommateurs?

2-008

Duisenberg, *ECB***.** - I also said in my introductory remarks, if you recall, that monetary policy can influence output developments over the short term but not over the medium term. Over the medium term monetary policy has an impact only on price developments and not on output developments.

As far as the danger of deflation is concerned, which is implied in your question I believe, our analysis does not show that such a danger exists *euro area wide*. I am aware that in two countries, Germany and Belgium, the inflation rate is around 1%. But recent indicators, for Germany at least, suggest that inflation may turn out to be somewhat higher than 1%. Euro area wide, if I look at recent HICP figures, we had 1.9% in July, we had 2.1% in August and the flash estimate for September is 2.2%. We expect euro area wide inflation to stay around this

level of 2%, or slightly more for the remaining months of this year, and only in the course of next year to fall to only just below 2%. So our analysis does not show any tendency for deflation. I want to remove that fear.

2-009
Goebbels (PSE). – Monsieur le Président, le moyen terme est façonné par les décisions qui sont prises maintenant. Je crois que nous sommes d'accord à ce sujet. Pour le moment, vous ne voulez pas changer de politique monétaire, c'est devenu évident. Néanmoins, le fait qu'un des pères du pacte de stabilité, M. Horst Köhler, président du Fonds monétaire international, vous demande de faire un geste concernant les taux, cela ne vous incite-t-il pas à réfléchir?

2-010
Duisenberg, *ECB***.** - Mr Köhler said it a little bit more nuanced than you just quoted.He said two things: that maybe a rate cut is called for in Europe and that it should be seen in the context of rigorously following policies of structural reforms. The latter was also a precondition for a rate cut. When in Washington at the G7 meetings , he said, both publicly and privately, that in the current economic environment the first line of defence - that is the phrase he literally used - to stimulate growth is monetary policy. I immediately asked him, both privately and publicly, since when is monetary policy the first line of defence and I am still awaiting his answer.

2-011
Huhne (ELDR). - Madam President, if I look at the current state of the economies, and compare the United States of America and the euro area in particular, it is very noticeable from, say, the latest OECD forecast, that the projected negative output gap in the euro area is now reaching 1.6% and is actually bigger than the US negative output gap. That was based on an OECD forecast for growth this year of 1.3% in the euro area. The consensus forecast is now down to 0.8%, so there is going to be a further deterioration in the negative output gap in the euro area.

I think most economists looking at the state of the world economy as we went into recession would have said this was an unexpected and rather bizarre outcome. The US has the imbalances which need to be corrected, the serious economic problems, so why is the US output gap currently actually proving to be smaller than in the euro area. Does this mean you are acting too slowly? If you are acting too slowly and not reacting quickly enough to the deterioration in circumstances, is it in part because you are not respecting what the Treaty actually asks you to do which is to act by majority rather than by consensus in the Governing Council?

2-012
Duisenberg, *ECB***.** - First of all, if we act by consensus, you can be sure that there is a majority if not unanimity in the Governing Council in favour of a certain decision. There is no split in views then.. I want to emphasise again and again that the outlook is much more moderate than we anticipated earlier. The output gap is larger, not in all countries, but euro area wide. I believe it is not monetary policy or even fiscal policy that is the cause of that. It is caused by the lack of confidence and the unusually large uncertainty prevailing in the world at the current juncture.

Policy makers should re-inspire confidence amongst consumers and investors. In a world which is also engaged in what might be called highly uncertain political developments with the threat of war, and the potential impact that may have, in particular on oil prices, the uncertainties relating to a possibleoutbreak of hostilities and to how long it would last, are all factors which at the moment inhibit the public, consumers and investors, to feel confident about their future and which make them cautious. I do not believe the answer is to be found either in monetary policy or in fiscal policy. You could find an answer in governments finally embarking on ambitious structural reform programmes all across the euro area.

2-013
Huhne (ELDR). - Obviously everybody agrees that structural reforms are highly desirable. What we are talking about here is the business cycle. The factors that you have mentioned are in fact affecting the whole world, like the oil price, or in terms of their effects on confidence are far worse in the US than they are in Europe because of the fall in stock markets having a greater effect on consumer confidence in the US. So why is it that we seem to have a worse situation in terms of a widening output gap in the euro area than in the US? You have not answered the question: What is specific about the euro area which actually means the performance is worse?

2-014
Duisenberg, *ECB***.** - I have not answered that because I cannot answer it. The structural employment situation in the euro area has been much worse than in the US for a long time already. The US has gone through a period, five or six years, of very high employment growth, alongside high productivity growth, and in Europe the average unemployment rate is stubbornly remaining at an 8% to 9% level, with the exception of a few countries; and even in those few countries the situation is not improving, to say the least.

One of the underlying causes ofseemingly being unable to fundamentally attack this "normatively" unacceptable high level of unemployment isthe hesitancy or the unwillingness of politics, and in particular governments, to tackle the structural problems that exist to increase the flexibility in the adjustment process of markets, i.e. both labour and product markets. That to my mind must be one of the main causes of this difference which you rightly signal.

2-015
Lipietz (Verts/ALE). – Monsieur le Président, je pense que vous n'avez jamais été aussi clair dans vos déclarations depuis que je participe à ce dialogue. Presqu'avec agressivité, vous condamnez une bonne moitié, voire sans doute la majorité des économistes qui pensent que la politique monétaire a un effet certain sur

la croissance, sur l'emploi, sur la productivité, ne serait-ce que par un maillon que vous ne citez jamais et qui est l'investissement. La plupart des économistes et des statisticiens pensent que depuis que M. Greenspan – qu'implicitement vous venez de critiquer – est aux affaires aux États-Unis, la croissance, l'emploi, la productivité et l'investissement ont été beaucoup plus forts qu'en Europe. Vous dites que, finalement, le traité a eu raison de tenir compte du fait que la politique monétaire n'avait aucun effet sur l'inflation, si ce n'est à court terme. Or le traité dit exactement le contraire: il dit que la politique de la Banque centrale doit prendre en compte, au moins comme objectifs secondaires, la croissance et l'emploi. Vous pensez finalement que la seule politique d'emploi doit être la politique fiscale, et vous donnez d'ailleurs vos recommandations. Et finalement, pour le court terme, c'est la politique diplomatique des États-Unis et la menace de guerre en Irak qui sont responsables des problèmes.

Ne pensez-vous pas que cette façon de dire que tous les problèmes viennent des autres, c'est-à-dire d'une mauvaise politique fiscale, d'une mauvaise politique diplomatique sur la question du Moyen-Orient, d'une mauvaise politique de flexibilité du travail et, enfin, d'une mauvaise théorie des autres économistes, ne relève pas d'une certaine incapacité de la Banque centrale européenne à écouter les autres?

2-016

Duisenberg, *ECB***.** - Madam Chairman, if I am quoted I would like to be quoted correctly. I have not criticised Mr Greenspan and I am not going to. I have only indicated what I regard as the best monetary policy stance in the interest of Europe. I have not indicated that it is only fiscal measures that could enhance employment. I have even said that fiscal measures at this stage will not do the trick. It is structural reform measures that would enhance the chances for a higher rate of growth in the euro area. It is only those structural reforms, which admittedly take a long time to work their way through into economic performance, that could fundamentally change this picture, as Mr Huhne has also implied.

Although it is not usual to quote individual ministers participating in the G7, there is an anecdote which I cannot resist mentioning to you. The American Secretary of the Treasury said: as a former entrepreneur, if I am about to consider taking an investment decision what I look at is the expected rate of return of the investment that I am confident in achieving before saying yes or no to a major investment. In that respect, I could not care less, he said, whether the interest rate is 4% or 5% or 6% or 7%. It is the profit expectations, the rate of return expectations and the confidence that you have in reaching those goals that make entrepreneurs decide whether or not to invest, or to resume investing. And there is a lack of that confidence at the moment on both sides of the ocean, or – better -on three sides of two oceans.

2-017

Lipietz (Verts/ALE). – Je comprends donc que quand vous critiquiez les gouverneurs de banques centrales qui ont eu une politique plus agressive que la vôtre, vous visiez le Japon et non les États-Unis. Mais pourriez-vous préciser pourquoi vous pensez que la politique fiscale, que vous considérez devoir être parallèle à la flexibilisation du marché du travail, doit aujourd'hui consister, face à la menace de récession, à réduire les déficits commerciaux et non à les augmenter?

2-018

Duisenberg, *ECB***.** - Madam Chairman, I can only repeat that I do not criticise any central bank outside the euro area. The euro area stands on its own; we have our own considerations specifically for the euro area and it is for that area that we formulate our monetary policy, irrespective of what others do based on considerations pertaining to their economies. And here I am talking about the largest economies in the world.

2-019

Herzog (GUE/NGL). – Monsieur le Président, à chaque dialogue monétaire, nous vous avons interrogé sur les risques induits, pour l'emploi et l'économie réelle, par les excès de la hausse boursière de la deuxième moitié des années 1990, lesquels provoquaient un endettement évident des entreprises dans le secteur des télécommunications et ailleurs. Vous avez répondu à chaque fois: ce n'est pas mon problème. Vous avez ajouté qu'au fond l'Europe, ce n'était pas les États-Unis, alors même que l'exubérance boursière en Europe a eu lieu absolument parallèlement à celle des États-Unis et que, depuis le krach, la baisse est souvent plus élevée chez nous qu'aux États-Unis mêmes. Je constate que M. Greenspan est critiqué publiquement pour n'avoir pas agi en 1996, quand il dénonçait l'exubérance boursière, et qu'aujourd'hui il fait tout ce qu'il peut pour essayer d'éviter une nouvelle accentuation du krach boursier.

J'observe aussi qu'en matière de taux d'intérêt, le taux d'intérêt réel aux États-Unis, comparé au taux de croissance, est à environ moins 2 %, alors qu'en Europe il dépasse 1 %, ce qui représente un écart significatif de 3 du point de vue de l'économie réelle et des systèmes de coûts. J'insiste: reconnaissez-vous que vous avez eu tort de professer une telle négligence vis-à-vis du système financier? N'est-il pas totalement dogmatique de considérer que seuls comptent les prix des biens et des services, alors que les prix des actifs financiers n'auraient aucune importance? Est-il juste d'affirmer, comme vous l'avez fait il y a un instant, que les entreprises aujourd'hui – pas seulement celle que M. le ministre du Trésor américain dirigeait, car il y en a d'autres – qui ont dès maintenant de gros problèmes de remontée du coût du capital, de difficultés à trouver de l'argent sur les marchés financiers à court terme, les banques sont dans une fragilité que nous avions sans doute minimisée et les risques de *credit clutch* sont réels. Mais tout cela, pour vous, c'est nul et non avenu.

2-020

Duisenberg, *ECB***.** - It is a fact that the developments in equity markets are not without their impact, either in Europe or in the United States, but our assessment is that

the impact through wealth effects and through confidence effects is distinctly more limited in Europe than it is in the United States.

Why is that? Basically, because the spread of equity holdings over individual households is much larger in the United States than in Europe. It is increasing in Europe, so our vulnerability over time is somewhat increasing, but it is much more limited than on the other side of the Atlantic.

Can you please remind me of the second part of your question.

2-021
Herzog (GUE/NGL). – Que pensez-vous de la situation d'endettement de masses d'entreprises en Europe, de grandes entreprises, et de la vulnérabilité des banques qui commence à apparaître? Est-ce que pour faciliter leur situation et leur permettre de retrouver la confiance effectivement en matière d'investissement et de crédit, l'octroi d'un taux d'intérêt plus bas ne leur serait pas utile?

2-022
Duisenberg, *ECB***.** - I cannot comment on the situation of individual institutions but of course the worsening credit quality of certain sectors, in particular the telecom sector, has had adverse consequences for the balance sheets of banks in the euro area. Still, our overall judgement is that the profitability and the capital conditions of euro area banks seem to be in a better position now than when compared with the conditions at the same stage of the cycle in the 1990s. There are differences across countries admittedly, but the basic position of the banking system and of the financial sector can still be characterised as sound.

The developments in the equity markets have an impact on the position of the largest holders of equities which is not to be underestimated. The large holders are not the public at large in Europe, but basically pension funds and insurance companies. There might be consequences over time in terms in these sectors related to the more reluctant attitiude of investors. Regarding the public at large, we still feel rather comfortable and ... well, let me leave it at that.

2-023
Blokland (EDD). - Ik wil de heer Duisenberg bedanken voor zijn duidelijke toelichting. Ik heb een vraag over de mondiale valuta-onrust. Bij de invoering van de girale euro in 1999 was de euro/dollarkoers 1 euro op 1,18 dollar en bij de komst van de chartale euro in januari van dit jaar was de euro nog maar 88 dollarcent, een daling in waarde dus van 25%.

In een recent artikel schrijft professor H.W. de Jong uit Nederland dat traditionele theorieën niet meer voldoen om de waardeverandering van de euro enkel te verklaren op basis van inflatie, beurskoersen en de economische prestaties. De reservebezitters uit met name Zuidoost-Europa, Turkije, Rusland en zwartgeldbezitters vertrouwden de euro niet en vluchtten in dollars. En nu de conversie een feit is komt dat geld weer terug en drijft de koers op. De euro/dollarkoers wordt dus kennelijk, in ieder geval op korte termijn, niet bepaald door Europees-Amerikaanse ontwikkelingen, maar door bezitters van reservevaluta. Volgens de auteur is het dus een illusie dat het afschaffen van goud als monetaire reserve een bijdrage levert aan beter functionerend internationaal betalingsverkeer.

Wat is uw beleid als blijkt dat niet economische ontwikkelingen, maar reservebezitters van valuta en de vlucht in andere valuta de veroorzaker zijn van de koersontwikkeling euro/dollar? Deelt u de opvatting dat voor deze mondiale valutaonrust geen oplossing in zicht is?

Tenslotte een opmerking van geheel andere aard: uw positie als president van de Europese Centrale Bank is gebaat bij uw politiek onafhankelijke opstelling. Sterker, uw positie staat of valt daarmee. Uw onafhankelijke positie komt ernstig in het gedrang als mensen uit uw directe omgeving de afstraling van uw functie gebruiken om aandacht te krijgen voor hun discutabele politieke doelstellingen.

2-024
Duisenberg, *ECB***.** - The strange thing is that when you talk about global foreign exchange unrest I am inclined to characterise recent developments, say over the past six months, as a remarkable period of rest and quiet. We have gone through, and we are going through, a period of hectic, divergent economic and political developments in the world. It is remarkable to my mind that the exchange rate of the euro or the dollar, if you take the reciprocal, has remained remarkably stable throughout this period of volatility in other areas.

I have seen no sign of a flight from the euro into other currencies, not even during the transition to the euro or in the context of the introduction of the banknotes and coins. In the non-euro area countries, in which the former legacy countries, such as the deutsche mark, in particular had a dominant position in the currency in circulation, it is remarkable to see the extent to which, in the transition to the euro banknotes and coins, these holdings of legacy currency notes, in particular deutschmark holdings, were converted into either euro-denominated deposits, insofar as they were converted into bank deposits, or into national currency deposits or notes and not to any significant extent into the currency of third countries.

The gratifying thing is that the euro has brought to Europe a much-enhanced position of independence, of protection almost; not economic protection but protection against the external exogenous developments that have taken place in the world. Europe is now more or less as closed an economy as the United States and almost as much as Japan, and this independent position has demonstrably shielded us from the impact of adverse developments in other parts of the world.

Referring to your last question, when certain actions are being undertaken in my immediate personal environment, they have nothing to do with the European Central Bank, nor with its president. Both the bank and its president refrain from commenting and they both remain convinced that these developments in my personal environment, whatever I may think of them, have nothing to do with my position or the position of the European Central Bank.

2-025
Della Vedova (NI). - Signor Presidente, io sono perfettamente d'accordo con lei quando dice che la politica monetaria non può e non deve essere oberata da obiettivi che non può perseguire e che solo le riforme strutturali possono garantire, o comunque favorire, una crescita non inflazionistica. Da questo punto di vista, non ritiene che lo slittamento, previsto nel *close to balance* degli accordi del Patto di stabilità e di crescita, in realtà non finirà per dare alcun contributo all'accelerazione di queste riforme? Lei ha detto che si è perso un periodo più favorevole, quello di una migliore congiuntura economica. Adesso si rischia di fare uno sconto ai paesi sulle riforme strutturali, dal punto di vista sia dei bilanci pubblici che di quelle per la competitività, sul mercato del lavoro e altro. Non è pericoloso, in realtà, questo slittamento di fronte alle difficoltà?

Tra le riforme strutturali lei ritiene che quella della previdenza, dei sistemi pensionistici, in tutta Europa, non vada enfatizzata come una delle principali, visti gli andamenti demografici, visto il carico del debito previdenziale che in realtà si sta accumulando in modo pericolosissimo in alcuni paesi?

Poi una seconda domanda, più puntuale: considerando il differenziale tra l'inflazione percepita dai consumatori e l'inflazione misurata, lei ha detto di ritenere che questa differente percezione sarà un fenomeno transitorio. Nel mio paese, l'Italia, c'è stata una lunga discussione su questo punto. Orbene, la Banca centrale ha fatto, o intende fare, una verifica per poter assicurare ai consumatori che percepiscono un'inflazione molto più forte di quella misurata che non ci sono problemi nella misurazione stessa?

2-026
Duisenberg, *ECB***.** - On the first part of your question, it is precisely the position of pension funds, or more generally the problems associated with the ageing of the population, i.e. the increased costs which we inevitably can expect both in the sphere of old age benefits, pensions and in the sphere of healthcare, which form the major rationale behind the Stability and Growth Pact. This explains my view on fiscal policy and I am particularly referring to those countries which are now having difficulties in this respect.

Let me incidentally mention that of the twelve countries in the euro area, it is in itself remarkable and gratifying that eight countries to date have already reached their goal of a balanced budget or even surpluses. The four countries which have not used, as I phrased it, the period of high economic growth and healthy developments to a sufficient extent to rectify their imbalanced budgetary positions are now literally being punished, if not formally then by the economic developments and the difficulties they face at the moment. I am pleased that the ministers, including the ministers of most of the countries I have just mentioned, have reconfirmed their determination to follow the prescriptions of the Stability and Growth Pact.

On the difference between perceived inflation and actual inflation, I recognise that in particular for goods which are close to the heart of consumers, which are bought frequently, the transition to the euro has caused price increases which went well beyond those normally expected. But if we look at the overall inflation figure there have also been many goods which have actually decreased in prices in the process of the changeover. The trend was already there before the changeover, but these are goods you do not buy every day. You do not buy a new computer or some other high tech product every day. The tendency of lower prices in those areas has also persisted after the changeover to the euro. There are moreover many goods which form part of the basketwhich we use to measure inflation that have remained unchanged in price, for example the housing rent. In this respect, nothing abnormal has taken place.

However this impression, i.e. this perception of increased prices, is a matter of concern to me, which actually is not true for the entire basket. Nevertheless the perception exists, I cannot deny that. That can have an influence on the perception of wage negotiators,hencewage settlements might be based on what - to my mind - is a wrong perception of the future. For that reason, I am fighting it and expressing my concern.

2-027
Kauppi (PPE-DE). - Arvoisa puheenjohtaja, herra Duisenberg, haluaisin vielä hetkeksi palata öisiin keskusteluihin. Viime yönä Luxemburgissa totesitte alustuspuheenvuorossanne, että on erittäin tärkeää, että nämä neljä euroalueen jäsenvaltiota, jotka eivät vielä ole onnistuneet tasapainottamaan talouttaan, luovat selkeän strategian, joka perustuu realistisiin odotuksiin taloudellisesta ympäristöstä. Viime yönä tehtiin päätös siitä, että neljässä valtiossa vähennetään julkisen talouden vajeita 0,5 prosenttia vuodessa - tietenkin Portugalia koskevat hivenen toiset säännöt, koska Portugalin osalta on käynnistetty ylijäämäisiä vajeita koskeva prosessi - mutta nämä kolme jäsenvaltiota nyt sitten ilmeisesti noudattavat tätä 0,5 prosentin vuosivauhtia julkisen talouden alijäämänsä pienentämisessä.

Haluaisin kysyä Teiltä kolme kysymystä liittyen eiliseen päätökseen. Ensinnäkin, kuinka sitovana Te näette tämän uuden tavoitteen ja mikä on sen suhde vakaus- ja kasvusopimuksen alkuperäisiin tavoitteisiin? Eli kuinka sitovana näette tämän päätöksen esimerkiksi juuri Ranskan osalta, joka ilmeisesti oli se ainoa jäsenvaltio, joka eilisessä kokouksessa vastusti päätöstä? Toinen kysymys on se, että onko tämä 0,5 prosentin vauhti

Teidän mielestänne oikea? Tällä vauhdillahan me emme pääse keskipitkällä aikavälillä kaikissa euroalueen jäsenvaltioissa tasapainoiseen talouteen, tai ainakaan silloin lähtöodotukset eivät ole kovin realistisia. Voisitteko antaa arvionne tästä vauhdista? Kolmas kysymys: jos Te vastaatte näihin kysymyksiin siten, että Te ette näe tätä kovin sitovana ja Te ette pidä tätä vauhtia oikeana, onko tässä vaara, että me itse asiassa vesitämme vakaus- ja kasvusopimuksen alkuperäisiä tavoitteita asettamalla tällaisia ylimääräisiä tavoitteita, joista eilen päätettiin?

2-028

Duisenberg, *ECB***.** - To answer the last question first, my answer is "no", because yesterday basically the Stability and Growth Pact, including its goals, were confirmed. I am not going to comment on the individual countries you mentioned, but the situation in Portugal is that the excessive deficit procedure is under way already. There are presently discussions in progress in Germany to form a coalition, followingthe elections, and you cannot expect the Commission to react to budget proposals before the budget proposals or the government are there. We have to wait a little while.

In November, the Commission will, I believe, produce its autumn forecasts. It is against these forecasts that the budget proposals which have been and will be introduced in countries will be judged. It is only then that you will be able to judge the supposed rate of growth underlying the budget estimates against the rate of growth expected by the Commission, which then canbe taken note of or approved by the ministers of finance.

So, it will take a couple of months to come to any final judgement in all cases. That is not too long. We can expect the judgments of the Commission, as the guardian of both the Treaty and the Stability and Growth Pact, around the end of this year.

2-029

Pérez Royo (PSE). - Madam President, I would like to stick with the topics of the asset bubble and the risk of deflation. I agree that you are right in not wanting to criticise your colleague, Mr Greenspan. But as regards not avoiding your responsibilities, let me stress that with regard to the bubble your monetary policy has been much more consistent than the policy conducted by Mr Alan Greenspan.

Nonetheless, the market in the European Union has suffered the contagion of the US market both in the development of the bubble and its bursting. My concern is that the same could be the case with regard to inflation. Should the risk of deflation materialise in the United States, as is in any case probable, the likelihood of this situation extending to the European Union is quite substantial.

In that context I come to my specific question and will keep it brief. The rate of interest should be kept around the present level, avoiding the slide to near-zero level in which the Bank of Japan has been trapped since the mid-1990s and which the Federal Reserve now also seems to be trapped. But, at the same time, should not more room be left for fiscal policies to redesign or reinterpret in more flexible terms the Stability and Growth Pact?

Secondly, is it not high time for the Bank to redesign its monetary strategy around the following lines: getting rid of the narrow definition of price stability as something between 0% and 2% and in its place put a strategy of inflation targeting, fixing the objectives inside a range of, say, 1% to 3% or 1.5% to 3.5% ?

I know these are all points you have dealt with here and I know what your answer is likely to be, but I think it is our duty to put the question before you in this present situation .

2-030

Duisenberg, *ECB***.** - If you already know what my answer is to the last question, it is easy, and I do not have to repeat it. I am grateful for your remark that in your opinion the rate of interest should be kept at the present level. I do not know how long that will last. We regard the risk to price stability as balanced and our monetary policy stance as appropriate at the moment. I now speak purely for myself, but I agree in principle with you, and I feel that we are best advised to keep our powder dry for unforeseen developments such as might happen if you were to be right in your fear that deflationary tendencies might prevail elsewhere that could have an impact on the euro area.

The monetary strategy that we have pursued has been to aim for price developments of basically between 0% and 2%, whereas the Treaty says the ECB shall see to it that there is price stability. We have interpreted that as meaning that the rate of inflation should not exceed 2%. We have explicitly talked about a rate of inflation but there is the implicit assumption that we hate deflation as much as we hate inflation. If deflationary tendencies were suddenly to develop we would react.I would be very hesitant about, if not actually opposed to, widening the band of permissible inflation.

As far as the Stability and Growth Pact is concerned, I often say in discussions which sometimes flare up that we have only just begun to start playing. Do not change the rules when we have only just begun playing, but stick to your goals. Changing the rules precisely at the point where they start to be obstacles would not inspire much confidence among our citizens.

As regards a more flexible interpretation of fiscal policies, I believe in the Stability and Growth Pact as it has been formulated: under no circumstances should the deficit exceed 3% of GDP over the medium term; the budgets of all governments should be balanced or even show a small surplus, that is for those cases where the debt to GDP ratio is still unacceptably high; 3% of GDP allows for sufficient room of manoeuvre in order to fully make use of the automatic stabilisers, if necessary because of the cyclical situation.

2-031

Schmidt, Olle (ELDR). – Fru ordförande, herr Duisenberg! Skall man uppfatta det som ni har sagt hittills som att ni straffar finansministrarna genom att inte sänka räntan för att de inte gör sitt jobb? I ert anförande säger ni: "*With all players fulfilling their responsibilities*". Man kan konstatera att ni inte tycker att dessa spelare/aktörer utför sitt arbete. De länder som ni kritiserar är faktiskt de länder som står för huvuddelen av ekonomin inom eurozonen.

Fru ordförande! Efter denna korta inledande reflektion går jag nu över till min fråga. Parlamentet håller just nu på att behandla kommissionens och ECB:s konvergensrapport för Sverige. Jag har tidigare frågat om er syn på de svenska förhållandena. Den frågan hoppar jag över idag, eftersom jag vet vad ni skulle svara. Jag vill i stället koncentrera mig på kandidatländerna. Om någon månad får vi förhoppningsvis ett beslut om att ta in tio nya länder inom EU, och därmed blir också tio nya länder på väg in i EMU. Hur tycker Duisenberg att dessa länder skall uppfatta den pågående diskussionen om kritierierna för EMU? Kommer samma regler att gälla för dessa länder? Vad gäller t.ex. för tiden inom ERM II, budgetunderskottets 3 % och inflationen?

Flera av kandidatländerna behöver komma ikapp. Förutsättningarna är annorlunda i dag än för tio år sedan då EMU sjösattes. EMU skall vara en flytväst och inte ett ankare. EMU skall således inte sänka dessa länder. Ni har varit inne på denna fråga tidigare. Skulle ni kunna tänka er en diskussion som faktiskt breddar perspektivet med tanke på Estland, Lettland, Litauen, Polen, Slovakien, Slovenien, Ungern och Tjeckien?

2-032
Duisenberg, *ECB***.** - On the first question I can be brief: punishing ministers of finance is not part of our monetary policy strategy, not even quote-unquote.

As far as the accession countries are concerned, they still have the process of catching up to go through. The time before they first enter the ERM and then later the euro area is still years from today. There is a lot of catching up still to do. It is only when entering EMU and adopting the euro as their currency that they have to fulfil, as far as I am aware, the precise Maastricht criteria, not at accession to the European Union but at accession to the euro area. Then the Maastricht criteria have to be applied, as long as politics does not decide otherwise.

2-033
Radwan (PPE-DE). - Frau Vorsitzende, zunächst einmal möchte ich Herrn Duisenberg zu seiner Stabilitätspolitik gratulieren, und die Kritik, die hier von manchen in einer gewissen Form vorgebracht wurde, zeigt eigentlich, dass er auf dem richtigen Weg ist. Ich möchte mich auf das aktuelle Treffen von gestern beziehen. Heute früh habe ich im Frühstücksfernsehen ein Interview mit Herrn Junker gesehen, der zu dem Thema 2004-2006 gesagt hat, dass wir letzte Nacht nicht darüber entschieden haben, aber dass wir Ende des Jahres darüber entscheiden werden, ob wir möglicherweise doch verschieben. Da gilt es für mich, die Frage zu wiederholen, die meine Kollegin Kauppi gestellt hat: Die Ziele, die angepeilt werden, sind zu unterstützen, auch die 0,5%-Reduzierung pro Jahr. Die Frage ist aber, wie verbindlich sie sind, und ob es eventuell Sanktionen gibt.

Wir haben hier eine Neubelebung der deutsch-französischen Freundschaft auf einem Gebiet, von dem wir uns vor ein, zwei Jahren nicht vorstellen konnten, dass da einmal eine Allianz entsteht. Daher meine konkrete Frage: Welche Sanktionen und insbesondere welches Prozedere im Rat können Sie sich vorstellen - die Kommission hat ja einmal den Vorschlag unterbreitet, dass zukünftig solche Fragen im Rat nur noch einstimmig abgelehnt werden können. Sind Sie mit dem jetzigen Sanktions- und Entscheidungsmechanismus aus Ihrer Sicht zufrieden, oder sollten wir das nicht nachbessern? Ich kann voll unterstreichen, was Sie gerade gesagt haben, die Regeln sind dazu da, dass sie eingehalten und nicht schon in der ersten Viertelstunde wieder abgeschafft werden!

2-034
Duisenberg, *ECB***.** - The rules of the Stability and Growth Pact have not been changed. They are still there, so the procedures are also still in place. The only occurrence yesterday was, to my mind, the determination of Member States to strengthen the obligations under the Stability and Growth Pact rather than weaken them. I also want to point out that, to my satisfaction, the figure 2006 does not appear in ministers' statement.

2-035
Randzio-Plath (PSE). - Herr Präsident, auch ich habe eine Frage an Sie. Sie haben darauf hingewiesen, dass es wichtig ist, in der Geldpolitik alle Faktoren zu berücksichtigen. Kann die Geldpolitik nicht auch alle Faktoren berücksichtigen? Ich denke daran, dass Sie ja eine Zinspolitik für den gesamten Euroraum machen müssen. Immerhin erwirtschaften die drei Länder Frankreich, Italien und Deutschland 75% des Bruttosozialprodukts des Euroraumes, und auch dort ist die Situation schwer; gleichzeitig sollen sie aber auch als Wachstumslokomotiven dienen. Ist es deswegen nicht wichtig, dass die Zinspolitik daher auch berücksichtigt, dass es nicht nur nominale Defizite gibt? Gerade im Bereich der strukturellen Defizite haben von diesen drei Ländern immerhin zwei Länder die durchaus Fortschritte gemacht. Ist das nicht vielleicht auch ein wichtiger Punkt, um geldpolitisch zu einer Entscheidung zu kommen?

Ich möchte gerne wissen, wie Sie die Binnennachfrage in der Europäischen Union bzw. Eurozone beleben wollen. Sie schauen immer nur auf die Lohnpolitik, obwohl wir doch in wenigen Ländern und vor allem in wichtigen Ländern in den vergangenen Jahren nicht einmal eine Reallohnsteigerung gehabt haben.

2-036
Duisenberg, *ECB***.** - I will read again what the ministers with the concurrence of the European Central Bank

agreed yesterday: all but one minister and the European Central Bank have concurred with the Commission that those countries which have not yet reached that objective, namely balance or in surplus, need to pursue continuous adjustment of the underlying balance - you would probably call it the structural balance - by at least 0.5 %-point of GDP per year, and the ministers added: for any Member States with an excessive deficit such an adjustment is clearly not enough. That pertains to the underlying balance.

Your second question was, I understand, whether the policy on wage moderation was appropriate to stimulate domestic demand. I believe it is. We have seen the phenomenon that even over a period of very subdued economic growth, wage formation has ended with wage increases despite a very slow economic development, in some countries even to an extent that their competitive position inside Europe has been adversely affected; and they are paying the price for that already. Domestic demand will be stimulated not by increased wages but by the falling trend of inflation since the beginning of this year that will positively affect real disposable incomes, as mentioned in my introductory remarks, and so not prevent the main motor for recovery, modest as it may be, i.e. domestic demand, in particular private consumption.

2-037

Bourlanges (PPE-DE). – Monsieur le Président, je crois qu'il y avait autour du pacte de stabilité et des recommandations en matière de politique budgétaire une sorte de consensus implicite entre libéraux et keynésiens. Ce compromis reposait en effet sur l'idée selon laquelle pendant les années de croissance, on devait faire des efforts importants de réduction des déficits, de manière à se ménager des marges de manœuvre budgétaires quand la croissance était plus faible. C'est d'ailleurs au nom de ce raisonnement que vous avez, et j'approuve tout à fait les propos que vous avez tenus, critiqué la politique de ceux des gouvernements qui, au cours des dernières années, n'ont pas mis à profit la croissance dont ils étaient bénéficiaires et dont leur pays était bénéficiaire pour réduire les déficits. Cependant, si l'on applique ce raisonnement, il conduit à penser qu'en période de moindre croissance, il faudrait adopter une politique de moindre réduction des déficits, puisqu'une politique de réduction des déficits aurait un effet procyclique, lequel serait d'autant plus fort qu'avec de moindres rentrées fiscales, rien que pour maintenir le taux de déficit, il faut réduire les dépenses publiques. Or, ce n'est pas, jusqu'à présent, ni ce que les gouvernements ont dit hier, ni ce que vous avez dit vous-même. Vous avez donné, vous et les gouvernements, le sentiment qu'en période de stagnation, ou disons de moindre croissance, il fallait maintenir la politique de réduction des déficits au même rythme que par le passé.

Ma question est donc la suivante: considérez-vous qu'il y a un lien entre la conjoncture économique globale et le rythme de réduction des déficits, comme votre critique du passé semble l'indiquer, ou considérez-vous qu'il ne doit y avoir aucun lien entre la croissance, le rythme de croissance extérieure, et cette politique de réduction des déficits, comme vos objectifs pour l'avenir semblent l'indiquer?

2-038

Duisenberg, *ECB.* - The impact of a growth rate below the trend has basically its impact on the budget through higher unemployment benefits and lower tax receipts. That is in principle temporary and those developments should not induce us to deviate from the structural policies that are necessary in terms of containing the trends of expenditure and letting them grow slower than anticipated in previous budgets. Then in a time of recession, if you have already reached the structural balance or even small surplus, you have room for the automatic stabilisers to work through, which may lead to deficits of orclose to 3% of GDP.

By comparison, the demands relating tocontinuing a policy of containing budgetary outlays or budgetary deficits in a tempo of ½ %-point of GDP, if countries have not yet achieved a balanced budget,stand in no proportion to the room you have to let the automatic stabilisers work. Even if it sounds or looks pro-cyclical, if you are in a period of slow economic growth, the overriding objective should be to pursue over the medium term in a consistent way your policies of getting where you agreed you wanted to be, namely in a position of budget balance once the cycle is back to normal and the rate of growth is at least back to the potential rate of growth of your economy.

2-039

Mombaur (PPE-DE). - Herr Präsident, Sie haben früher und auch heute noch einmal darauf hingewiesen, dass die langfristigen Zinsen historisch niedrig sind, sowohl nominal wie real. Deswegen argwöhnen einige, darin könnte sich die Erwartung einer Rezession spiegeln. Meine Frage lautet: Ist es nicht genau umgekehrt, nämlich dass diese niedrigen Zinssätze das Vertrauen in langfristige Preisstabilität zeigen? Das wäre ja auch berechtigt, denn der EZB ist es gelungen, in den dreieinhalb Jahren der Eurowährung eine höhere Preisstabilität zu erzielen, als sie in den fünfzig DM-Jahren im Durchschnitt gegeben war. Die DM hatte pro Jahr durchschnittlich eine Inflation von 2,8%. Der Euro ist in den dreieinhalb Jahren besser, die beiden Vorbereitungsjahre dazu gerechnet sind es dann inzwischen schon fünfeinhalb Jahre, die der Euro eine höhere Preisstabilität hat. D.h., Sie und die EZB haben das Wesentliche geleistet, was Sie nach Ihrer Verantwortung für die Wirtschaftpolitik tun können. Die Schlüsselfrage Europas ist ja: Warum produziert Europa so wenig Arbeitsplätze? Meine Frage im Zusammenhang mit Ihren letzten Ausführungen: Wollen Sie sich nur darauf beschränken zu sagen, die Strukturpolitik tut zu wenig, oder wollen z.B. zur Arbeitsmarktpolitik dezidierter etwas sagen?

2-040

Duisenberg, *ECB.* - The simple answer is “yes”. The factthat even in Germany a super-minister has been

appointed to do just that, confirms, I believe, that answer.

2-041
Ettl (PSE). - Frau Vorsitzende, Herr Präsident! Wenn sich das makroökonomische Umfeld verschlechtert, interessieren mich natürlich in erster Linie interne Unzulänglichkeiten bei der Koordination der Politiken, und das im Zusammenhang mit den Zielen des seinerzeitigen Gipfels von Köln, der den makroökonomischen Dialog definiert hat und sehr klar und sehr schön von einem möglichen spannungsfreien Zusammenspiel der Finanz- und der Geldpolitik und der Lohnentwicklung geredet hat. Über das äußere Umfeld haben wir heute geredet, über die interne Koordination sollten wir noch reden. Sie haben über Lohnpolitik heute einiges gesagt, wie Sie sie zu beeinflussen gedenken. Das ist ein anderes Thema. Sie haben weniger gesagt über den Beitrag der Arbeitgeberseite, die Geldwert- und die Preisstabilität. Meine konkrete Frage lautet daher: Wie sehen die bisherigen Ergebnisse des vom Kölner Gipfel beschlossenen makroökonomischen Dialogs in Bezug auf die Ziele der EZB aus? War das bisher nur ein Debattierclub, oder hat mehr dahinter gesteckt? Für Außenstehende war weniger sichtbar.

2-042
Duisenberg, *ECB***.** - That is a difficult question. The macro-economic dialogue taking place twice a year with the involvement of the European Parliament, the trade unions and entrepreneurial organisations from at least twelve countries cannot, and cannot be expected to, produce specific results for the orientation of policies in the various countries. It has served the purpose of exchanging information in a frank and transparent way but an impact on policy formulations cannot be expected from such a dialogue.

You could expect that from the dialogue between the various actual policy actors, that is governments and the central bank. The dialogue with society at large, that is the trade unions and the entrepreneurial organisations, takes place at a distance because the wage formation process, if it comes specifically to that, is very much decentralised, and to my mind not decentralised enough in all countries (but it is inside the countries). It is certainly not anendeavour to centralise it at the European level and maybe it should not be.

Therefore the impact of the dialogue on specific developments in specific countries and even specific sectors, or specific enterprises, is indeed limited and does not provide much more than broad orientations about the macro-economic public goods that all policy actors should be striving after.

2-043
Πατάκης (GUE/NGL). - Κύριε Πρόεδρε, οι κατευθύνσεις της οικονομικής πολιτικής που σκιαγραφήθηκαν και από το Διοικητή της Τράπεζας της Ελλάδας και που υλοποιούνται μέσα από το σχέδιο του κρατικού προϋπολογισμού του 2003 είναι η σκληρότερη για τους εργαζόμενους εισοδηματική πολιτική, η δραστικότερη μείωση των κοινωνικών δαπανών, η επέκταση των ελαστικών μορφών εργασίας και η πλήρης απελευθέρωση των αγορών. Αυτό επιβεβαιώνεται και από τα στοιχεία της Eurostat: ένας στους τέσσερεις Έλληνες ζει κάτω από το όριο της φτώχειας, ενώ οι κοινωνικές δαπάνες είναι από τις χαμηλότερες. Δηλαδή για μια ακόμη φορά οι εργαζόμενοι και οι μισθωτοί θα υποστούν τις συνέπειες των συνταγών εξόδου από την κρίση και της πειθαρχίας στο Σύμφωνο Σταθερότητας.

Ερωτώ: τέτοιες πολιτικές είναι δυνατόν να οδηγήσουν στην ανάκαμψη αφού οι εργαζόμενοι δεν μπορούν πλέον ούτε τα απαιτούμενα για στοιχειώδη επιβίωση να έχουν; Και μια δεύτερη ερώτηση: δεδομένου ότι τα πράγματα θα χειροτερέψουν ενόψει του επικείμενου πολέμου στο Ιράκ, τι έχετε να προτείνετε στους εργαζόμενους της Ευρωπαϊκής Ένωσης που αντιδρούν και αντιτάσσονται σ΄ αυτές τις πολιτικές που εκφράζονται στα σχέδια προϋπολογισμού των χωρών τους και τους οδηγούν σε μεγαλύτερη φτώχεια και εξαθλίωση;

2-044
Ettl (PSE). - Herr Präsident, wie könnte zum Beispiel ein konkreterer sozialer Dialog zur Makroökonomie oder zur Makrostabilität beitragen, in Ergänzung zu dem, was Sie vorhin sagten?

2-045
Duisenberg, *ECB***.** - To take that follow-up question first, the degree of representation that is necessary, or thought to be necessary, of all participating Member States, both of the trade unions and the entrepreneurs. There is only one European Central Bank so I am pretty much alone in that dialogue. There are a few governments present. But the macro-economic dialogue takes place in a wide circle in which a useful dialogue is indeed difficult to pursue. At such short notice, I cannot make any proposals to make it more substantive or useful than it already is, but in my personal perception the usefulness can be described as rather limited. However, the European Central Bank will never refrain from, or refuse to enter into, dialogue with whomsoever wishes a dialogue.

On Greece, I can be brief without being rude. The honourable Member from Greece has made his point and at this stage the European Central Bank cannot be expected to become involved in a specific question on any specific country.

2-046
Lipietz (Verts/ALE). – Monsieur le Président, je voudrais revenir sur votre déclaration révolutionnaire comme quoi le taux d'intérêt n'aurait aucune influence sur l'investissement. Vous vous appuyez sur une confidence du ministre américain de l'Économie, selon laquelle la seule chose qui compte, c'est le taux de profit attendu, quel que soit le taux d'intérêt. De deux choses l'une: ou il voulait parler du taux de profit net, et à ce moment-là il fallait bien déduire les taux d'intérêt, ou bien il parlait du taux de profit brut, et c'est cette deuxième interprétation qui irait au secours de votre thèse étonnante.

Ne pensez-vous pas que cet excessif intérêt porté au profit brut, en oubliant totalement les charges financières, est pour quelque chose dans les difficultés financières des entreprises actuellement? Et dans la bulle qui est en train d'éclater? Ne pensez-vous pas, dans ces conditions, qu'une baisse des taux d'intérêt réels pourrait justement servir à éviter une récession et à relancer l'investissement?

2-047
Duisenberg, *ECB***.** - I would indeed disagree that low real interest rates would have a significant impact on avoiding recession. I will not elaborate further on the anecdotal evidence given earlier to you but I would refer you to many econometric studies that have demonstrated that the interest rate elasticity of investment is very limited indeed. Even if there are indications that for the euro area as a whole the interest rate elasticity might be somewhat larger than for the individual countries, it is still a very small figure.

2-048
Huhne (ELDR). - Let me ask Mr Duisenberg about some interesting comments recently made by Dr Issing on the target for the second pillar, the 0% to 2%. In two speeches, he clearly implied and actually said that inflation below 1% would be an excessively low level. Can you confirm that the Governing Council is now effectively looking at a rate of 1% to 2% and that this makes the potential target more symmetrical than would have been the case when still looking at 0% to 2%?

2-049
Duisenberg, *ECB***.** - I would not confirm that the Governing Council is looking at inflation rates between 1% to 2% but I can confirm that, if the outlook for inflation were to go in the direction of below 1%, that would come very close to what we regard as the likely magnitude of the measurement bias in measuring inflation. And in that perspective the prospects of deflation, alluded to earlier, would become more threatening. So, it would increase our concern and have an impact on our considerations in determining the monetary policy stance. If that is enough of a confirmation for you, then so be it.

2-050
van den Burg (PSE). - In your answers to questions and also in your speech you have focussed on the lack of confidence and the uncertainty as a major problem in the present situation in Europe. I would like to move on to another role that the ECB and the ESCB has to play in this respect, particularly in managing systemic risks, that is regulation and supervision of the financial institutions.

May I ask what is the role you see for the ECB in this respect? What is your view on the other proposals that will be discussed today in the ECOFIN Council about regulatory and supervisory system EU-wide on the supervision of banking, insurance and pension funds, and other financial conglomerates? What role do you see for the ESCB in Europe? Do you also see a role in direct supervision for the ECB? How can you deal with the present tension between strict prudential rules to be supervised and the need to challenge pension funds, insurance companies and banks to invest in the real economy to promote growth?

2-051
Duisenberg, *ECB***.** - As you are aware, the Treaty gives only a limited mandate to the ECB and the ESCB in the field of supervision and regulation. This is an issue regarded as being in the realm ofthe principle of subsidiarity. Nevertheless, there is a role and there is sort of a mandate, namely to promote the smooth conduct of supervisory policies of the competent authorities, also as regards the stability of the financial system.

At the moment, as you may know, discussion amongst the authorities - including the central banks - is very lively. The threat is that many more committees will be established which we are hesitant to support. But if such committees are created, it is crucial that the ECB and the NCB are involved in every committee, whether they have supervisory responsibility or not.

Why should that be so? Because when everything runs smoothly, there are no problems, but as soon as there is a crisis of whatever nature, and when it assumes systemic proportions, - whether it concerns a crisis in the banking sector, the insurance sector or in the pension fund sector - the first institution the market look to is the European Central Bank.

Ultimately, we are talking abouttaxpayers' money in such situations, but in the first instance, people look at the European Central Bank. For that reason, and for the ability of central banks to cope with the prevention of crises or to cope with the consequences of crises when they occur, it is of the utmost importance that central banks also have an intimate knowledge of the institutions threatened by the crises and are closely involved. Therefore, we are of the opinion that the central banks, in this case the ESCB, should be closely involved in all the various organisations dealing with these issues. Whether we will be successful is a different matter.

We are very open to the specific situation as it prevails in various countries. In four countries, I believe, it is the central bank that is responsible for banking supervision; in other countries the situation is more mixed. In two or three countries of the European Union, the central bank has nothing to do with supervision but there are at least arrangements for keeping each other -- the supervisory authority and the central bank - closely informed.

We do not take any position on this, but as far as the inclusion of the regulation and supervision of non-bank financial organisations are concerned, that is insurance companies, pension funds and conglomerates, I regard the development, for example in the Netherlands, with a great deal of sympathy. I have much less sympathy for developments in some other countries.

2-052
Konrad (PPE-DE). - Frau Vorsitzende, Herr Präsident, Sie haben einleitend noch einmal unterstrichen, dass

auch die Wachstumserwartungen nach unten korrigiert werden mussten, d.h. hier sind logischerweise auch neue Haushaltsrisiken zu sehen. In dem Zusammenhang gerät erneut die Diskussion in Schwung, die sich um eine Definition des Defizits bemüht, und von daher interessiert mich, ob Sie inzwischen eine plausible Definition eines konjunkturbereinigten Defizits haben, und wenn Sie diese Definition haben, wäre ich natürlich daran interessiert, sie kennenzulernen!

2-053
Duisenberg, *ECB***.** - I cannot deny that this is an area of uncertainty. There is always some difference of opinion or judgement about what precisely the cyclically adjusted or underlying deficit is, or not. We have no clear-cut definition. However, the general trend of the structural deficit is normally very apparent, but I cannot give the precise answer that you have requested.

2-054
Randzio-Plath (PSE). - Herr Präsident, in Ihrer Einführung verwiesen Sie darauf, dass Sie mit dem jetzigen Vertrag in Bezug auf die Wirtschafts- und Währungsunion vollkommen zufrieden sind. Sie sind also an keiner Vertragsänderung durch den Europäischen Konvent im Rahmen einer europäischen Verfassung interessiert. Gilt das auch für die Transparenz der Europäischen Zentralbank? Das könnte natürlich auch im Statut geändert werden. Wir haben bei der *Federal Reserve* jetzt die Veröffentlichung der Abstimmungsergebnisse am Tag der Abstimmung. Wir haben jetzt das erste *dissenting vote*, das zu einer interessanten, aber die Märkte überhaupt nicht beunruhigenden Diskussion geführt hat. Kann das nicht ein Beispiel für die EZB sein, jedenfalls das anonymisierte Stimmverhalten zu veröffentlichen, wie es das Parlament fordert?

2-055
Duisenberg, *ECB***.** - The recent publication of two dissenting votes immediately after an FOMC meeting has strengthened my belief in the wisdom of our decision not to publish the votes. I am sorry, Madam Chairman and Mr Huhne that in this case, I am sticking to my guns. I do not want the Treaty to be changed in this respect.

We are however currently contemplating whether or not the Treaty should be changed in accordance with the so-called enabling clause contained in the Nice Treaty. That discussion has not yet been finalised and we are still in involved in an open discussion on whether or not the future enlargement of Governing Council will hamperthe current procedures, i.e. whenthe Governing Council which will not contain 18 members, as at present, but at least 28.

2-056
Goebbels (PSE). – Monsieur le Président, votre collègue McDonough, président de la Federal Reserve de New York, a récemment dénoncé les niveaux de rémunération des dirigeants d'entreprises. Apparemment, aux États-Unis, un Fillon gagne en moyenne 400 fois plus qu'un ouvrier de production, alors que ce rapport était de 40 à 1 il y a une quinzaine d'années. Votre collègue Greenspan a dénoncé, je cite: "*the infectious greed on quote*" de certains dirigeants d'entreprises, de certains grands managers. On vous entend peu à ce sujet, et je n'ai en tout cas aucun souvenir d'une intervention de votre part. Ne croyez-vous pas que vos appels à la modération salariale seraient plus crédibles si vous dénonciez également la voracité de certains acteurs des marchés financiers internationaux?

2-057
Duisenberg, *ECB***.** - Morally, I happen to fully agree with what Mr McDonough said in this respect and also what Mr Greenspan said. There is one difference. They are in charge of banking supervision, including the conduct of the individual financial institutions and I am not.

2-058
Goebbels (PSE). - You are also a moral authority.

2-059
Duisenberg, *ECB***.** - Well, let it be enough that I say I fully understand and agree with their value judgement about events not only in American companies but also in Europe.

2-060
Abitbol (EDD). – Monsieur Duisenberg, que vous le souhaitiez ou non, le pacte de stabilité n'est pas respecté et ne le sera pas avant 2006 ou 2007, dans le meilleur des cas. Je ne crois pas qu'une culture de la punition des pays, a fortiori des plus grands d'entre eux, mais je parle aussi pour les plus petits, soit de nature à faire avancer la cause que vous défendez, et qu'en tout cas l'ensemble du Parlement européen défend. On ne voit pas pendant quatre ou cinq ans avertissements et punitions se succéder.

Pour sortir de ce blocage, d'autant plus qu'il y a des visions différentes de l'avenir, qu'il y a des visions au long terme, qu'il y a des démographies différentes entre les pays européens, notamment entre la France et l'Allemagne, ce qui ne sera pas rien, une proposition a été faite par le gouvernement français, je crois, mais aussi par d'autres – et c'était d'ailleurs au départ l'idée d'un monétariste français connu, qui s'appelle Jacques Rueff. La proposition en question consistait à séparer les budgets d'investissement des budgets de fonctionnement des États, étant entendu que s'agissant de l'investissement (et les États investissent dans la défense, dans l'éducation, qui sont des investissements à long terme, ou faits au service des autres), ces pays pensent qu'ils soutiennent une part de l'effort commun et que l'investissement doit être séparé du compte d'exploitation (ce qu'on appelle compte d'exploitation pour une entreprise). Ne pensez-vous qu'il y aurait là une façon de sortir de ce qui ne va pas tarder à apparaître comme un blocage des institutions européennes?

2-061
Duisenberg, *ECB***.** - The statement that the Stability and Growth Pact has not been lived up to is I believe refuted by the fact that eight out of twelve countries have already achieved the goals set out in the Pact. What is true is that three of the larger countries in particular did

not use the time to achieve the objective of the Pact when they were faced withvery good economic conditions to such an extent that they were ableto consolidate their budget in a determined way. Now they are bearing the burden of that.

As you will understand, I do not agree with the statement that there is to be any postponement until 2006 or 2007. All the signs are that there will not be. Your mentioning Jacques Rueff, a highly esteemed economist, reminds me of an encounter I had with a countryman of yours, my former boss, Pierre-Paul Schweitzerjust returning from Sweden, when he had been asked to propose a candidate to receive the Nobel Prize for economics. He told me that he had recommended Jacques Rueff to receive that prize because he was the only economist he knew that had never changed his mind.

(Laughter)

2-062

Herzog (GUE/NGL). – Monsieur le Président, notre rôle, c'est l'évaluation publique de la politique monétaire, et pour accomplir notre devoir, il nous faut vraiment tenter de répondre à une interrogation de la majeure partie des citoyens en ce qui concerne l'utilité possible d'une baisse des taux d'intérêt dans l'économie d'aujourd'hui. Et par rapport à cette préoccupation qui est massive, n'y a-t-il pas un impact positif d'une baisse des taux d'intérêt? Nous sommes obligés de constater que le dialogue avec vous est très difficile parce que vous répondez avec toute votre autorité. L'impact est limité, il est secondaire, mais cela, c'est une affirmation pure et simple, et votre modèle de politique monétaire à deux piliers est très vague par rapport à l'impact d'une baisse des taux d'intérêt, vraiment très vague. On ne peut pas se fonder sur la théorie des deux piliers pour apprécier l'impact d'une baisse des taux d'intérêt. Donc, en termes de *public accounting*, nous avons un gros problème.

Ma question concrète est: ne devrait-on pas lancer des études et un débat public contradictoire sur cette question, afin de fonder une théorie plus claire et plus transparente au sujet des actions de la Banque centrale européenne? Êtes-vous d'accord pour lancer cette méthode ou non?

2-063

Duisenberg, *ECB***.** - First let me quote some figures: in the 1980s the short-term real interest rates in the euro area were 4.3%, the long-term real interest rates were 5.1%. From 1990 to 1998, the short-term real interest rates were 4.8%, the long-term real interest rates were 5.3%. The current value of the short-term real interest rates is 1.1% to 1.5%, long-term real interest rates at the moment are estimated to be 2.3% to 2.7%. In other words, real interest rates, both short-term and long-term, have at least since the beginning of the 1980s never been so low as now.

But may I add what I regard as a rather philosophical remark: Suppose in this situation, where the problem is lack of confidence, you wanted to stimulate activity and growth and you tried to do that by lowering interest rates even further than the level they had already reached. Suppose then that measure failed to yield the results expected. I believe that would prove to be a major disaster as it would definitely undermine, rather than boost, people's confidence in their monetary authority.

2-064

President. - Thank you, Mr Duisenberg. We all enjoyed this monetary dialogue, even if we are not all satisfied with the answers. We have different roles and different persuasions, so this is normal in any democracy.

We look forward to seeing you in Frankfurt and at the next monetary dialogue and we hope that the confidence-building measures in which you have a major role to play will subsequently contribute to our living in a better world.

(Applause)

(End of the monetary dialogue at 11.55 a.m.)