1-002

PRÉSIDENCE DE MME BERÈS

1-003

La Présidente. – Entamons ce troisième dialogue monétaire au cours de cette législature, avec le président de la Banque centrale, Monsieur Jean-Claude Trichet, que j'accueille bien volontiers devant notre commission.

Selon notre usage, nous allons d'abord entendre votre exposé liminaire et puis vous soumettre à la question. Je dois informer les collègues que "Deutsche Welle", une télévision publique internationale allemande, souhaite filmer ce dialogue monétaire et s'il n'y a pas d'opposition, ils pourront le faire. Manifestement, ce n'est pas le cas. Donc les voilà autorisés à graver sur la pellicule cet échange.

1-004

Trichet, *président de la Banque centrale européenne***.** – Madame la Présidente, Mesdames et Messieurs les membres de la commission économique et monétaire, j'ai l'honneur de paraître devant votre commission aujourd'hui dans le cadre de notre dialogue régulier.

Comme vous le savez, la Banque centrale européenne attache beaucoup d'importance à ces rencontres trimestrielles qui permettent à l'institution monétaire d'expliquer ses décisions et de répondre à toutes les questions que se posent les parlementaires.

1-005

Trichet, *Präsident der Europäischen Zentralbank*. – Ich möchte meine Ausführungen mit einer Beurteilung der aktuellen wirtschaftlichen und monetären Entwicklungen beginnen. Sodann werde ich zu fiskalpolitischen und strukturpolitischen Fragen Stellung nehmen. Abschließend möchte ich Ihnen einige Überlegungen hinsichtlich der Folgeaktivitäten zum EU-Aktionsplan für Finanzdienstleistungen vorstellen.

1-006

Jean-Claude Trichet, ECB. - Let me start with the economic and monetary developments. After the positive developments in the first half of 2004, only modest growth rates of economic activity were observed in the second half. Real GDP in the euro area is estimated to have grown at a quarter-on-quarter rate of 0.2% in both the third and fourth quarters. Taking the year as a whole, real GDP growth – on a working-day adjusted basis – was +1.8% in 2004, marking a significant improvement from the 0.5% seen in 2003. The composition of demand growth in the fourth quarter offered some positive signs with regard to the outlook for economic activity.

In the coming quarters, consumption growth could benefit from anticipated developments in real disposable income. Investment is expected to continue to benefit from very favourable financing conditions, robust earnings and greater business efficiency. Euro area exports should continue to benefit from strong world economic growth. Accordingly, we expect continued, relatively moderate economic growth in the euro area in 2005 and 2006, as reflected in the ECB staff projections published earlier this month, which are themselves broadly in line with available forecasts from international and private sector organisations.

Nevertheless, the outlook for economic activity continues to be surrounded by uncertainties. On the external side, high and volatile oil prices and persistent global imbalances pose downside risks to growth. As regards exchange rates, we confirm our position – expressed when the euro rose sharply – that such moves are unwelcome and undesirable for economic growth. On the domestic side, there are uncertainties surrounding the evolution of private consumption, while the favourable financing conditions and the recovery in corporate earnings could lead to higher investment growth than is currently projected.

Let me now turn to price developments, the evolution of oil prices and increases in indirect taxes and administered prices have had a significant impact on consumer price inflation in the course of last year. For 2004 as a whole, annual HICP inflation was 2.1%. More recently, the annual inflation rate declined, falling to 1.9% in January from a peak of 2.4% in December, largely a result of base effects from developments in indirect taxes and administered prices in some countries. Eurostat's flash estimate of annual HICP inflation in February was 2.0%.

In the coming months, annual inflation rates are likely to fluctuate around 2%. Looking further ahead, there is still little evidence that stronger underlying domestic inflationary pressures are building up in the euro area. Wage increases have remained moderate over recent quarters and this trend should continue in the context of moderate economic growth. Accordingly, the ECB staff projections put average annual HICP inflation between 1.6% and 2.2% in 2005 and between 1.0% and 2.2% in 2006, broadly unchanged from the Eurosystem staff projections published in December. These projections are consistent with forecasts recently released by international and private sector organisations.

However, risks to price stability over the medium term remain on the upside, requiring continued vigilance. Such risks continue to be associated mainly with oil price developments, uncertainty regarding future increases in indirect taxes and administered prices, and potential second-round effects stemming from wage and price-setting behaviour. In this respect, developments in long-term inflation expectations need to be monitored closely.

Our monetary analysis also calls for vigilance regarding the upside risks to price stability over the medium term and long term. After moderating in the first half of 2004, M3 growth has strengthened significantly since mid-2004, reflecting the stimulative effect on monetary dynamics of the historically low level of interest rates in

the euro area. As a result of the persistently strong growth in M3 over the past few years, substantially more liquidity exists in the euro area than is needed to finance non-inflationary growth. This exceptionally low level of real interest rates that we are enjoying is also stimulating private sector demand for credit.

In the context of these relatively contained underlying inflationary pressures, the ECB, as you know, has left its key interest rates unchanged since June 2003. The low level of nominal and real interest rates has provided significant and continued support to the economic recovery. At the same time, upside risks to price stability remain. Cross-checking with the indications of the monetary analysis supports the case for continued vigilance with regard to those risks.

Let me now turn to fiscal policies and the Stability and Growth Pact. I wish to make a few remarks on fiscal policies. While some progress on fiscal consolidation and the correction of excessive deficits is envisaged in euro area countries' updated stability programmes, further consolidation in a number of countries is needed.

With respect to the Stability and Growth Pact, discussions now need to be brought to a convincing conclusion with an outcome that safeguards fiscal discipline. The fiscal framework enshrined in the Treaty and in the Stability and Growth Pact is a cornerstone of Economic and Monetary Union, crucial for the economic rationale and the overall cohesion of EMU.

As the Committee on Economic and Monetary Affairs of the European Parliament knows, since the beginning of these discussions the ECB has made its view clear. Improvements in the implementation of the Stability and Growth Pact, and in particular its preventive arm, would be welcome. But the corrective arm of the Pact should not be weakened. The credibility of the excessive deficit procedure as a means to deter and correct excessive deficits needs to be fully preserved. This is necessary in order to anchor expectations of fiscal soundness, which is fundamental not only for macroeconomic stability and cohesion in the euro area but also for enhancing confidence and fostering growth prospects and confidence in all Member States.

Let me now turn to the forthcoming mid-term review of the Lisbon Strategy. The Lisbon Strategy was designed to push forward structural reforms that would raise European economies' growth potential. They would also enable countries to face the challenges of technological change, globalisation and ageing populations. In addition – and this must not be overlooked at present – structural reforms increase countries' resilience to economic shocks, contribute to improving the management of public spending and make it easier to maintain price stability. Five years after Lisbon there is broad agreement that progress on structural reforms has been unsatisfactory. This is not to deny that there has been notable and in some areas impressive progress on the implementation of structural reforms across Europe. However, much remains to be done to meet the challenges most European countries are facing. Against this background, the ECB supports the Commission's proposals to push forward the Lisbon Strategy by focusing reform efforts at the national and European level on 'delivering stronger, lasting growth and creating more and better jobs'. Such an economic environment would facilitate the achievement of the Lisbon Agenda's social and environmental objectives. Through the maintenance of price stability, the ECB will continue to support the Lisbon process by providing a vital element for fostering sustainable output growth as well as supporting employment and social cohesion.

The ECB also supports national governments when they are determined to close the existing implementation gap, which must be done in order to reap the full benefits of reforms. This should also improve consumer and business confidence in the short run. In this regard, the ECB sees the use of benchmarking as an important instrument for fostering the implementation of reforms by surveying best practices across Member States. Benchmarking, based on sensibly defined quantitative indicators, should be regarded as a welcome driver of public debate, raising public awareness that structural reforms can be implemented successfully in EU countries and that they have important benefits.

It is remarkable to note that we have had many successes in Europe. If we all applied the structural reforms that have proved their effectiveness in one particular Member State of the European Union, then perhaps we would have a very powerful tool to generalise reform.

Let me now turn to the post-Financial Services Action Plan strategy, which is part of the ongoing structural reform process in the domain of financial services. Since the introduction of the single currency, financial integration at the level of institutions, markets and market infrastructures has been making significant progress. This is especially the case in wholesale markets, such as the unsecured money market, the government bond markets and the related derivatives markets. That development is also the result of the impetus provided by the FSAP, which is about to be completed. At the same time, integration in retail markets is not yet sufficiently advanced. As regards the post-FSAP strategy, although the ECB is still in the process of formulating its views on the matter, we have already identified at least three important elements.

First, the focus should be on the effective and consistent implementation of the FSAP at national level. New legislative initiatives at Community level should be kept to a minimum and introduced only if strictly necessary. In this respect, the implementation of the Lamfalussy framework represents a unique opportunity to achieve a consistent regulatory and supervisory framework for financial services. Indeed, the experience so far gained with the implementation of the framework in the securities field is broadly positive. It should be recognised, however, that there is still scope for improvement, for instance with regard to striking the right balance between the two levels of Community

legislation – core principles, on the one hand, and technical details, on the other.

Second, the policies relating to the regulatory and supervisory framework should be complemented by and closely coordinated with other relevant policies for financial services, for instance competition policy.

Third, incentives should be provided for the private sector to play its role in exploiting the opportunities offered by public action. Where appropriate, mechanisms should be provided to facilitate coordinated approaches among market participants.

Moreover, the Eurosystem has requested that a Single Euro Payments Area – SEPA – be created for the euro area from 1 January 2008, meaning that citizens and enterprises could make payments throughout the euro area from a single bank account, using a single set of payment instruments, as easily and safely as in the national context today. In addition, national infrastructures should migrate to a pan-European payments infrastructure by the end of 2010. We appreciate the Commission's support for the SEPA project. The ECB is also in regular dialogue with the banking industry to seek market participants' support for these objectives.

I am now ready to answer the committee's questions.

1-007
La Présidente. – Monsieur le Président de la Banque centrale, nous avons, je crois, jusqu'à 17 heures à peu près pour notre dialogue. L'intérêt, je crois, pour nous, c'est de pouvoir rebondir sur les questions, en essayant d'être à la fois rigoureux dans la répartition des temps de parole, mais en permettant à chaque collègue de rebondir sur la réponse qui sera la vôtre.

Je souhaiterais tout d'abord donner la parole à M. Alexander Radwan, en lui demandant de respecter un temps de parole d'une minute et demie pour sa première question.

1-008
Radwan (PPE-DE). – Frau Vorsitzende, Herr Präsident! Wir werden in ein paar Wochen den Lissabon-Gipfel erleben, unter dessen Deckmantel der Stabilitäts- und Wachstumspakt eine ordentliche Reform, wenn nicht sogar die Abschaffung seiner bisherigen Zielrichtung erleben wird. Manche Betrachter gehen davon aus, dass das, was zur Zeit als Juncker-Kompromiss auf dem Tisch liegt, und das, was die deutsche Bundesregierung gerade fordert, in der zukünftigen Eurozone zu einer erheblichen Zunahme der Neuverschuldung nicht nur in den großen Ländern führen wird, dass also die Disziplin nachlässt, die der Stabilitäts- und Wachstumspakt bisher eingefordert hat, mit der Folge einer steigenden Inflation und steigender Zinsen.

Mich würde interessieren, ob Sie diese Einschätzung teilen. Wenn Sie sie teilen, was würden denn die steigenden Zinsen – allein dieses Plus, von dem man da teilweise liest – als zusätzliche Belastung bzw. zusätzliche Schulden für die Staaten bedeuten?

Gehen Sie denn nach dem, was Sie bisher sehen, davon aus, dass bei den Staaten zukünftig der politische Wille vorhanden ist, in so genannten guten Zeiten zu sparen, nachdem man nicht bereit ist, die Rolle der Kommission in diesem Rahmen zu stärken? Ja, es gibt sogar Bestrebungen, die Rolle der Kommission in diesem Bereich zu schwächen. Ich spreche den Staaten hier durchaus den Willen ab, sich überhaupt an einen Stabilitätspakt zu halten.

Abschließend noch eine schnelle Bemerkung: Nachdem Sie hier den Lamfalussy-Prozess angesprochen haben, möchte ich nur darauf hinweisen, dass das Parlament im Zusammenhang mit dem Thema *Clearing* und *Settlement* durchaus kritisiert hat, dass hier parallel zum Gesetzgebungsverfahren eine entsprechende Vorgabe kommt.

1-009
Trichet, *ECB***. –** The discussions on the Stability and Growth Pact reform have been going on for a full year. I have always insisted that we have two main reasons to consider this Stability and Growth Pact as essential.

One reason is the traditional reason of any central bank in the world when discussing and analysing fiscal policies: the sounder the fiscal policy you have, the better you are at handling monetary policy. This is observed by all colleagues around the world. But we have a second argument which, for us in the ECB, is absolutely crucial: the fact that we have a single currency for 12 states, and more in the future. However, we do not have a federal budget, we do not have a fully-fledged political federation and therefore the Stability and Growth Pact is crucial for the stability of the EMU as a whole from the standpoint of economic rationale.

To be even clearer, the Stability and Growth Pact is the only response – but a very powerful response – we have when 'eurosceptics' tell us that we have put the cart before the horse. They tell us we have a single currency, but we do not have a federal budget, we do not have a fully-fledged political federation. We say yes, that is true, but we have the Stability and Growth Pact, which is a way of organising peer surveillance and monitoring of the various fiscal policies at national level, permitting cohesion and coherence at a consolidated level of the euro area as a whole.

That is why I would echo what Mr Radwan said. First of all, we said we must improve the preventive arm of the pact because a large part of the difficulties really stem from the fact that in good times we did not do what was necessary – namely, putting aside what would be indispensable in bad times –. We were not sufficiently cautious. There are ways to improve the preventive arm of the Pact. Since the very beginning we said that. There was the Commission proposal and we said from the very beginning that in our view a number of these proposals were moving in the right direction. At this point it is

appropriate that I should confirm to Mr Radwan that we are extremely keen on seeing the Commission as the guardian of the Treaty and considering that it has a key role to play in this domain, as well as in others.

We also said – and it was a totally different message – that we could improve the preventive arm, but that we should not touch the corrective arm of the pact. That was said very clearly since the very beginning because any weakening of the nominal anchor of 3%, or any weakening of the excessive deficit procedure, appeared to us as a weakening of the full body of the EMU itself for the reasons I have just mentioned.

Of course we are not carrying out the tasks that are the responsibilities of other institutions: we know that the Commission has the monopoly of the proposals and that decisions are taken by the Council. We consider that each institution has to be up to its own responsibility. It is our duty to say what we think and to tell you what we think, both here in the committee and in the European Parliament as a whole, and we will see what the final decision will be. At this stage I can only tell you that we will make a judgement on the final decision which is to be taken in a few weeks' time. I can only say again that we consider it our duty not to weaken the corrective arm of the pact.

As regards the Lamfalussy framework and its implementation in the case of the CESR-ESCB proposals, we consider that it is our duty to be as sure as possible that appropriate prudence would exist in a domain where we think there are risks to financial stability. However, we do not wish to take on others' responsibilities. If the other institutions see a need for a directive, then we would certainly welcome that directive.

It was our duty to be sure. Nobody – neither the ESCB nor CESR – could criticise us for not being sufficiently vigilant in the event of risks materialising that could have been avoided. I think we did exactly what we had to do in this respect.

1-010
La Présidente. – Monsieur le Président, vous avez répondu pendant six minutes et demie. Or, nous avons beaucoup de questions et je crois que ce qui est important pour les membres de cette commission, c'est d'avoir un dialogue avec vous. Pour cette raison, je crois que c'est important que les membres puissent ne poser à chaque fois qu'une question, à laquelle vous puissiez répondre dans les trois minutes imparties, avec la possibilité d'assurer un follow-up de la question, car sinon, nous ne pourrons pas donner à ce dialogue monétaire le caractère stimulant qu'il doit avoir. Donc, je m'excuse auprès de vous, mais je devrai essayer de concentrer davantage nos travaux pour que nous vous offrions cette tribune qui est la vôtre pour expliquer la politique monétaire, mais aussi pour que vous soyez dans une relation de dialogue avec les membres de ce Parlement en répondant à leurs questions le plus précisément possible.

1-011
Montoro Romero (PPE-DE). – Señora Presidenta, señor Presidente del Banco Central Europeo, quisiera expresarle mi preocupación en relación con la evolución de la economía europea y la falta de crecimiento que, una vez más, están teniendo los grandes países europeos.

Esa falta de crecimiento viene a decirnos, señor Trichet, que, efectivamente, Europa no va a tener más tensiones de tipos de interés, pero Estados Unidos está anunciando una subida de tipos de interés, consecuencia de la propia madurez de su crecimiento económico. Eso va a afectar a la relación euro-dólar y, seguramente, va a hacer que el euro pierda posiciones respecto al dólar, lo cual puede hacer también que las tensiones del precio del petróleo suban y que, en definitiva, se reflejen en un cuadro de mayor presión inflacionista aquí en Europa. Eso, señor Trichet, es lo peor que nos puede pasar: poco crecimiento y más inflación en Europa.

Este es un riesgo cierto -o por lo menos yo se lo expreso así. Quisiera saber si usted coincide con este diagnóstico, con esta opinión, y también sobre las situaciones que se están viviendo al otro lado del Atlántico, a raíz de la fortaleza del crecimiento económico americano.

1-012
Trichet, *ECB***. –** I will not comment on the policy followed by the United States and the Federal Reserve, but as you have mentioned, it has increased interest rates quite substantially lately. You mentioned the price of oil, which is undoubtedly a risk. It is very important to bear in mind that we are all living in a world of uncertainty and that is a particular uncertainty. There are a number of other uncertainties, including the imbalances which exist all over the world. They also need to be taken into account when you carry out a risk analysis.

As regards our own policy, in line with our mandate, we are applying a monetary policy in order to allow delivery of price stability. This is called for by the Treaty and by the people of Europe. It is also a very important tool for facilitating growth and job creation in Europe. Because we are credible in delivering price stability – not only in the short-term but in the medium- and long-term and even in the very long-term – we can have exceptionally low market interest rates that incorporate this long-term credibility.

I do not want to elaborate too much on that, but I would point out that we have the lowest rates on a 5- , 10-, 30- and 50-year basis; some issuances have taken place on a 50-year basis. If we have these extraordinarily low interest rates which are good for growth and good for job creation, it is because we in the ECB are credible in the eyes of European and global observers: the savers, investors and market participants. They believe we can deliver price stability in the long run. So this is a major contribution. We trust that we can offer growth. It depends on our ability to deliver price stability and to be credible in delivering price stability over time. It is a necessary condition. It is not a sufficient condition. Other conditions have to be met and it is one of the

reasons why we are calling for some of these other conditions to materialise.

1-013
Montoro Romero (PPE-DE). – Coincido con el diagnóstico que hace el señor Trichet, y, en ese caso, sí me gustaría conocer su opinión sobre por qué, con estos tipos de interés tan extraordinariamente bajos en Europa, no hay más confianza por parte del consumidor en los grandes países europeos.

¿No será, señor Trichet, que no hay disciplina en las políticas presupuestarias y que el debate sobre el Pacto de Estabilidad de las reformas se está produciendo en un momento negativo para esa confianza del consumidor y para la confianza de la demanda, que no puede ser estimulada únicamente desde la perspectiva monetaria, desde la financiación del dinero, sino que necesitamos otros elementos de confianza, desde políticas presupuestarias a reformas estructurales más decididas?

1-014
Trichet, *ECB***. –** I very much agree with Mr Montoro Romero that confidence is absolutely key: the confidence of consumers and investors – in particular investors in the productive sector and corporate investors – in many countries and economies. In both cases it is clear that, if the medium- and long-term programme on sound fiscal policies and structural reforms could be fully clarified, confidence would increase. This would result in very positive effects that could take place very quickly. As far as we are concerned, we try to improve confidence in all respects and to be an anchor and a sanctuary of confidence as far as we can.

1-015
Berès (PSE). – Monsieur le Président, si vous êtes à la tête d'une jeune institution, vous êtes tout de même le deuxième président de cette institution: la voilà donc finalement presque à l'âge pré-adulte et, de ce fait, l'autorité de votre institution ne me semble plus tellement en danger.

La question de la stabilité des prix est une chose maintenant acquise. Vous avez atteint l'objectif qui vous était fixé par le traité et on a l'impression - nous en discutions la semaine dernière avec nos experts - qu'au fond, si quelque chose ne fonctionne pas bien dans l'Union économique et monétaire, c'est peut-être que, du côté de la politique économique, nous ne sommes pas encore dans un état d'esprit à la hauteur de ce que nous représentons. En clair, nous nous comportons encore comme si la seule règle qui devrait exister, c'était celle de la discipline budgétaire, sans faire valoir l'atout que peut représenter la zone euro. La zone euro, ce n'est pas que l'addition de petites économies. C'est un grand espace économique qui, pour l'instant, répond à une discipline budgétaire très stricte et qui, même lorsqu'elle dérape, ne fragilise ni l'euro, ni son taux de change, ni les taux d'intérêt.

En revanche, on ne voit pas encore quels pourraient être les outils d'une politique économique qui permettent d'encourager l'investissement et la demande. Et on a l'impression que, au-delà de la sagesse de l'institution fédérale installée qu'est la vôtre, vous pourriez peut-être contribuer à faire enfin émerger les outils de cette politique économique. Et j'ai parfois l'impression que vous envoyez des signaux controversés. Prenons un symbole: pourquoi avoir taquiné M. Junker pour savoir qui est M. Euro. Il me semble que la situation exigerait bien deux M. Euro, un pour la politique monétaire et un pour la politique économique.

1-016
Trichet, *président de la Banque centrale européenne***.** – S'agissant du dernier point, nous sommes entièrement d'accord, Jean-Claude Junker et moi-même; il n'y a pas de problèmes entre nous. Il est Président de l'Eurogroupe, ce qui, en effet, est une responsabilité très lourde et très importante. J'ajoute que, comme vous le savez, il est président de l'Ecofin et président de l'Union européenne; ses responsabilités sont donc considérables. J'ai dit moi-même, tout au début, que, s'il fallait un Monsieur Euro, j'étais naturellement désigné pour l'être, puisque l'euro est une monnaie et que nous sommes les émetteurs, mes collègues et moi-même, au Conseil des gouverneurs, qui émettons de cette monnaie. Ceci ne pose selon moi aucun problème, ni à M. Junker, ni à moi-même. Nous sommes pleinement d'accord là-dessus.

Je me suis profondément réjoui moi-même de la désignation pour un long moment de Jean-Claude Junker au poste de Président. Je crois que c'était très important. Je crois que - et peut-être sommes-nous d'accord sur ce point, Madame la Présidente -, les responsabilités de l'Eurogroupe et de l'Ecofin sont très importantes et que beaucoup de progrès restent certainement à réaliser dans le domaine immense qui relève de la responsabilité des gouvernements. Vous avez parlé de politique économique; il y a la politique monétaire, d'une part, qui est de la responsabilité de la Banque centrale et, d'autre part, il y a beaucoup d'élements de politique économique qui sont d'une importance considérable. Il est vrai que la zone euro représente 306 millions d'habitants, c'est-à-dire plus que les États-Unis, en termes de nombre de citoyens. Il est vrai aussi que c'est une économie d'une importance considérable, en voie d'intégration très rapide et que les responsabilités sont dès lors considérables.

Nous, nous essayons de faire tout ce que nous pouvons pour faciliter les choses. Encore une fois, vous dites que rien n'est perturbé …

1-017
Berès (PSE). – Puis-je vous interrompre? En clair, lorsque vous dites au Conseil "La seule chose qui compte, c'est la réforme structurelle", considérez-vous que vous contribuez à améliorer la situation économique de la zone euro?

1-018
Trichet, *président de la Banque centrale européenne***.** – Nous ne disons pas: la seule chose qui compte, c'est la réforme structurelle. Nous disons: la réforme structurelle compte énormément. D'ailleurs, si vous voulez voir

comment ça marche, regardez un certain nombre de pays qui ont fait les réformes structurelles et qui ont réussi à vaincre le chômage de masse. Donc, c'est d'une importance considérable. Mais nous disons aussi que les coûts unitaires de production et l'évolution des coûts unitaires de production, c'est également très important. Nous disons qu'il est également très important de suivre, bien entendu, l'ensemble des politiques budgétaires le mieux possible, pas simplement en regardant le résultat, mais aussi en regardant la nature des dépenses et, aussi, la nature des recettes. Bref, il y a énormément de choses à faire. Mais de toute manière, là, nous ne sommes que des partenaires qui ont leurs propres responsabilités, qui ne se substituent pas aux responsabilités du Conseil Ecofin et de l'Eurogroupe. Certainement pas! D'ailleurs, je suis persuadé que des progrès seront faits – très rapidement, je l'espère –, sous l'impulsion de Jean-Claude Juncker, dans plusieurs domaines qui sont essentiels.

1-019
La Présidente. – Excusez-moi de vous avoir interrompu, mais je n'ai pas résisté au pouvoir du micro.

1-020
van den Burg (PSE). – Ik zou graag door willen gaan op de vraag die de heer Radwan stelde over de ontwikkelingen rond het groei- en stabiliteitspact die heel sterk de komende Top zullen gaan beheersen. Ik heb met vreugde geconstateerd dat u in antwoord op zijn vragen heel sterk de rol van de Europese Commissie benadrukt. Het is heel goed om deze te onderstrepen, maar ik begrijp niet goed waarom u zo terughoudend bent bij het veranderen van het pact in het correctieve deel. Denkt u niet dat de rol van de Europese Commissie juist versterkt kan worden, als zij in staat is om preciezere aanwijzingen aan lidstaten te geven en in een eerder stadium met lidstaten echt te gaan praten over de wijze waarop zij in hun begrotingsbeleid zaken moeten veranderen? Is dat niet ook precies het punt waar deze komende Top over zal gaan, namelijk dat lidstaten juist zelf die autonomie willen hebben en niet aan de Europese Commissie dit soort bemoeienis willen toestaan? Denkt u niet dat juist in die correctieve kant van de zaak ook de mogelijkheid besloten ligt om de Europese Commissie een grotere rol te geven dan alleen maar de formele procedurele rol van het toezien op de cijfers en daarna het op gang brengen van de juridische procedures, maar ook echt de bemoeienis met het begrotingsbeleid? Als ik nog heel even een tweede vraag mag stellen die met toezicht te maken heeft ...

1-021
Trichet, *ECB***. –** Thank you very much, Mrs van den Burg. I fully agree that the Commission, as the Guardian of the Treaty, must exercise its own judgement and its capacity to make an enlightened judgement. We are talking about the Treaty and the Stability and Growth Pact. Everything that move us in this direction along with full exercise by the Commission of its role is good. I share your views on that. However, that does not call for a weakening of the corrective arm of the Pact. The message we have is very clear. We know that it is not us who will take the decision. It is one that will be taken by the Council, namely ECOFIN and the European Council. Nevertheless, it is our duty to say what we think, and it goes without saying that every institution has a global responsibility. In this case, because this issue is central to Economic and Monetary Union, those responsibilities are *very* important. This is of an historical nature.

1-022
van den Burg (PSE). – Waar, denk ik, het misverstand zit is dat u ervan uitgaat dat het veranderen van de regels rond het correctieve deel, de procedure bij buitensporige tekorten, altijd tot een verzwakking zou leiden. Ik denk juist dat, als er een aantal verstandige overwegingen bij kunnen komen om te beoordelen wat lidstaten moeten doen, dit heel goed een versterking kan inhouden, zowel van de groeielementen als van de stabiliteitselementen van het pact. Wel zeg ik daar heel duidelijk bij dat de Commissie en het Europese niveau dan ook de bevoegdheid moeten hebben om dat te doen. Het mag niet een soort lijst zijn waaruit lidstaten naar believen kunnen graaien om smoezen te hebben om hun eigen beleid te verdedigen. Daarop zou ik graag uw reactie willen hebben.

1-023
Trichet, *ECB***. –** As I understand it, you are making the working assumption that some changes could improve the corrective arm of the pact, rather than weakening it. That is your working assumption. I must confess that our working assumption was exactly the contrary and we were inclined to think along these lines because there was much call for continued weakening of the corrective arm, so we are justified in having these fears. In any case, we said what we thought we had to say. We will make our final judgement on the basis of the decisions which will be taken. I take note of your optimism.

1-024
Klinz (ALDE). – Frau Vorsitzende, Herr Präsident! Die Märkte haben bisher auf die Verletzung des Stabilitäts- und Wachstumspaktes durch große Länder wie Deutschland und Frankreich praktisch nicht reagiert. Halten Sie das für ein temporäres Phänomen oder glauben Sie, dass wir in der Tat – wenn diese Länder sich weiter so gegen den Pakt verhalten wie bisher – ein neues Rating und möglicherweise auch eine harte, scharfe Reaktion der Märkte sehen werden?

1-025
Trichet, *ECB***. –** As regards the reaction of the markets in general, whether it is on the euro itself or on each individual signature – and it seems to me that implicitly the question concerned both – I would only say that as regards the euro everybody knows that whatever happens, in accordance with its mandate the ECB will deliver price stability. That is one of the reasons why some issuers could issue on a 30- or 50-year basis with market interest rates fully believing and trusting that whatever happens there will be price stability for a *very* long period of time. The credibility of the ECB, which was mentioned by Mrs Berès, might play a role in convincing markets that they can trust us whatever happens in the realm of the Stability and Growth Pact. However, our lives would be totally different if the

result is good. If the result is bad our responsibility would be exerted in a different environment.

As regards the judgement which is made on each particular signature, the market *is* making differences because we could see the various positions of signature changing over time. The spreads are not very big, but it is interesting to analyse the various positions. I would also say that the market can function in accumulating tensions and then expressing tensions. I would not draw any conclusion from what we have observed until now in the difference that is made by the market between the various signatures.

1-026
Klinz (ALDE). – Frau Vorsitzende, Herr Präsident! Eine kurze Nachfrage: Aufgrund des zunehmend schwachen Dollars sehen wir, dass verschiedene Zentralbanken anfangen, Dollarreserven ab- und dafür Euroreserven aufzubauen. Ist das eine Entwicklung, die Sie einfach mit Ruhe aus der Distanz beobachten, oder beunruhigt Sie das? Fürchten Sie, dass dies möglicherweise dazu beitragen kann, dass der Dollar relativ schnell noch viel schwächer und der Euro über Gebühr aufgewertet wird?

1-027
Trichet, *ECB***.** – On the euro-dollar relationship, I shall stick to what I said earlier, which is the position of the ECB and of its Governing Council and I add nothing to that.

As regards the international use of the euro, I would simply remind the committee that since the very beginning we have adopted a position of neutrality. We said that we were neutral. We were neither encouraging nor discouraging the use of the euro. We remained neutral, considering that it was up to the various market participants – the investors and savers – to see whether or not they had any use of our currency and the various monetary and financial instruments available, so total neutrality is very much our position.

1-028
Wagenknecht (GUE/NGL). – Frau Vorsitzende, Herr Präsident! Ich habe zwei Fragen. Die eine Frage betrifft ein Thema, das noch nicht angesprochen wurde, zu dem mich aber Ihre Meinung interessieren würde: Dieser Tage hat sich ein EZB-Direktoriumsmitglied für weitere Bankenfusionen ausgesprochen. Ich würde gerne wissen, ob Sie diese Auffassung teilen, vor allem auch angesichts der Tatsache, dass eine wachsende Konzentration auf dem Bankenmarkt natürlich bedeutet, dass die Banken immer mehr Spielräume bei der Zinsgestaltung haben und damit die Geldpolitik der EZB eigentlich immer wirkungsloser werden könnte. Insoweit fand ich diese Äußerung etwas befremdlich, aber ich würde gern Ihre Meinung dazu erfahren.

Auch die zweite Frage betrifft die Zinspolitik: Die EZB hat ja ihre Wachstumserwartung für 2005 mehrfach nach unten revidiert; im Herbst letzten Jahres haben Sie noch 2,3 % Wachstum erwartet, inzwischen nur noch 1,6 %. Auch die Inflationserwartungen wurden nach unten revidiert, die Zinsrate ist jedoch gleich geblieben. Normal ist eigentlich, dass bei einem solchen Nach-unten-Revidieren von Wachstumserwartungen zumindest Diskussionen darüber geführt werden, ob die Zinsen gesenkt werden könnten. Ich habe der Presse entnommen, dass solche Diskussionen in der EZB gar nicht geführt wurden, sondern dass man im Gegenteil über Zinserhöhungen diskutiert hat.

Wie ist das in einer Situation zu rechtfertigen, wo die Wirtschaft sozusagen darniederliegt? Könnte nicht doch die Möglichkeit einer stimulierenden Zinssenkung erwogen werden? Wenn nicht, wo sehen Sie in der derzeitigen wirtschaftlichen Situation eine Gefahr von Inflation? Das wäre nämlich das einzige nachvollziehbare Argument dagegen.

1-029
Trichet, *ECB***.** – On the first question, we call for the financial integration of Europe to continue. It is certainly an overall strategic orientation of the European Union to foster financial integration and there are, as I said, areas in which we consider that we have done a lot, which is the case for wholesale banking, some markets, money markets and so forth. There are areas where we clearly still have a lot to do, which is the case in retail banking. Further integration of retail banking, including cross-border operations of some magnitude, would certainly be moving in the direction of that overall strategy.

As regards our monetary policy, we have to deliver price stability. That is a demand – not a request, but a *demand* – of the people of Europe. When we ask the people of Europe what they want of us, they echo the Treaty. They say that they want monetary and price stability. You know that, because your voters are calling for that in all countries. It is so important that some countries, such as Germany, for example, have coined a new word.

Not only do we have to deliver price stability, but we have to be credible in that delivery over a long period of time. We can measure that with the inflationary expectations that we are extracting from at least four major surveys of complex computation. We have break-even inflation that we can extract from indexed bonds and there are a number of issuances of these.

We have the private and public survey of forecasters. We have the survey of professional forecasters. We have the eurozone barometer. We have the consensus average. These surveys indicate the rate of inflation we can expect over the next four to six to ten years; I can quote figures. The latest figures I have in front of me are the following: 1.85%, 1.9%, 2.0%, 2.05%. 2.05 is a little over 2, but I would extract from that a risk premium for future inflation which is on top of the inflationary expectations. So I can see that various market participants, economic agents, savers and investors consider that we give the people of Europe less than or very close to 2.

We are fully in line with our definition of price stability. The decisions we have been taking over time until now

are fully in line. If we were over and above close to or less than 2 you would have all market interest rates incorporating the additional inflationary expectations. Instead of going in the direction you are suggesting – i.e. delivering the best financial environment for growth and job creation – we would deliver a worse environment for growth and job creation. I apologise for taking four minutes to answer, but was a very important question.

1-030
Krasts (UEN). – There is an ongoing discussion about competition which was brought in or made tougher by the new EU Member States regarding low tax and wage levels. There is an understanding that it could stimulate – and economically that should happen – capital outflows towards the East, to the new Member States, which, for the EU 15, could result in lost jobs, an erosion of existing wage systems, decreased demand and undermine the economic recovery of the EU in general.

On the other hand, there are arguments that this competition could boost or pave the way for reforms and result again, in the medium- and long-term, in the positive, accelerated recovery of the EU economy.

What are your considerations on this competition in the medium- and long-term and the results of this competition?

1-031
Trichet, *ECB***. –** We consider that this competition will not only permit the catching-up process to operate – namely, to raise the standard of living of the newcomers to the average standard of living of the 15 – but also that the 15 themselves will benefit from this source of growth. There is more or less an economic consensus on that.

When Spain and Portugal joined the ten Member States, their GDP in comparison to the GDP of the Ten was superior to the GDP of the new ten Member States in comparison to the GDP of the Fifteen. We have already had the experience of countries that had a competitive advantage which was associated with their lower than average standard of living. They have proved that not only could they catch up but also they could contribute to overall prosperity. So we are very much of the opinion that it is a positive sum game. We have said that publicly and I am pleased to repeat that. That does not mean that there are no adaptation and reallocation processes associated with this phenomenon in both the Fifteen and the Ten, as was the case in both the 'Two' and the Ten.

1-032
Krasts (UEN). – Is this EU internal competition something different to external competiton, for example competition from China or India, or does it have the same nature in the medium- and long-term?

1-033
Trichet, *ECB***. –** It does not have the same nature because the idea is to improve integration and to arrive as much as possible at a single market with a single currency. That is a totally different aim and strategic endeavour from the comparative advantage at a global level, so I would certainly not say it is the same. But part of the phenomenon could be seen through the same economic optimisation grid, but again it is totally different, at least in my eyes.

1-034
Wohlin (IND/DEM). – Mr Trichet, I wish to come back to the Stability and Growth Pact. If a country's economy is growing by 3% and it keeps its inflation rate within 2%, why cannot that country - if it has a debt ratio of 60% or below - borrow more than 3% on the international markets? Three per cent is a nominal figure and if the nominal gross national product is growing by 5%, the debt ratio will fall. Your rule seems to prevent the new Member States from wanting to invest more, which is what our countries did when we built up our infrastructure. Why do you believe that approach endangers the creditworthiness of those countries when, from a financial market point of view, there would be no objection to lending to growing countries?

1-035
Trichet, *ECB***. –** Mr Wohlin, I should say at the outset that this matter was discussed years ago. It has been decided on. It is written into the Treaty. The 3% is written into the Constitution. Therefore, let us not reinvent. Your remarks were ones made at the time of the discussions on the Maastricht Treaty. After much consideration it was decided that we had to have a single arithmetic definition for all, because the argument for custom-tailored benchmarks was deemed by the various negotiators and all the governments involved to be inappropriate. I do not want to change what has been decided. To my knowledge, nobody today is calling for the 3% to be abandoned. I cannot remember anyone having asked for that.

1-036
Wohlin (IND/DEM). – I believe that you should start with a much more financial approach to this question. If countries succeed in keeping inflation within two per cent, then you should have a financial market point of view on the stability pact. That is a completely different approach.

1-037
Trichet, *ECB***. –** What we have before us is a concept involving 25 economies that want to create a single market. It is a *very* important concept which is not simply about the free trade between them. In addition, at the heart of this concept you have a single currency, with penalties, and as we have already said, without a fully-fledged political federation or federal budget. One has to take into account that there are a number of additional considerations on top of the remarks you have so rightly made. You were reasoning at the level of single countries, when those countries are also part of a larger ensemble with *very* bold and strategic aims. I remember the negotiations in question because I took part in them. One of the most important observations made was that we had to have the same rules for everybody. Otherwise, the people of Europe would not understand, it would not be deemed fair and it would give room for manoeuvre for all kinds of custom-tailored prescriptions that were

deemed by *all the governments* concerned to be inappropriate. That is why they chose this single concept.

1-038
Becsey (PPE-DE). – Mr Trichet, I will have to be very brief as there is a lack of Hungarian interpretation into English. My question concerns enlargement and ERM II. How can ERM II contribute to achieving a realistic and appropriate exchange rate for newcomers who want to join the Eurozone in one or two years' time. With its broad criterion of +/-15%, does it help? Also, in preparation for an extension to include those countries, do you consider that owing to their low salary levels, one or two euro notes should be introduced in order to help them and factor them into the equation?

Concerning Mr Wohlin's remark, I know that all the criteria are important, but do you not think that accumulated debt is the most important factor, especially when evaluating the new countries, which are catching up economically?

1-039
Trichet, *ECB***.** – As you know, we already have four currencies that are now part of ERM II: the Danish Krone, plus three new currencies. In all those cases it seems to me that the decision-making process went very well with very thorough and in-depth discussions on the economic rationale and so forth. We had a consensus for each of the cross rates for each of these particular currencies without difficult negotiations. On both sides of the table the economic rationale was very much taken into consideration.

As you know now that you are in ERM II, it can be, as you have suggested, like waiting in a waiting room; waiting to enter when the time comes and when convergence is achieved in the euro area. It could be like a training room: participation in ERM II would allow you to improve and to facilitate your convergence in the best way possible. We consider that these two approaches are perfectly possible. In any case, we call on entrants to be as responsible as possible with regard to entering ERM II. When there are important measures that should be taken, we call for these measures to be taken before entry into ERM II. We think that is appropriate. Entry into the euro is a very important decision which calls for being absolutely sure that real convergence – not just nominal convergence – has been achieved.

The criterion of debt is important. It is in the Treaty. It is in the Constitution. We not only have 3% but we also have the 60%. We have a tendency to consider that it is not necessarily well advised to push countries that are lucky enough to have a very low outstanding debt to go as far as possible in increasing their outstanding debt, because it would progressively diminish the whole room for manoeuvre. It would complicate their public finances. When this happens we know from experience that it could be very difficult to get back, so we are cautious in this respect, but the debt criterion is important and has to be looked at with more attentively than perhaps has been the case in the past.

1-040
Villiers (PPE-DE). – Mr Trichet, given the concerns you have expressed over excess liquidity in the eurozone, would you like to see a lower euro exchange rate and higher short-term interest rates? You have repeated today your concern and your vigilance on price stability and inflation. What is the catalyst to turn that concern into action, i.e. an increase in interest rates? Do you see that increase as inevitable?

1-041
Trichet, *ECB***.** – As you know, the Governing Council of the ECB makes a judgment on the overall situation every month. That judgement is based on a two-pillar approach, namely an economic analysis and a monetary analysis.

In my introductory remarks I summed up our current position, following the latest meeting of the Governing Council, which is that we consider the present level of interest rates to be appropriate and in line with our mandate. I also said that observers and the market participants, investors and savers, have echoed their trust in the fact that our monetary policy will deliver price stability. In addition, I said that we were below 2% and close to 2% in the eyes of those observers and market participants, which is exactly our definition of price stability - below 2 and close to 2.

Monetary analysis suggests that, whether we compute it nominally or try to assess what the real monetary gap would be, we have an excess of liquidity. It is the belief of many economists in the world that in the long term inflation will be a monetary phenomenon. We trust in this. We said from the outset that monetary analysis was important for us and we clarified that in 2003, in a medium- to longer-term perspective.

We also trust that the remarkable prowess of the euro and the ECB, which has been to anchor inflationary expectations from day one in line with our definition of price stability, at a time when we had no track record at all either for the currency or for the institution itself, has had much to do with the role played by reference to the monetary pillar. We consider there to be a case for continued vigilance on this score.

I will stop there because I am on the verge overrunning my time. I think you had a second question, Mrs Villiers, which was not one relating to monetary policy.

1-042
Villiers (PPE-DE). – The question was whether you think interest rate increases are inevitable. A supplementary would be if you express your concerns on increases in liquidity and your worries about inflation and yet you do not raise interest rates, does that not damage your credibility?

1-043
Trichet, *ECB***.** – We are mentioning that we are vigilant and that vigilance is particularly triggered by our

monetary observations. We are not putting our credibility in danger. We are as open, candid and transparent as possible in analysing everything we do. I can prove arithmetically that we have the trust of market participants, observers, savers and investors. Everybody knows that if we need to increase rates we will do so without hesitation. It is on the basis of that candid confidence that we are given this trust.

1-044
Ferreira, Elisa (PSE). – Mr Trichet, I would like to put two questions to you. The first is about the Stability and Growth Pact. You mentioned that you were supporting maintenance of the existing penalties, but the limit, the 3% of the deficit objective, had exactly the same strength of the 60% under debt. They had an underlying growth rate over 2%. The underlying growth rate is not being accomplished and the penalties are only focusing on the 3% objective. What is the reasoning for this?

When you say that you want to stick to the existing penalties, are you referring to looking at the deficit with the same eyes that you have been looking at the debt, or are you saying that the debt is going to create or originate the penalties that have been used in relation to the deficit? From my point of view, there is no reasoning why one thing should be so heavily punished and the other so tolerated.

1-045
Trichet, *ECB***. –** First of all, in the Maastricht Treaty and in the Constitution, a difference is made between the 60% criteria and the 3% criteria. The text of the Treaty makes the difference. It is stricter on the 3% than it is on the 60%, and that explains why you might remember at the moment of entry into the euro area there were some differences in the debt outstanding as a proprtion of GDP. So we have been in a different legal universe since the very beginning. It was the will of the negotiators of the Treaty.

You are right on the point that the growth potential of Europe is, in the eyes of mainstream economists, lower today than it was at the time of the negotiations, and it is one of the reasons why we are calling so frequently and fiercely – and when I say 'we' I mean not only the ECB, but also the Commission, Council and Parliament – for structural reforms that would elevate the growth potential of each particular economy and of Europe as a whole. It is very important.

If any lesson is to be drawn from the fact that the growth potential is lower, it would be not to weaken the pact, but arithmetically, to reinforce it, because the denominator of the fraction will grow more slowly. I just want to draw your attention to that point, to the extent that the pact is there to protect us in the long term. Again, if the growth potential is lower then we have to be more cautious.

1-046
Ferreira, Elisa (PSE). – Thank you, but the mandate of the Central Bank is inflation control. Europe's current problems involve growth and job creation. What changes would you prefer to introduce if the Central Bank's mandate covered growth as well as inflation control? In particular, what impact do you see this problem having, arising from the combination of the potential increase in interest rates and the persistent over-valuation of the euro in relation to the dollar, in terms of the international competitiveness of Europe and of growth?

1-047
Trichet, *ECB***. –** The assumption the world over is that price stability is a necessary condition for sustainable growth and job creation, though not one, of course, that is sufficient on its own. That is clearly the assumption in Europe, and the reason why the people of Europe have endorsed it, trusting that price stability is indeed a necessary condition for sustainable growth. It is also what the Americans think. In all his speeches my colleague mentioned price stability as a necessary condition for sustainable growth and job creation. So we are not in a different universe. I would say to the UK citizens around this table that direct inflation targeting is based on the idea that you give the Central Bank responsibility for delivering price stability. It is the same all over the world. So we are not in a different universe: we are in very much the same one. Price stability can never be a sufficient condition on its own, and there are a number of other conditions.

The fact that credible price stability is helping the 306 million inhabitants of the euro area is given credit by our interest rates. When viewed not only in the short term, but also over the last ten years, the current rate of 3.79% is incredibly low. Nobody thought, before the euro was set up - not to mention 30 or 50 years ago, that it would be possible to borrow at this level all over Europe. We are doing all we can to help by being faithful to our mandate, although a number of other conditions are required to ensure that we can really deliver sustainable growth and job creation, as we all wish.

1-048
De Vits (PSE). – Voorzitter, u zegt dat prijsstabiliteit belangrijk is voor duurzame groei, maar ondanks het feit dat wij prijsstabiliteit hebben, ligt de groei nog steeds lager dan in de Verenigde Staten. Vandaar mijn vraag: u kunt toch niet alles verwachten van die structurele hervormingen, vooral op de arbeidsmarkt? U zegt zelf dat wij goede financieringsvoorwaarden hebben. Wat moet er dan gebeuren om de investeringen naar omhoog te krijgen? Wat moet er volgens u aan de vraagkant gebeuren? Wat moeten wij hervormen om ook de overheidsinvesteringen naar omhoog te krijgen, want ook het cijfer voor de overheidsinvesteringen is veel te laag. Zowel de particuliere als de overheidsinvesteringen zijn op dit ogenblik een probleem en dat is toch ook een belangrijk element om tot die tewerkstelling en die groei te komen.

1-049
Trichet, *ECB***. –** I spoke of benchmarking. When you look at the European Union or the euro area you will see a number of economies that are perhaps behaving more properly than others, which continue to grow when they

have attained quite a high GDP per capita, and have a growth potential which is superior to the average of the area. You know those countries and generally their structural reforms have permitted them to be more efficient and more effective than others in delivering growth and job creation. So again a number of reforms are certainly of the essence, not only reforms implemented immediately, but reforms which will be implemented progressively, via a medium-term programme. These should improve confidence as we have said, as regards both households and entrepreneurs.

Having said that, I do not underestimate the difficulty of delivering and implementing the reform, the difficulty of explaining the reforms, or the difficulty of convincing people. Our main problem is certainly to improve pedagogy and explanation and be more convincing. We are living in democracies and you cannot do something in a democracy which the people do not understand.

I hate citing countries because I am responsible for 306 million inhabitants. But I could mention one country outside the euro area and one country in the euro area. If we could generalise some of the structural reforms that exist in Ireland in the euro area and in Denmark outside it, we would be much better off, I have absolutely no doubt about that.

1-050
La Présidente. – Si ce n'est, Monsieur le Président, que vous avez choisi deux pays qui ont une surface économique peut-être moins importante que … je n'en dirai pas plus.

1-051
Trichet, *président de la Banque centrale européenne***.** – Par discrétion, je ne veux pas citer d'autres pays qui sont nettement plus grands!

1-052
Riis-Jørgensen (ALDE). – Mr Trichet, you said that all the institutions of the Union - the Council, Commission and you, as President of the Central Bank - have responsibility. However, no mention has been made of another body of people who will also be deciding on our destiny - the people of Europe, who will be voting on the Constitution.

Therefore, my question is: if one or more Member States, for instance France or my own country, Denmark, does not vote in favour of the European Constitution, what will happen? What will the impact be on Europe's economy? I am sure the impact will be much bigger if France were to vote 'no' than if a non-euro country, like Denmark, were to do so. Then there is also Britain, next spring. If the French people say 'no' on 29 May, what will the impact be?

1-053
Trichet, *ECB***. –** I fully agree with you that we are living in democracies. The people are sovereign, at least in my republican analysis! We have to explain and convince. With regard to your question, I have no working assumption other than a positive response.

1-054
Riis-Jørgensen (ALDE). – I am married to a diplomat, so maybe you too are a diplomat, Mr Trichet! Coming back to the facts, what do you think about the list from France, Germany and Italy on exemptions from the stability pact when we talk about the corrective arm? Do you agree with such a long list? I am sure that you can give me a short answer that you do not agree with this long list.

1-055
Trichet, *ECB***. –** As I said, we call for no changes.

1-056
La Présidente. – Voilà une question courte, et une réponse encore plus courte.

Nous en venons à notre troisième tour des orateurs.

1-057
Cirino Pomicino (PPE-DE). – Signor Trichet, con la sua introduzione ci ha fornito un quadro di sostanziale controllo del tasso d'inflazione, un quadro di consolidamento della crescita, anche se non tumultuosa, e ha confermato la forza dell'euro, affermando altresì che vi è una crescita eccessiva solo di M3, attestatasi al 6,6 percento, se non erro.

A fronte di questo quadro, la stampa internazionale ha però riportato un suo giudizio di qualche settimana fa – se non vado errato – secondo il quale lei avrebbe dichiarato che tutti sanno che i tassi d'interesse sono destinati a salire.

Visto il quadro da lei illustrato invece questa sera, auspico che possa smentire quanto riportato dalla stampa internazionale – che non so se corrisponda o meno a verità – tanto più che in queste settimane e in questi mesi la Commissione, il Consiglio e il Parlamento si stanno adoperando per imprimere un'accelerazione alla crescita.

Poiché lei stesso ha dichiarato che il mantenimento dei tassi al 2 percento, dal 2003 ad oggi, ha contribuito al consolidamento di questa crescita, vorrei appunto che lei smentisse l'opinione riportata dalla stampa, dando un messaggio ai mercati circa l'invariabilità dei tassi nel breve periodo.

1-058
Trichet, *ECB***. –** First, as I said earlier, everybody knows that we will do what is necessary to be faithful to our mandate. That is why we have such low interest rates on a ten-, thirty- and *fifty-year* basis. The difference between the thirty-year and the fifty-year basis is only three basis points, which gives an idea of the long-term credibility of the delivery of price stability.

You can extract a lot of information from observers and savers, as I did myself with regard to the inflationary expectations. On the future evolution of rates, markets are of the opinion that there will be an increase in rates later on. I mentioned that at my last press conference in response to a question. I did not say that we would do what the market was forecasting – we will do what we deem appropriate.

As regards inflation, it is absolutely clear that the risks are on the upside. In any case and whatever we do to continue to be credible in delivering price stability, our aim – namely that the enterprises in Europe continue to benefit from a favourable financial environment – will be achieved. We are living in a world where if we were looser in our monetary policy, thinking that it would benefit prosperity, growth and job creation in Europe, we would be mistaken because the market would immediately say 'they are too loose'! Then inflation would increase and they would immediately directly themselves raise the market interest rates.

In French we would say that it would be the *'politique de Gribouille'*. One would think that it would facilitate growth, but it would do exactly the opposite. By not being faithful to the mandate of the ECB, we would increase rather than reduce rates. We are under the control of the market participants, investors and savers. You may rest assured that whatever the circumstances we will be faithful to our mandate and deliver the environment you are aiming for.

1-059
Cirino Pomicino (PPE-DE). – Signor Trichet, la ringrazio per aver creato tale aspettativa per i mercati. Vorrei soltanto tranquillizzarla: lei è, giustamente, il guardiano della stabilità dei prezzi, un bene prezioso sia per il mio partito che, credo, per tutti i deputati. Le garantisco che la stabilità dei prezzi, se sta a cuore a lei – che non deve recarsi nelle piazze per farsi eleggere – rappresenta un bene prezioso anche per noi, che desideriamo farci votare, perché essa è un elemento essenziale per il consenso democratico.

Mi ritengo quindi soddisfatto della sua risposta e apprezzo naturalmente la limpidezza della posizione della BCE.

1-060
Hoppenstedt (PPE-DE). – Frau Vorsitzende, Herr Präsident! Der Internationale Währungsfonds hat vor der Abhängigkeit von den Wachstumsriesen USA und China gewarnt und darauf hingewiesen, dass er von der Wirtschaftsentwicklung der Eurozone und auch Japans enttäuscht ist. Diese beiden Letztgenannten produzieren ein Viertel des Weltbruttosozialprodukts.

Wenn es nun sowohl in China als auch in den USA zu einem Abschwung und zu einer Abkühlung der konjunkturellen Entwicklung kommt, wann gibt es dann in Europa eine echte Grippe?

Mehrere chinesische Delegationen haben das Parlament besucht – bei einem Handelsvolumen von 170 Milliarden ist China für die Eurozone ja ein sehr wichtiger Partner –, und auf die Frage, bei welchem Dollar-Euro-Verhältnis denn die Chinesen unruhig würden, haben die Chinesen geantwortet: Wir sind schon unruhig, und wir erwarten von den Europäern, dass sie den Dollar stützen.

Ich halte nichts davon. Sind solche unsittlichen Angebote aus der Dollarzone Südostasiens an Sie herangetragen worden oder ist das nur eine verbale Äußerung von sehr wichtigen Teilnehmern einer chinesischen Delegation?

1-061
Trichet, *ECB***. –** On your first question, namely the growth potential of Europe, if we have a mediocre level of growth it is because a number of elements make up this mediocre level of growth, by comparison with others. One reason is demographics. That a very long-term parameter which would be very difficult to change.

The second reason is labour participation. We know that this means the Lisbon Agenda. We know that we have to increase considerably the level of labour participation. We are at a level far below that of the US and it is abnormal, at least it is abnormal if the goal is to have growth.

Third, we have a labour productivity position which since 1995-1996 is disappointing, at least disappointing in comparison with what we had before that. Our labour productivity has been more or less diminished by a factor of 2 if I compare the period from 1970 to 1995 and 1995 to today. That is very demanding because we can of course act on labour participation and we can act on labour productivity.

One of the reasons why labour productivity is disappointing in comparison with the US in particular, might be that we have economies that are more inflexible than they should be. When you have an economy which is pretty inflexible as regards labour markets and the private market in general, then if there are new labour productivity possibilities you are waiting for these labour productivities to materialise. That is probably one of the main explanations. There are others of course. I have to say that economic researchers and we ourselves are working very much on that because your question is fundamental. We are at the heart of the real question for the European: how to elevate growth potential by the appropriate means and as cleverly as possible, taking account of the level of economic research. But our intuition and working assumption is that we could do a lot, again very much along the lines of the structural reforms.

The US and Europe told the emerging Asian countries and economies what we thought in the G7/G8 communiqué. That message said very clearly that we were calling upon them to envisage an orderly, progressive realignment of their currencies. That is clear. The message was sent quite a while ago: from G7 meeting in Boca Raton, Florida, at the beginning of last year.

1-062
Hökmark (PPE-DE). – Mr Trichet, the main argument for making the Stability Pact more flexible, as has been said many times today, is to increase growth by supporting or upholding demand and household demand. On the other hand, if increased spending influences

inflation, there will be an increase in interest rates, which would erode household demand and demand in itself, as well as long-term investments.

Could you elaborate on the symmetry between the stimulation of the economy as regards increased public spending and the influence higher interest rates have on the economy? I think that is substantial because we are talking about the need for growth and jobs. However, we tend to forget that low interest rates are an enormous stimulation in both short- and long-term perspectives. It is important to make the relationship rather clearer because otherwise our discussions will be somewhat up in the air.

1-063

Trichet, *ECB***. –** This is also a question which goes to the heart of the matter. I would like to make three remarks of equal importance. One is that, all things being equal, if you put much more weight on the fiscal side of the policy mix then you have a judgement which leads to an imbalance in monetary policy and then an impact on market interest rates. That is one remark.

The second remark goes through the channel of confidence we could call the 'Ricardian effect'. When you spend more, one could say via a Keynesian effect, you will have more activation of the economy. But the fact is that rational expectations are everywhere in the modern economy, so households and firms will know that spending is increasing and therefore you have to increase taxation at a certain moment, all things being equal, and then it will have a dampening effect on their confidence.

If we have that dampening effect on confidence, then you might lose more by the Ricardian effect than you would gain mechanically by the Keynesian effect. We see that very much in the economies in Europe where household confidence is very low. We can really substantiate that there is a visible Ricardian effect.

My last point is that we are speaking about public spending as if only the deficit or the surplus or the result of the subtraction between spending and revenue was counted. However, the absolute level of public spending also counts a lot in the European and global competition in which we are engaged. We are speaking lightly in certain cases of additional spending or deficits in countries which already have an enormous amount of public spending as a proportion of GDP and are considerably hampered in their own growth and job creation by this level of public spending. So the three remarks combine to call for sound policies.

1-064

Hökmark (PPE-DE). – It is a very naïve question really, but why are the considerations you are mentioning now not discussed more in terms of the Stability and Growth Pact? Is it because the ECB is not underlining it enough?

1-065

Trichet, *ECB***. –** My understanding of the discussion between governments and ministers is that these elements are very much in the discussion. I do not say in all minds, but very much in the discussion.

1-066

La Présidente. – Monsieur le Président de la Banque centrale, comme vous le savez sans doute, juste avant vous, Guy Verhofstadt, le Premier ministre belge, était parmi nous pour évoquer, comme vous l'avez fait dans votre propos liminaire, la révision de la stratégie de Lisbonne lors du prochain Conseil européen. Parmi les propositions qu'il a mises sur la table, il y a cette proposition - qui sera sans doute fort discutée - d'un rééquilibrage de la fiscalité entre fiscalité directe et fiscalité indirecte. Comme vous le savez, votre homologue américain, Alan Greenspan, a lui même proposé, la semaine dernière, d'organiser un glissement de l'impôt sur le revenu vers une TVA, pour stimuler la croissance européenne. Quelle est votre réaction à cette proposition?

1-067

Trichet, *président de la Banque centrale européenne***. –** Je vais répondre à titre personnel, car nous n'avons pas délibéré de cette question, et je n'ai donc pas une position de la Banque centrale européenne. Mais là aussi, ce qui me frappe beaucoup, c'est qu'au sein même de la zone euro, nous avons des différences absolument énormes de fiscalité directe, et de fiscalité indirecte d'ailleurs. Entre l'économie qui a les dépenses publiques les plus élevées en proportion du PIB et l'économie qui a les dépenses les moins élevées en proportion du PIB, la différence est de 20 % de produit intérieur brut. Donc, nous avons d'énormes différences. Je crois qu'il faut être conscient de cela, lorsque l'on parle de la zone euro. Je crois qu'il y a des prescriptions qui peuvent être très différentes d'un pays à l'autre, parce qu'il y a des différences de fiscalité qui peuvent être très importantes d'un pays à l'autre. Mais, d'une manière générale, dans le monde d'aujourd'hui, je dois dire - et là, je m'exprime à titre personnel: encore une fois la Banque n'a pas délibéré de cela - que je serais assez d'avis que, toute chose étant égale d'ailleurs, la direction suggérée par le Premier ministre belge est une bonne direction.

1-068

La Présidente. – Notre condition est qu'elle ouvre un large débat, y compris sur l'impact social d'une telle évolution de la fiscalité. Et, vous savez, je note que, dans cette réponse, vous indiquez que des prescriptions très différentes d'un pays à l'autre devraient pouvoir être organisées. Simplement, dans votre propos liminaire, tout à l'heure, vous avez évoqué la question du Pacte de stabilité; ou, dans une réponse, je crois, à l'un de mes collègues, vous avez insisté sur la nécessité d'avoir la même règle pour tous. Or, justement, il me semble que l'un des problèmes que nous avons dans la zone euro, c'est que nous avons une même règle budgétaire, d'un côté, mais, de l'autre, des situations fiscales, des situations sociales radicalement différentes. Alors, ne serait-il pas temps d'organiser un débat plus global sur l'application de mêmes règles budgétaires, d'une discipline budgétaire à laquelle personne ne souhaite

renoncer, qui serait la même pour tous, mais en tenant compte des situations différentes qui prévalent dans les États membres tant du point de vue de la fiscalité que sur le plan des minimums sociaux?

1-069
Trichet, *président de la Banque centrale européenne***.** – Je crois que le problème de fond est celui de la dépense, parce que, quand vous fixez votre niveau de dépense à un certain niveau, il faut bien, ensuite, financer cette dépense. Et quand la dépense est beaucoup moins importante que la moyenne, vous ne pouvez pas obliger les pays soit à ne pas financer leurs dépenses, et, donc, à être en déficit en permanence, au risque d'aller à la catastrophe, soit à surfinancer leurs dépenses, pour être à la moyenne, si je puis dire, de la fiscalité, et, donc, à accumuler des surplus absolument gigantesques qui, eux-mêmes, n'auraient aucun sens économique. Donc, l'une des hypothèses de travail - centrale, me semble-t-il - dans laquelle l'Europe est plongée, c'est que l'harmonisation progressive de la dépense va elle-même opérer et permettre ensuite une harmonisation beaucoup plus aisée des fiscalités et une harmonisation beaucoup plus aisée de l'ensemble du concept budgétaire.

1-070
La Présidente. – C'est toujours la question de savoir où est la poule et où est l'œuf!

1-071
Maaten (ALDE). – Wij zien in Europa nog steeds een merkwaardig uiteenlopen tussen aan de ene kant de harde cijfers over de euro, waarschijnlijk toch het meest succesvolle project dat de Europese Unie tot nu toe heeft ondernomen in het licht van prijsstabiliteit, rente en dergelijke, en aan de andere kant hoe consumenten de euro waarnemen. Vooral in landen die vroeger een harde munt hadden, maar ook in nieuwe lidstaten zien we dat er nog steeds een probleem bestaat. Kennelijk communiceren wij met zijn allen als Europese instellingen niet op het niveau van de consument, maar op een ander abstract niveau waardoor de communicatie niet goed verloopt. Bovendien is er veel kritiek op de euro, wellicht ten onrechte, vanwege de vele vervalsingen. Bent u bereid om vanuit de Europese Centrale Bank met enige regelmaat aan het Europees Parlement, bijvoorbeeld jaarlijks, te rapporteren over de effecten van de euro als munt, specifiek voor consumenten, zodat wij daarover ook in het Parlement kunnen discusiëren. Ten tweede, hoe beoordeelt u de medewerking die u krijgt bij het bestrijden van vervalsingen van de zijde van Europol en de politiediensten van de lidstaten?

1-072
La Présidente. – Je vous indiquerai que M. Maaten est rapporteur pour notre commission et notre Parlement sur la stratégie de communication sur l'euro.

1-073
Trichet, *président de la Banque centrale européenne***.** – Nous nous efforçons nous-mêmes de communiquer le mieux possible sur la base de toute l'équipe monétaire d'Europe. Comme vous le savez, il y a la Banque centrale européenne, qui prend les décisions, et les banques centrales nationales, qui appliquent, mettent en œuvre la politique monétaire, sont elles-mêmes au contact des parlements nationaux et sont un véhicule de communication également très important. Nous avons essayé depuis le début, depuis la création de l'euro, d'avoir un concept de communication aussi large que possible, aussi ouvert que possible. Nous avons même inventé - je l'ai déjà dit à votre commission - la communication en temps réel sur le diagnostic détaillé de la situation monétaire, ce qui n'existait pas avant la création de la Banque centrale européenne. Avant la création de la Banque centrale européenne, on ne connaissait le diagnostic de la banque centrale - et c'était vrai aussi en Angleterre, aux États-Unis et partout ailleurs dans le monde - que cinq à six semaines après la décision et la réunion. Donc, je crois qu'on peut toujours améliorer les choses, et nous y réfléchissons; mais je crois que nous avons un concept, qui est un bon concept, depuis le début de la création de l'euro. Ceci dit, nous avons eu, à un moment, des problèmes de communication sur l'inflation. C'est un fait que j'étais parfois surpris que, dans le débat public, on nous dise: "Vous êtes obsédés par l'inflation". Mais chaque fois qu'on allait voir les gens, les gens disaient: "Vous n'êtes pas encore assez obsédés par l'inflation, nous ne sommes pas contents de ce que nous observons". Donc, je crois qu'il y a là, en effet, matière à communiquer de manière efficace en permanence, de manière peut-être plus efficace.

Sur Europol: nous sommes en relation avec Europol. Au moment où je vous parle, nous sommes désireux d'avoir la coopération la plus confiante possible et la plus efficace possible. Beaucoup des problèmes de contrefaçon que nous avons viennent de pays qui ne sont pas dans la zone euro; et un certain nombre de ces problèmes viennent de pays qui ne sont pas dans l'Union européenne, qui sont situés à l'est de l'Union européenne. Donc, nous avons à faire beaucoup de progrès dans ce domaine. Mais pour le moment, je vous dirai que nous sommes raisonnablement satisfaits et très désireux d'augmenter encore la coopération avec Europol.

1-074
Lulling (PPE-DE). – Madame la Présidente, puis-je faire une remarque concernant votre question sur l'harmonisation de la fiscalité et la réponse de M. Trichet? Je dois dire à M. Trichet que, peut-être, Mme Bérès a déjà entendu parler de la concurrence fiscale qui peut être très saine et, aussi, aboutir au but. Ceci dit, permettez-moi de poser la question suivante: les choses étant ce qu'elles sont en ce qui concerne le Pacte de stabilité, ne croyez-vous pas qu'elles pourront conduire à un choix cornélien: soit accepter un Pacte de stabilité réformé mais risquant, de l'avis général, d'être trop laxiste, soit refuser une telle perspective? Et là, c'est le Pacte en l'état, au risque de le voir ne pas être appliqué par certains États membres, et pas des moindres! Et, Monsieur Trichet, si le dilemne était celui-là, et rien d'autre, lequel de ces deux maux vous paraîtrait le moindre?

Dans cet ordre d'idées, puis-je dire que je viens d'apprendre que l'Institut syndical européen organise un séminaire sur le thème "L'élargissement de la zone euro: quels risques pour l'emploi et la croissance?" Il semble que les syndicats redoutent que l'introduction de l'euro dans les nouveaux États membres, dont les économies sont en pleine transformation, ait des conséquences néfastes pour l'emploi, le social, les salaires, les investissements, et j'en passe. Qu'en pensez-vous?

1-075
Trichet, *président de la Banque centrale européenne***.** – Madame, sur le premier point, je ne vais pas entrer dans votre dilemme. C'est le dilemme du Conseil. Nous allons voir comment le Conseil, qui décide - le Conseil Ecofin et le Conseil européen, qui, l'un et l'autre, décident sous la présidence de Jean-Claude Juncker - va trancher. Jean-Claude Juncker lui-même a été très clair sur la problématique de la décision. Nous, nous sommes donc dans notre fonction et dans notre devoir de Banque centrale qui, en tant qu'institution, a le devoir d'État, dirais-je, de dire ce qu'elle a dit et de vous le redire aujourd'hui. Nous allons voir. Chacun, chaque institution, prendra ses responsabilités, s'apprête à les prendre, dans quelques semaines. Nous, nous apprécierons. Comme je l'ai dit, quelle que soit la décision, notre mandat demeure le même: donner la stabilité des prix à l'ensemble des Européens, et pas seulement aujourd'hui et demain, mais sur le long terme. Et c'est la raison pour laquelle, encore une fois, nous pensons qu'il est de notre devoir de dire ce que nous avons dit, sans nous substituer au Conseil.

En ce qui concerne l'élargissement de la zone euro, c'est une affaire très sérieuse. Du point de vue qui est celui, si je comprends bien, des organisateurs de cette rencontre, il n'y a pas, me semble-t-il, de concept entièrement nouveau par rapport, tout simplement, à la réunion similaire qui a été consacrée à l'entrée dans l'Union européenne. L'Union européenne, c'est le marché unique européen. Le fait d'entrer dans la zone euro renforce en quelque sorte l'intégration du marché unique à monnaie unique. Mais le raisonnement que je faisais suite à une question précédente sur le point de savoir s'il était de l'intérêt de chacun d'avoir décidé l'élargissement, je l'appliquerai aussi à la décision d'élargissement de la zone euro, le moment venu. Encore une fois, le moment venu, quand la convergence réelle et nominale sera achevée, à ce moment-là, je suis convaincu que ce sera dans l'intérêt de tous, dans l'intérêt des nouveaux venus et dans l'intérêt de ceux qui sont présentement dans la zone. On a un quasi-consensus d'experts économiques qui considèrent qu'il y a un jeu à somme positive.

1-076
Lulling (PPE-DE). – En ce qui concerne les taux de change de l'euro par rapport aux autres devises, ne croyez-vous pas qu'ils devraient quand même, à un certain moment, être pris en compte pour la définition de la politique monétaire, de façon générale et plus théorique? À partir de quel moment jugez-vous que cet élément mérite une attention accrue et devrait entraîner un rôle plus actif de la Banque centrale?

1-077
Trichet, *président de la Banque centrale européenne***.** – Comme vous le savez …

1-078
La Présidente. – Monsieur le Président, on vous donnera la parole peut-être simplement en vous autorisant un mot de conclusion, puisque ce sera votre dernière intervention.

1-079
Trichet, *président de la Banque centrale européenne***.** – Madame, la question m'est souvent posée de savoir si nous prenons en compte les prix du pétrole, si nous prenons en compte la dernière indication que nous venons d'avoir en matière de croissance dans un pays donné - que l'information soit positive ou négative -, concernant les changes, etc. Et la réponse est toujours la même: nous regardons tout, par définition. Lorsque nous procédons à nos analyses, tous les mois, au Conseil des gouverneurs de la Banque centrale européenne, nous regardons absolument tous les éléments pertinents qui nous permettront de porter un jugement sur les risques inflationnistes à venir et de porter un jugement sur ce qu'il convient de faire pour garantir la stabilité des prix. Et tous les éléments que j'ai cités entrent en ligne de compte, naturellement, chacun pour sa propre influence. Nous n'avons aucune approche mécanique. Nous n'identifions à aucun moment un élément parmi tous les autres, en considérant que c'est celui-là qui va surdéterminer notre décision. Nous sommes aussi larges que possible dans notre analyse. Nous tenons énormément à cet aspect synthétique, notamment, de l'analyse économique à laquelle nous procédons. Nous ne sommes pas prisonniers d'une équation, ou d'un système d'équations, ou d'une projection. Nous sommes encore moins prisonniers d'une simplification de l'environnement qui identifierait tel ou tel aspect. Nous prenons tout et aussi, naturellement, les changes comme un élément du tout.

En ce qui concerne notre position sur les changes, je l'ai répétée ici et je n'y reviens pas. C'est une position qui est très claire et qui, me semble-t-il, ne mérite pas que je la commente davantage. Et je crois avoir répondu, Madame, à votre question complémentaire.

1-080
I just wish to say that I appreciate your extraordinary 'democracy with muscles'. I thank you very much because it seems to me that the interaction was much better. I have the feeling that perhaps I have been pushed a little more than usual in my own *retranchement*.

In conclusion, it is really important for me to pass on to you, Madam Chair, and all the members of the committee, that since the creation of the euro we are in a world which is changing very rapidly. We have had many different shocks and many difficulties. We know that our mandate is to try to be, as I said earlier, a sanctuary of confidence in our own domain and we trust that will help, in particular in the positive decisions being taken by the various economic agents.

I have no hesitation in telling the people of Europe – in particular consumers who are afraid of future inflation and are not entirely satisfied with the protection of purchasing power, etc. – that if they are about to take a decision to purchase something but are hesitating because they think their purchasing power will not be protected by the ECB, not to hesitate but to go ahead and purchase what they have in mind, if it is their intention. We are here to guarantee that price stability will be delivered. They can have confidence.

1-081
La Présidente. – Merci beaucoup, Monsieur le Président, pour ce dialogue monétaire. Nous aurons notre prochain échange le 23 mai. Mais, d'ici là, nous avons de nombreux rendez-vous avec la politique monétaire, puisque, comme vous le savez, nous serons le 30 mars à Paris, où nous rencontrerons le président de la Banque de France, M. Christian Noyer. Puis, le 19 avril, ici, nous recevrons peut-être le futur membre du directoire, M. Bini Smaghi. Nous aurons également le plaisir de vous avoir comme hôte de notre dîner, le 25 avril, à l'occasion de la rencontre que nous organisons avec les parlements nationaux sur le thème de la politique économique dans la zone euro; d'où la poursuite, j'imagine, de certains des thèmes que nous avons évoqués cet après-midi.