

**COMMISSION ÉCONOMIQUE ET MONÉTAIRE
DIALOGUE MONÉTAIRE AVEC M. JEAN-CLAUDE TRICHET,
PRÉSIDENT DE LA BCE
(conformément à l'article 113, paragraphe 3, du traité CE)**

BRUXELLES, MERCREDI 26 MARS 2008

3-003

PRÉSIDENTE DE MME PERVENCHE BERÈS

(La réunion est ouverte à 10h30)

3-004

La Présidente. – Monsieur le Président de la Banque centrale européenne, notre dernier échange de vues, vous vous en souvenez, avait eu lieu le 23 janvier, au moment où la FED diminuait de 0,75 % son taux d'intérêt, et c'était à l'occasion d'une rencontre avec les parlements nationaux. À l'époque, je crois que vous nous disiez encore que nous étions dans une situation de forte correction des marchés. Utiliseriez-vous aujourd'hui toujours le même terme? Et nous comptons sur vous pour répondre aux deux questions que nous avons souhaité privilégier pour l'entretien d'aujourd'hui, à savoir: comment est-ce que la Banque centrale peut séparer l'activité liée au maintien de la stabilité des prix de sa responsabilité comme prêteur de dernier ressort, d'une part, et, d'autre part, comment est-ce que la Banque centrale définit éventuellement une stratégie en termes d'inflation. Voilà les deux questions que nous avons privilégiées pour l'échange aujourd'hui.

3-005

Jean-Claude Trichet, président de la Banque centrale européenne. – Madame la Présidente, Mesdames et Messieurs les membres de la commission économique et monétaire, je me réjouis de m'exprimer devant votre commission aujourd'hui et de poursuivre notre dialogue régulier.

Comme toujours, je commencerai mon intervention par une évaluation de la situation économique et monétaire, en expliquant les raisons sous-jacentes à nos décisions en matière de taux. Ensuite, je vous donnerai de plus amples précisions sur la distinction opérée par la Banque centrale européenne entre la définition de notre politique monétaire, d'une part, et la préservation du bon fonctionnement du marché monétaire, d'autre part.

3-006

Zum Abschluss möchte ich einige vorläufige Schlussfolgerungen für die Regulierung, Aussicht und Stabilität der Finanzmärkte ziehen.

3-007

First, the economic and monetary developments. Since my previous appearance before the European Parliament, inflation has remained at relatively high levels of above 3%. The incoming information has confirmed our assessment of prevailing upside risks to price stability over the medium term, in a context of continued vigorous money and credit growth. Strong

upward pressure on inflation in the short term mainly stems from the recent increases in energy and food prices. Looking ahead, the inflation rate is expected to remain significantly above 2% for most of the year; hence, the period of relatively high inflation rates will be more protracted than previously expected.

The March 2008 ECB staff macroeconomic projections foresee that HICP inflation will range between 2.6% and 3.2% in 2008, and between 1.5% and 2.7% in 2009. These projected ranges have shifted upwards, mainly as a result of higher food and energy prices. I should stress that the staff projections are based on a number of purely technical assumptions which are unrelated to policy intentions, such as the use of market expectations in the assumptions for short-term interest rates.

In the view of the Governing Council, risks to the medium-term outlook for inflation are on the upside. These risks include further rises in oil and agricultural prices. Furthermore, taking into account high-capacity utilisation and tight labour market conditions, wage growth may be stronger than currently expected, as well as the pricing power of firms – notably in market segments with low competition. Moreover, administered prices and indirect taxes may increase beyond what is foreseen.

At this juncture, it is therefore imperative that all parties concerned meet their responsibilities and that second-round effects on price and wage-setting stemming from current inflation rates are prevented. To that end, schemes in which nominal wages are indexed to consumer prices must be avoided. This is key to preserving price stability in the medium term and thereby the purchasing power of all euro-area citizens.

Turning to economic activity, in the fourth quarter of 2007, real GDP grew by 0.4% quarter-on-quarter, following a rise of 0.8% in the third quarter. Incoming information confirms the picture of moderating growth. Looking forward, ongoing growth is expected. The euro-area economy has sound fundamentals and does not suffer from major imbalances. Investment growth – while dampened by the global slowdown – should provide ongoing support. At the same time, employment and labour force participation have increased significantly, and unemployment rates have fallen to levels not seen in 25 years. Accordingly, consumption growth should continue to contribute to economic expansion.

This assessment is reflected in the latest ECB staff projections, which foresee annual real GDP growth in the range of 1.3% to 2.1% in 2008 and of 1.3% to 2.3% in 2009. These ranges have been revised downwards, reflecting weaker global demand, stronger pressure from commodity prices and less favourable financing conditions than foreseen in December.

In the view of the Governing Council, uncertainty about the prospects for economic growth remains unusually high. Downside risks relate to a potentially broader than currently expected impact of financial market developments. Further downside risks stem from the scope for additional increases in commodity prices, protectionist pressures and the possibility of disorderly developments owing to global imbalances.

The monetary analysis confirms the prevailing upside risk to price stability at medium- to longer-term horizons. On the basis of data available up to January, the underlying money and credit expansion remains strong, even taking temporary factors into account, such as the relatively flat yield curve. There is little evidence that the financial market turbulence since August 2007 strongly influenced the overall dynamics of broad money and credit aggregates. Bank loans to the domestic private sector have grown at annual rates of around 11% for the past two years. While the growth of household borrowing has moderated over recent months, loan growth to non-financial corporations remains very strong.

In line with its mandate, the ECB's Governing Council remains strongly committed to preventing second-round effects and the materialisation of upside risks to price stability over the medium term. Against this background, on 6 March, we decided to leave the key ECB interest rates unchanged. The current monetary policy stance will contribute to achieving our price stability objective. Indeed, the firm anchoring of medium- to longer-term inflation expectations is of the highest priority. The Governing Council will continue to monitor very closely all developments.

Let me now address the issue of the separation between the determination of the monetary policy stance, on the one hand, and its actual implementation, on the other hand, that is, keeping short-term rates close to the level chosen by the Governing Council. In accordance with the Treaty provisions, the primary objective of the ECB is to maintain price stability in the euro area. To that end, the Governing Council determines, on the basis of its economic and monetary analysis, the appropriate monetary policy stance by setting the key ECB interest rates at a level that ensures the maintenance of price stability over the medium term. In view of safeguarding its credibility and firmly anchoring long-term inflation expectations, it is crucial that the Governing Council sets the appropriate monetary policy stance on the basis of no other considerations than the delivery of price stability in the medium term.

Once the appropriate level of the key ECB interest rates has been set, the Executive Board of the ECB implements monetary policy so that the level of the key interest rates decided by the Governing Council actually prevails in the money market. For this purpose, the ECB steers – primarily by means of open market operations – the liquidity which is lent to euro-area credit institutions against adequate and sound collateral and for a given and short period of time. By so doing, the ECB also fosters a smooth functioning of the euro-area money market.

The steering of liquidity has been an important element of the Eurosystem's framework for monetary policy implementation since the launch of the euro. By these means, market participants get, loud and clear, the signal about the orientation of the monetary policy stance, and this fosters the predictability and credibility of the Governing Council's monetary policy decisions. The fact that these decisions are firmly based on the objective of price stability, and the concomitant fact that the steering of liquidity is in turn dependent on these decisions, but in no way influences them, ensures that price stability is maintained over the medium term.

This also ensures that the liquidity provision aimed at promoting the smooth functioning and resilience of money markets is also fully in line with the primary objective of price stability.

Particularly after the onset of financial tensions in August 2007, the principle that the steering of liquidity is subservient to the monetary policy stance, and does not affect it, appeared of the essence.

In this period of acute turbulence – and I had the opportunity briefly to explain this in front of you – the ECB has succeeded in containing deviations of very short-term interest rates from the official interest rate set by the Governing Council. As a result, the ECB has ensured a continued effective implementation of monetary policy in line with the stance, thereby also contributing to safeguarding overall financial stability.

Since the last hearing, tensions have continued. During this period, the Eurosystem remained, as usual, in close contact with other major central banks. In this context, on 11 March the Governing Council of the ECB decided, in conjunction with the Federal Reserve, to offer US dollar funding to Eurosystem counterparties as it did in December 2007 and in January 2008. Through the operations currently being undertaken, liquidity for an overall amount of up to USD 30 billion is provided. The Swiss National Bank is following an analogous course of action.

Overall, given its flexible design, the Eurosystem's operational framework, with its broad range of instruments, has thus far proved to be resilient and effective. Even in the course of the ongoing financial turbulence, there has been no need to adjust or extend the existing framework, for example by introducing new innovative instruments or a broader range of collateral.

We have not changed our concept since the start of the turbulence. We have not changed our concept since the start of the euro.

Let me now turn to recent developments regarding financial stability and supervision. I would like to share with you the ECB's assessment of the current financial stability situation. Perhaps you will also permit me briefly to touch on the possible policy measures which are being prepared at European and international level in response to the financial turmoil.

With the global financial system undergoing a process of de-leveraging, the euro-area financial stability outlook continues to be clouded by considerable uncertainty. Since my last hearing before your Committee, it has been argued that the total valuation and income losses facing the global financial system are clearer. Yet considerable uncertainty still remains about the reliability of total cost estimates and about how the costs will eventually be spread. There is also uncertainty about the possibility of feedback effects on the financial system, including questions about what the ultimate impact on the intermediation of credit – both for financial institutions and markets – will be. Moreover, until conditions on the US housing markets show signs of improvement, the possibility of continuing tensions in structured credit markets cannot be excluded.

In the period ahead, large euro-area banks are likely to face pressure on their revenues on account of lower activity levels in the structured credit markets as well as from a general retrenchment from risk-taking across many business lines. At the same time, the banks are facing increased funding costs. Consistent with this, a number of financial market indicators – including bank equity prices and credit default swap spreads – have generally been reflecting expectations of weaker profitability as well as concerns about credit and counterparty risks. On the positive side, several years of strengthening profitability had, by mid-2007, left the euro-area banking sector in a strong financial position to face the possibility of a credit-cycle downturn.

All in all, given the heightened uncertainties, and in an environment where balance sheet conditions could unexpectedly change, vigilance is, more than ever, of the essence. Financial institutions will need to step up their efforts to effectively manage the risks that may lie ahead. From the central banks' perspective, restoring confidence among economic agents and market participants is crucial in the current environment of great uncertainty and high market volatility. One very important contribution the ECB makes to preserving confidence is to continue firmly anchoring medium- to long-term inflation expectations for the euro area, while at the same time ensuring the smooth functioning of the short-term money market.

At the current juncture, priority has been given to comprehensively draw lessons and formulate policy responses to address the challenges raised by the financial market turbulence. The key areas have been

identified and, since my last hearing before you, work has been progressing intensively both internationally and in the EU. The Financial Stability Forum and the ECOFIN have developed preliminary assessments warranting further policy action. In that context, let me mention some areas where I see that a timely response is necessary.

First, with regard to improving disclosure and valuations of structured finance products, financial institutions are called upon to promptly and fully disclose on- and off-balance-sheet risk exposures. Moreover, guidance is warranted by auditors and supervisors with the aim of enhancing the clarity and robustness of structured product valuations, particularly in relation to illiquid assets.

Second, credit rating agencies, whilst eliminating conflicts of interest, should take measures to expand the scope of information provided to investors – thus facilitating their exercise of due diligence, while improving governance and rating methodologies. If their endeavours do not prove to be adequate, public policy action would need to be considered.

Third, supervisors should ensure that banks retain adequate capital and liquidity buffers. In this context, work is under way to refine certain aspects of the capital adequacy framework, especially in relation to the treatment of securitisation and off-balance-sheet exposures. Moreover, further supervisory guidance needs to be developed for liquidity risk, incorporating the lessons from the turmoil and focusing on liquidity stress-testing and contingency funding plans.

These are three examples of areas where very significant progress should be made. More generally, I would call for a further significant change of culture at national, European and global level. I would sum up this cultural change in two words: transparency and anti-cyclical. 'Transparency' because enhanced public information on financial instruments, on markets and on institutions is not only necessary to permit market participants to take optimal economic decisions, but is also the only way we have of avoiding contagion, herd behaviour and, therefore, the propagation of turbulence in times of difficulty, and 'anti-cyclical' because a large number of rules, regulations and procedures have a tendency to foster behaviour that is largely procyclical, amplifying the booms as well as the busts in the cycle. We must look at all parts of global finance with a view to diminishing progressively their procyclical components, which implies, in particular but certainly not exclusively, eliminating to the greatest possible extent asymmetry in the treatment of booms and busts and, where necessary, extending as far as possible the time horizon adopted by all the institutions concerned.

I am now at your disposal for questions.

(Applause)

Alexander Radwan (PPE-DE). – Frau Präsidentin! Besten Dank, Herr Präsident, auch für die sehr deutlichen Worte eines Zentralbankers über die Finanzmarktsituation. Die Unwägbarkeiten beschäftigen die Menschen global, aber auch in Europa mit Blick – vielleicht können Sie dazu ein paar Worte sagen – auf Staaten wie Irland und Spanien, da es regelmäßig Gerüchte gibt, dass auch dort entsprechende Immobilienproblematiken auftreten können. Niemand kann im Moment einschätzen, wie das alles weitergeht.

Wir haben die Situation, dass diejenigen, die bisher das Funktionieren der Märkte am meisten gepredigt haben, jetzt am lautesten nach dem Staat schreien, dass die Zentralbanken das auslöffeln dürfen, was in New York, London, Frankfurt und Paris verbockt wurde, und letztendlich diejenigen nicht mehr in der Verantwortung sind, die das entsprechend gemacht haben. Von daher danke ich Ihnen für Ihre Aussage zu den kurzfristigen Notwendigkeiten. Wir im Europäischen Parlament sehen hier leider Gottes eine ganz klare Lethargie der Europäischen Kommission, aber auch teilweise der Finanzminister, die nicht in dem Maße darauf reagieren, wie man eigentlich reagieren sollte. Ich hoffe, dass die Europäische Zentralbank hier Antreiber bleibt.

Noch spannender fand ich aber das, was Sie über die Verhaltenskultur gesagt haben. Sie sprachen von antizyklischem Verhalten. Sie haben – es wurde zumindest so übersetzt – von Herdenverhalten und Transparenz gesprochen. Unterschreiben kann man alles. Die Frage ist: Wer kann es erreichen? Glaubt man, dass all dies – die Transparenz, das antizyklische Verhalten – in den Händen der Bankmanager zu erreichen ist, die, wenn sie den kurzfristigen Gewinn vor Augen haben, möglicherweise alle gemeinsam in eine andere Richtung rennen? Ist es nicht vielmehr notwendig, dass Politik ein Stück weit einen Rahmen gibt – nicht konkret die Regulierung, aber einen Rahmen, dies zu verändern? Ich bin besorgt über die Amplituden der Krisen, angefangen bei der Internetkrise, und jetzt *Subprime*. Die Ausschläge bei Gewinnen und Verlusten werden immer größer. Umso notwendiger ist danach das Handeln der Zentralbanken. Hier ist die Frage: Wie können wir diesen Verhaltenskodex notwendigerweise durchsetzen, oder glauben Sie, dass das der Markt selbst kann?

3-009

Jean-Claude Trichet, President of the European Central Bank. – Thank you very much for your question. It is a very comprehensive one, and I will comment on the various aspects that you have addressed.

First of all, I have mentioned on a number of occasions that, in our own monetary policy decisions, we have for a long period of time been taking into account the signals that we have been getting from the monetary pillar, in particular as regards the counterparts of the monetary pillar, we have seen signals coming from credit for housing. These were concentrated on a number of economies – not on all the economies in the euro area. But the interest rate decisions that have been taken since December 2005 were motivated partly by these

observations. What we have observed since then is a slowing-down of the rhythm of credit allocation in this domain.

I would say that in this domain of real estate in Europe – as in many others – alertness is certainly of the essence, but I have no particular information that would be interesting at this stage. But let us continue to be very alert.

As regards the remarks I made, and which you made, on herd behaviour and the necessity for transparency, this is a general remark. I think that transparency is really of the essence – and this is not a new observation stemming from what we are observing at this present, very significant episode of turbulence, with a big and very significant market correction.

This was also the case on the occasion of the Asian crisis. In the Asian crisis, transparency appeared to be absolutely necessary to avoid contagion by one emerging country in Asia of the other emerging economies in Asia, and we observe exactly the same in the present episode, where we see that all the elements where there is an absence of transparency – whether it is markets, instruments or institutions – are conducive to the hectic behaviour of markets, herd behaviour and turbulence. I think that this is really something which is very broadly shared now, and I am confident that we will introduce transparency everywhere.

As regards who should take the lead, I think we have to be as holistic as possible. All institutions are at stake, all public authorities are at stake – without any exception, in my opinion – in driving this transparency and anti-cyclical move, and we have to create the environment which would be conducive for private institutions to behave as properly as possible. The present situation is not correct, is not appropriate, and we have to learn all the lessons from the present situation.

3-010

John Purvis (PPE-DE). – Mr President, I wonder whether you could clear up something for me. This is on the price stability issue, because you have repeatedly said it was your only concern – and you said it again today – yet up to June 2007 you were very rigid on your interest rate increases, even though there was a slight nudging of the 2% level, but since then rates have been frozen. There has not been any movement in interest rates, and yet inflation has been well above your target and again today you tell us it is going to stay above that target, certainly this year and probably into 2009.

I thought that you were perhaps going to tell us that your forecasts were coming down and inflation was going to be moving down, or that commodities and food prices were going to come off the top, but in fact you have told us today that you do not see that happening. So is it the state of the EU economy or perhaps solidarity with other jurisdictions? Maybe the Americans are beginning to

take control of your policy on inflation and price stability?

3-011

Jean-Claude Trichet, *President of the European Central Bank*. – I would say firmly ‘no’. If we have maintained our interest rates at the present level, it is because we believe that this is necessary to deliver price stability in the medium term.

As I said in the last introductory remarks – and I have to repeat that here – we believe that the current monetary policy stance will contribute to achieving this objective. Again, we have only one needle in our compass. We have a very comprehensive analysis of all the risks for inflation in the medium term, and we draw conclusions on the basis of this analysis. As I explained, we make a clear separation from this monetary policy stance which is guided by one needle in our compass. Once it has been decided, we consider our duty to keep the actual short-term interest rates in the money market as close as possible to the monetary policy decision.

We have done that – I trust with success – from the first day. You will remember that I had to explain to you what we had been doing on 9 August. From the first day we were adamant that we must demonstrate that we were able to maintain the interest rates in the shorter term on the money market fully in line with what we had decided.

3-012

John Purvis (PPE-DE). – What is the medium term, if it is not 2009? Is it way beyond that?

3-013

Jean-Claude Trichet, *President of the European Central Bank*. – In the constituency of central banks we generally consider the medium term to be between 18 and 24 months.

3-014

José Manuel García-Margallo y Marfil (PPE-DE). – Señora Presidenta, señor Presidente del Banco Central Europeo, en su interés por demostrar la separación entre las dos responsabilidades del Banco, en materia de estabilidad de precios y de funcionamiento de los mercados, ha sacado usted una serie de conclusiones de las recientes turbulencias.

Me ceñiré sólo a dos: requerimientos de capital en los bancos y, en segundo lugar, comportamiento procíclico de determinadas instituciones financieras. ¿Quiere eso decir que las disposiciones que hemos adoptado en materia de capital de bancos son inadecuadas? ¿Hay que completarlas?

¿Quiere eso decir que determinadas instituciones financieras que han tenido un comportamiento procíclico más notable -estoy pensando en Hedge Funds y Private Equity- deben ser revisadas?

Y la segunda pregunta, completamente al margen. No habla usted de crecimiento del sector exterior, no habla de exportaciones. Me gustaría saber cómo considera que

van a crecer las exportaciones y en qué margen de tipo de cambio respecto al dólar y a otras monedas está pensando el Banco Central Europeo para establecer estas previsiones de crecimiento.

3-015

Jean-Claude Trichet, *President of the European Central Bank*. – As regards the relationship between rules and self-regulation, I would say the following – I say this in relation to the credit rating agencies, but it seems to me that this might apply to a large number of sectors and institutions, including investment banks – if it appears that self-regulation, codes of conduct, sets of principles that are considered benchmark principles for appropriate behaviour can be worked out and appear convincing in terms of attaining the goals of financial stability, then I consider that we should take that option.

If it appears that they are insufficient or there is no capacity for the private sector to work out agreed benchmark principles, then regulation is necessary, and we should be clear on that. In the various areas at stake, we give the private sector a chance to work out a possible set of benchmark principles. If they are not sufficient or it appears that the private sector is incapable of doing that, then regulation might be necessary.

On the other issues that you mentioned – export growth and the environment – as regards export growth, we consider that one of our risks is the possible slowing-down of the global economy, and from that standpoint we have to be alert. I mentioned that risks were on the downside from that standpoint, but there is nothing new there. I have already said that to you many times on previous occasions.

As regards the situation of our own economy, I said that the fundamentals were sound and that we were not heavily imbalanced, which is clearly demonstrated when you look at the external accounts of the euro area. As always, we have to be as pragmatic and as close to the facts and the figures as possible.

I mentioned the staff projections. They are very much in line with a number of other projections which have been published recently – even if you have some differences, for instance between the OECD projections and the IMF projections – which are more or less optimistic.

The latest figure, which I had at 10.00 before appearing here this morning, was an Ifo Institute figure, which was better than expected. We had other figures from various economies in Europe that were either better than expected or lower than expected. We have to take these figures as the reality that we have to judge and analyse. Again we have to be very pragmatic and keep close to the reality.

I have said a number of times that, even if we are all interdependent, particularly on both sides of the Atlantic, we are not in the same economy; we do not have same shocks to cope with. We are in a different universe and

we have to take our decisions in the light of the reality of the European economy.

As regards the euro-dollar question, excessive volatility and disorderly movements in exchange rates are undesirable for economic growth. In the present circumstances we are concerned about excessive exchange-rate moves. I have already had occasion to say to you that I have noted with great attention that the US authorities have reaffirmed that the strong dollar is in the interest of the United States economy.

3-016

La Présidente. – Effectivement, vous nous l'aviez déjà dit.

3-017

Elisa Ferreira (PSE). – Thank you for coming here, Mr President. Clearly I welcome your message that we should learn from the present situation as well as from the regulatory and the governance issues that you addressed and pinpointed.

Having said that, it is true that there seems to be some sort of contradiction between past messages and what the ECB can do today; with the inflation rate so high – 3.3% – and interest rates unchanged, I think it is the only thing that can be done. But, on the other hand, it is true that inflation comes down to 2.5% if you exclude energy costs, and, if you exclude food costs, it is 1.8%.

This brings us to another type of issue, relating to a more in-depth appraisal of the ECB. I think the forthcoming 10th anniversary of EMU is probably the right moment to make a more in-depth analysis of how we evaluate the performance. So could you please tell us – share with the Parliament – some of these more structural approaches that you will probably be putting forward formally in the months to come, including in particular the external dimension of the euro – this international relationship that we have got to address – and the internal growth and asymmetric impacts, as well as the increasing presence inside the European Union of non-members of the euro area? Could you please go a bit further on this proposed (and welcomed, from my point of view) learning as much as possible from the present moment, and also from our past history, because that has changed so much?

3-018

Jean-Claude Trichet, President of the European Central Bank. – I would like to draw your attention to the following thought experiment. Imagine we are in front of Parliament two years before the euro is set up – say at the beginning of 1997 – and somebody says that nine and a half years after the setting-up of the euro we will have a currency which has a very solid anchoring of inflation expectations – in line with the better anchoring of inflation expectations in Europe at present – that currency will be used by 320 million people and 15 economies, and that currency will be as solid and as confidence-inspiring as the 'best' currencies available in Europe today.

What would the Commission's reaction have been at that time? Probably to say that it was a dream. What we have done is something really extraordinary – extraordinary in comparison with the expectations 12 years ago but which seems totally natural for all of us because it is what we can observe.

So the challenges that we have to cope with are to maintain and preserve this in circumstances that are always demanding. The present circumstances are demanding, but we have had very demanding times in the past. They are forgotten because time elapses. However, we had to cope with the start of the oil shock, which was a very great shock. We had to cope with the explosion of the tech bubble. We have had to cope with a very large number of very demanding shocks and times. It will be the same in the future.

I will conclude with enlargement. It is extraordinarily heartening to think that we are now 15 with Malta and Cyprus. The inclusion of Malta and Cyprus in the euro area went very well. For enlargement we have to prepare in the best fashion possible, with full respect for the Treaty and the criteria. I stress that because it is our duty to preserve the integrity, prosperity and credibility of the euro area in this enlargement period. It is our duty.

We will continue to live up to this responsibility and we are very conscious of this in the Governing Council and the Executive Board of the institution. We are aware, and this applies to all the staff of the institution, that your confidence places an enormous degree of responsibility on us and we try to live up to this responsibility.

3-019

Robert Goebbels (PSE). – Monsieur le Président, dans votre discours, vous avez utilisé une vingtaine de fois les termes "lutte contre l'inflation" et "stabilité monétaire". Tout le monde sait que la stabilité des prix est votre objectif premier. Néanmoins, aux États-Unis, la *Federal Reserve*, malgré une inflation supérieure à celle de l'Union européenne ou, en tout cas, à celle de l'Eurosystème, a baissé ses taux de 300 points depuis l'éclatement de la crise des *subprimes*.

Vous venez de nous prêcher la modération en matière de politique des revenus; vous l'avez fait une nouvelle fois, mais en même temps, vous venez à la rescousse des banques et de leurs actionnaires en leur fournissant des liquidités pratiquement illimitées. Est-ce que cette politique n'est pas une incitation à la spéculation, une invitation perverse à l'endettement des banques, ce qui permet d'augmenter le rendement de leurs fonds propres? Est-ce que le fait que les banques et les spéculateurs peuvent compter sur le secours des banques centrales n'augmente pas ce qu'on appelle le *moral hazard*, l'aléa moral?

Je me réserve le droit, Madame la Présidente, avec votre permission, d'intervenir éventuellement à nouveau après la réponse du Président.

3-020

Jean-Claude Trichet, *président de la Banque centrale européenne*. – Monsieur Goebbels, je dirai trois choses. D'abord, en ce qui concerne les États-Unis et la *Federal Reserve*, l'économie européenne et la Banque centrale européenne, nous sommes les uns et les autres dans un environnement différent avec, comme je l'ai dit, des chocs différents, des économies dont les structures sont différentes et qui sont placées dans des circonstances différentes. C'est pourquoi je ne porte pas appréciation sur ce qui a été fait de l'autre côté de l'Atlantique. Je dis simplement que ce que nous faisons de notre côté correspond, bien entendu, à notre mandat – que vous nous avez donné, que les démocraties européennes nous ont donné –, correspond à ce que les gens, nos concitoyens, les 320 millions de concitoyens nous demandent avec beaucoup de véhémence – ils ne sont pas contents, naturellement, de l'inflation présente – et cela correspond aussi, je dois le dire avec force, à ce qui est nécessaire dans une période difficile. Si les anticipations d'inflation étaient désancrées, si on avait à la fois une élévation des anticipations d'inflation et une augmentation de leur volatilité, tout cela créerait du désordre dans l'ensemble des marchés, parce que ce serait immédiatement incorporé dans les taux d'intérêt, en particulier les taux d'intérêt à moyen et long termes. Et donc, nous ne contribuerions pas à la stabilité financière. Au contraire, nous ajouterions à l'instabilité financière. Ceci est très important.

En ce qui concerne nos messages aux partenaires sociaux, comme à tous ceux qui ont le pouvoir de contribuer à la formation des prix – vous avez bien noté que j'ai mentionné la formation des prix ainsi que les traitements et salaires –, il est clair, et l'expérience est constante, que si, dans des périodes de choc transitoire comme le choc pétrolier ou le choc de matières et de produits agro-alimentaires, nous ne tenons pas compte des leçons du passé, nous nous retrouverons avec les mêmes difficultés que celles que nous avons eues dans les années du premier choc pétrolier, vous vous en souvenez.

Enfin, en ce qui concerne notre attitude vis-à-vis des banques, je vous rappelle que nous n'avons pas changé nos règles pour ce qui concerne le refinancement des banques depuis la création de l'euro. Il se trouve qu'elles ont été adaptées à la situation à laquelle nous avons dû faire face depuis le mois d'août dernier. J'ai déjà eu l'occasion d'exposer, devant vous-même Monsieur Goebbels et devant toute la commission, que nous avons prêté à 24 heures, lorsque nous sommes intervenus le 9 août, pour une durée d'une journée donc, d'une seule journée, que nous avons été remboursés après cette journée, que nous avons naturellement prêté avec intérêt, que nous avons prêté sur la base de garanties qui étaient les garanties fixées depuis le début de la création de l'euro. J'insiste là-dessus, il n'y a pas, dans nos interventions de politique, de mise en œuvre de la politique monétaire de liquidités sur le marché, d'éléments qui correspondraient à votre jugement, que je partagerais si c'était le cas.

3-021

Robert Goebbels (PSE). – Madame la Présidente, je constate que le Président Trichet n'a pas répondu à ma question sur l'aléa moral, qui a découlé d'une intervention constante en faveur de la liquidité des banques. Est-ce que la Banque centrale n'aurait pas obtenu le même effet en abaissant le loyer de l'argent, ce qui aurait permis aux banques de se refinancer plus facilement tout en offrant également à l'économie réelle la possibilité de profiter d'un loyer de l'argent moins important?

3-022

Jean-Claude Trichet, *président de la Banque centrale européenne*. – Je viens de vous dire qu'il n'y avait pas eu d'aléa moral dans nos interventions sur le marché monétaire, contrairement à ce que certains avaient dit, raison pour laquelle je réfute complètement l'argument de l'aléa moral. Par ailleurs, si nous avions baissé les taux d'intérêt, sans avoir de raison sur le plan de la lutte contre l'inflation, alors l'aléa moral aurait été le suivant: nous aurions demandé – si je comprends bien votre raisonnement – à nos concitoyens de payer pour les banques. En effet, ils auraient eu plus d'inflation et, par conséquent, ils auraient payé pour les banques. C'est là que je vois, en effet, un aléa moral considérable.

3-023

Wolf Klinz (ALDE). – Frau Präsidentin, Herr Präsident! Der frühere amerikanische Notenbankpräsident Alan Greenspan hat sich gegen den Vorwurf, seine zu lange durchgehaltene Niedrigzinspolitik von einem Prozent hätte nicht zuletzt zu der Blase beigetragen, mit der Feststellung gewehrt, dass letzten Endes die Ursache für die Krise die Globalisierung sei. Die Globalisierung habe dazu geführt, und wenn die Krise nicht auf dem Immobiliensektor ausgebrochen wäre, dann wäre sie auf einem anderen, wie etwa dem Kreditkartensektor oder der Automobilfinanzierung ausgebrochen.

Ich hätte gerne Ihre Meinung dazu und würde gerne wissen, ob Sie diese Ansicht von Herrn Greenspan, dass die Globalisierung schuld daran sei, teilen, oder ob Sie nicht hauptsächlich andere Gründe dafür sehen.

Zweitens haben Sie deutlich gemacht, dass Sie von den Banken mehr Transparenz erwarten, und Sie haben offen gelassen, ob das auf freiwilliger Basis erfolgt oder auf der Basis von Vorgaben, Richtlinien, gesetzlichen Vorschriften usw. Wäre es neun Monate nach Beginn der Krise nicht an der Zeit, hier eine dezidierte Meinung zu haben? Brauchen wir wirklich noch sechs, neun oder zwölf Monate, um zum Schluss zu kommen, dass *On- und Off-Balance Sheet Exposure* ausgewiesen werden muss? Können wir das nicht jetzt, neun Monate nach der Krise, schon feststellen?

Glauben Sie auch, dass das Schlimmste schon hinter uns liegt? Gelegentlich wird ja von Business-Kommentatoren gesagt: *The worst is behind us*. Teilen Sie diese Ansicht oder sehen Sie hier doch noch ein größeres Moment der Unsicherheit?

Es gibt in den ganzen Finanzmärkten zunehmend ein riesiges spekulatives Element. Über 90 % der

Währungsbewegungen sind spekulativ, über 90 % der Rohstoff-Kontrakte sind spekulativ. Ist dies zu akzeptieren oder glauben Sie nicht vielmehr, dass dies in Krisenzeiten wie jetzt zusätzliche Gefahren mit sich bringt?

3-024

Jean-Claude Trichet, *President of the European Central Bank*. – Thank you for your questions. On the first question, I shall not comment on Mr Greenspan's remark: this forms part of a public debate which is always observed when you experience market correction of this amplitude. I will just say that my colleagues in the central bank constituency and I, when looking at the situation of global finance in 2006 – around one year before the start of the turbulence – were all thinking (and we said so publicly, on various occasions – myself included – after the global economy meetings, or the G10 meeting in Basle) that we were experiencing a level of risk pricing in global finance that seemed to correspond to an under-pricing of the risks at stake. This was visible in the level of spread, in the level of risk premiums, and in the level of volatility that was observed in a large number of markets.

That was a fact. We said publicly that we had that feeling – I myself remember saying that we had to be prepared (the message was for the private sector in particular) for market correction, which should be as orderly and smooth as possible. So, again, what happens – to the extent that it is a very significant market correction – is not abnormal, corresponds to a diagnosis which was made before, and is accompanied by episodes of turbulence, of very high levels of volatility and of overshooting that are very plain to see.

On the second question, I share your view that we now have a number of provisional lessons that, one would say, should be implemented as soon as possible. On the other hand, we should also take into account that there is no quick fix for any particular part of the world which does not correspond to a consensus at global level, and for this reason we have decided to launch a methodology which goes, in particular, through the Financial Stability Forum, which is the place where the international community asks for the forging of the appropriate lessons to be drawn and implemented. The Financial Stability Forum itself is monitoring a very large number of workshops, in particular the Basle Committee, which is working hard, precisely on all those elements that are specifically dealing with the financial institutions.

I can reassure you that we have at global level a methodology and work in progress, and the report of the Financial Stability Forum will be delivered on the occasion of the next Washington meetings of the IMF, involving the international community and all the 'G's concerned. I expect that we will then be able to start the implementation for which you are, in my opinion, very rightly calling.

Three other questions were asked. I shall be extremely brief. Again, to qualify the present situation, I would say

it is an ongoing process of very significant market corrections, with episodes of turbulence, high levels of volatility, hectic behaviour and overshooting. I would not say that the worst is behind us, but it is an ongoing, very significant market correction.

As regards speculation, we have to look very carefully at this. Free markets in a way are markets where you have institutions and individuals that are making their own decisions on the basis of their judgement on the market. A lot of so-called speculators are only trying to avoid losing money in some way, so we have to be very cautious. That said, it is clear that very highly leveraged institutions that are non-regulated and non-transparent are creating a problem, and we identified that problem very clearly.

It seems to me that we have to continue exerting appropriate action in order, as I said before, to give a chance for the set of appropriate benchmark principles to be worked out, and if they are not convincing, or if they are not worked out, then it will perhaps be necessary to engage in regulation.

3-025

Guntars Krasts (UEN). – Mr President, about six months ago the world realised that the credit party was over. During this period, the ECB kept interest rates unchanged. At the same time, the Bank was very decisive in providing liquidity to the markets and interest rates at the same time. It is very important for those who are suffering from liquidity to gain ground, and the liquidity interest rate is a means of regaining their liquidity. I have a question concerning this. Was this one of the reasons why the ECB kept rates unchanged during this period – just to provide rather cheap money to solve the liquidity crisis, in spite of the growing danger of inflation?

My second question is: what is your view on the issue of the possible transformation of this credit crisis into a solvency crisis, for which interest rates, at least in the short term, are irrelevant? What would it mean for the Bank's future interest rate policy?

The Chief Executive of Deutsche Bank, Mr Ackermann, has announced that he is no longer a believer in the self-healing powers of the market. What are your ideas in this regard? Has something gone wrong with the ability of the market to self-regulate? Was it a mistake on the part of the institutions to allow the market too much room? Was there too much reliance on the market's powers of self-regulation?

3-026

Jean-Claude Trichet, *President of the European Central Bank*. – Regarding the first part of your question, I would again confirm that our interest rates have been decided on the basis of our mandate to deliver price stability in the medium term in a period which is very complex and very difficult, particularly because we have to cope with a number of shocks. I will state very clearly: interest rates are there to deliver price stability in the medium term. We have to take care to fix interest

rates at an appropriate level that we have decided should be observed in the money market in the shorter term. As you know, we have been very active since the very beginning of the turbulent episode. Everyone has noted this.

Secondly, concerning liquidity tensions versus the solvency problem, as far as the central banks are concerned, they are there to deliver price stability, to solidly anchor inflationary expectations, which also contributes to financial stability, and to deal with the liquidity issues when they occur – which has been the case. The solvency issue is of a different nature. It might involve – or necessarily involves – taxpayers' money if there is a will to intervene. This is a different universe, where the central bank itself has no risk to take because taxpayers' money is involved.

As regards the overall philosophical attitude vis-à-vis what we are presently observing, we in the central bank constituency know better than anybody that the solid presence of public institutions like central banks is decisive in times of turbulence, very hectic behaviour and a high level of volatility. We are there to provide two anchors for the market – one solidly anchors inflationary expectations and the other anchor is whatever we decide in terms of interest rates.

We are the masters of our own interest rates. In the shorter term on the money market you can be assured that we will do what is necessary for the market to function at the level we have fixed. It is a way of telling the market that this can be relied on because we are a public institution. I believe that it has played a very important role – I would say a decisive role – since August last year when we observed the start of the turbulent episode.

3-027

Zsolt László Becsey (PPE-DE). – Mr President, I come from a new Member State and have two short, connected questions requiring brief replies. One concerns the enlargement of the euro zone and the evaluation of Slovakia: what is the situation in this regard? When we consider the ECB and the Commission evaluation, how do you think that, for these types of new, catching-up countries, the sustainability of inflation can be maintained? This is one concrete question for a concrete reply.

The second question concerns your relations with the Commission, about which Ms Lulling has already asked. You are fighting for low inflation and anti-inflation, and at the same time I have the feeling that the Commission is constantly fabricating inflation by means of excise duty issues, minimum taxes and this type of thing. If you are fighting so hard against inflation and you are in the EU machinery, what type of relations do you have with the Commission? If not on this question – the anti-inflation question of the Commission proposals – why not? What type of administrative or high-level connections do you have in that respect?

3-028

Jean-Claude Trichet, President of the European Central Bank. – On the first question on Slovakia, we are at the stage where staff are actively preparing the convergence report. The decision of the Governing Council of the ECB has not been taken; the convergence report has not been forwarded to the Governing Council. I cannot say anything in advance because I have to fully respect the position of the Governing Council.

I can say that the main principle which we have always applied is to look at all the criteria that are required by the Treaty, knowing that the Treaty itself calls for criteria to be met, not only immediately but also on a sustainable basis. It is absolutely clear that one of the major issues at stake is making a judgement on the sustainability of the criteria, including inflation criteria.

Concerning the Commission, we are permanently calling on executive branches and parliaments all over the euro area to be very careful not to add to the risks of inflation by augmenting indirect taxes and excise and other duties that, as you said, have an impact on inflation. It is a general message that we have for all.

To the extent that the Commission has an influence, we have the same message for the Commission as for governments and parliaments in the euro area. When I look at the figures I do not think that the Commission is a major contributor; nevertheless we have a problem there and we have to be conscious of the fact that there is a tendency to augment permanently, year after year after year, these components of inflation.

3-029

La Présidente. – Je pense que ce n'est pas l'objet de notre échange aujourd'hui, mais que cela pourra faire l'objet de longues discussions afin de savoir si les impôts ont augmenté au sein de l'Union européenne ces dernières années ou pas.

3-030

Gay Mitchell (PPE-DE). – Mr Trichet, we have international accounting standards – Basle II, Solvency I, and now Solvency II coming on. I wish you well when you say that you are confident we will introduce transparency everywhere, because certainly we need it. When you add to these rules the role of credit rating agencies, which you have rightly criticised yourself, I have to say I am aghast at the fraudulent behaviour of some of our senior business people.

I want to ask in particular what further lessons have been learned from recent reviews of the role of regulatory authorities. Is the ECB looking to enhance or formalise dialogue or reporting from regulators in the event of market abuse that undermines market confidence? Very recently the stock of Anglo Irish Bank in Ireland nosedived because of rumours. The stock was then bought up very quickly, and the Irish Financial Regulator is investigating what appears to be an abuse of the market.

What steps, in cooperation with the national central banks and the regulators, is the ECB taking to combat

this potential abuse, which is all too possible in times of uncertainty? There is evidence that some people are talking down certain stocks and then buying up those stocks. What steps are you taking in that regard?

You also described an ongoing, very significant market correction. With improved disclosure on and off the balance sheet, which we hope will come about along with more transparency as you have explained, in your opinion over what timescale are we to continue to face the sort of uncertainties that are now prevalent?

3-031

Jean-Claude Trichet, *President of the European Central Bank*. – Thank you for your question. As regards your remark on rumours and on activities on markets – all kinds of markets, including the liquidity market – making money out of the propagation of rumours and then buying and selling in line with the effect of those rumours are, I think, criminal activities. They are criminal activities in all countries of the world, and they have to be very firmly combated. This is a general remark. As you know, as the ECB, we do not have direct responsibility in terms of banking or market surveillance. We have to facilitate the appropriate functioning of these responsibilities, but we do not have a direct responsibility. But again, I stress that legislation in all countries makes such activities criminal.

As regards improved transparency, it seems to me that it is a process that we are presently observing. I am absolutely convinced that the spontaneous attitude of a very large number of institutions is to respond to the clear demand of markets – whether those markets are equity markets, bond markets or whatever kind of market. All this is absolutely clear to see. The call for transparency is present everywhere. I expect that, in absolutely all domains that make up global finance – and of course European finance and national finances – we will see the appropriate reflection in rules, regulations and the attitudes of surveillance authorities – the attitude not only of the banking surveillance authorities, but also of the insurance surveillance authorities and the SECs everywhere, in calling again for appropriate behaviour in this respect. The Asian crisis demonstrates very clearly that, if you do the job, you are then protecting yourself from possible further difficulties. Again, as regards Basle II and all the workshops that are working very actively and are about to be synthesised by the Financial Stability Forum, I must tell you that my colleagues are working very actively, also at a global level, in those workshops.

3-032

Theodor Dumitru Stolojan (PPE-DE). – Mr Trichet, I would like to ask you if you believe that adjusting the European economy to the new level of commodity prices will take one year or two years. Based on your assumptions, perhaps that reference interest rate – which is below or very close to 2% per year and is in a way amended or assumed by your ECB – should be kept to 2% or increased to 2.5% or 3%, because even your assumptions for next year regarding inflation rates are around these figures of 2.5-3%.

3-033

Jean-Claude Trichet, *President of the European Central Bank*. – On the adaptation of our own economy – the euro-area economy – and economies all over the world to the new level of commodity prices, I would say that it is an ongoing process. It is a process of the adaptation of every economic agent, every firm and every economy at a national level, and of course at a continental level in the case of the euro area. So, in the light of that, I would not say that we will have adapted after one or two years of annual adjustment.

There is no such concept behind this. We have to permanently adapt to changing prices. It is the way the market economy functions and it is the process that we see before us, even if in some respects there are elements that prove that some are adapting more rapidly than others. The big mistake we could make in this connection – one that we made at the time of the first oil shock – is to forget about the absolute necessity to take the prices for what they are. If we want to hide the price level, as some did after 1974 as you will remember, then we will be in a very bad situation. A high price had to be paid at that time.

On the second question, whether we will change our definition of price stability, I say absolutely not. Our definition of price stability is less than 2%, close to 2%. It is on this basis that the inflation expectations are anchored. We are absolutely and inflexibly determined to maintain that definition of price stability, which, as I have said, is the key for delivering price stability in the medium term and certainly for permitting and avoiding the disanchoring of inflation expectation, which would be extremely damaging when we consider our primary mandate – totally damaging in the eyes of the people of Europe, because they are telling us to deliver price stability. It would also add to the turbulence because it would be incorporated in all medium- and long-term interest rates.

3-034

Donata Gottardi (PSE). – Signor Presidente, vorrei tornare su una parte iniziale del suo intervento in cui ha parlato della necessità di evitare di indicizzare i salari nominali con l'andamento dei prezzi. Credo sia una posizione da condividere, la necessità appunto di evitare meccanismi automatici che possano costituire fattori di moltiplicazione dell'inflazione.

Il mio paese, l'Italia, ha saputo fermare, ormai quindici anni fa, il circuito vizioso che si era creato tra incremento automatico delle retribuzioni e incremento dei prezzi. È vero però - e gli ultimi dati lo confermano - che la compressione, negli ultimi cinque anni, si è rivelata maggiore del previsto e preoccupa per le difficoltà che portano ad aumentare il numero di quelli che ormai chiamiamo "working poor". Ora, nella situazione data, quali crede lei possano essere gli strumenti che consentano di proteggere retribuzioni e pensioni e nello stesso tempo garantire quindi potere d'acquisto e sostenere la domanda interna?

Se per le retribuzioni è possibile pensare, l'unico modello al quale ultimamente facciamo riferimento, è il collegamento con la produttività, con l'andamento della produttività, l'incremento della produttività e le determinazioni della contrattazione collettiva. Se questo è vero in questo ambito, ma per le persone che non hanno copertura dalla contrattazione collettiva - e sto pensando alle persone che percepiscono pensioni o alle persone che percepiscono retribuzioni minime stabilite - quale può essere il meccanismo di adeguamento che consente di trovare un punto di equilibrio ottimale che consenta anche di garantire una soluzione che non vada ad incrementare il tasso di inflazione?

3-035

Jean-Claude Trichet, President of the European Central Bank. – These questions are very important. In brief, I would say that, in normal times, it is absolutely clear that the key for wage and salary increases that would be significant is labour productivity, as you said. Labour productivity, if at a high level, permits wages and salaries to increase without placing the unit labour cost for the firm or for the economy as a whole in a situation which would be non-competitive and therefore would create unemployment. This is clear, and in the case of some countries – in particular in the euro area – we see high levels of labour productivity and a high level of progress in this domain, whilst there are other economies where we have a low level of labour productivity. Our understanding, therefore, is that structural reforms are of the essence, to permit those economies that have much too low a level of labour-productivity increases to catch up and achieve a much better level, which would be very important for the economy as a whole and for all individuals in the economy and would enable more increases in wages and salaries.

In times of external shocks, as I said, we are then in a situation where the economy as a whole has to transfer more to the external suppliers, whether it is a supplier of a commodity or supplier of oil. Of course, this is not at all agreeable; of course, we can try to fight against this very high level of prices at global level using appropriate means. But once the price is there, if you do not accept the price as it is, you are paving the way for spiralling inflation and increased unemployment. It is as simple as that. We could see what happened after the first oil shock at the end of 1973 and the beginning of 1974, and, even after the second oil shock in 1980, we could see all the difficulties and all the unemployment.

Never forget, mass unemployment in Europe started with the very bad reaction after the first oil shock. We had no mass unemployment in Europe before the first oil shock. We were at full employment in practically all the economies in Europe.

3-036

Mia De Vits (PSE). – Mijnheer Trichet, voortgaande op wat de vorige intervenant heeft gezegd: u heeft het over de prijsstabiliteit. Ik wil het hebben over de koopkracht van de mensen. De inflatie stijgt, de matiging van de inkomens van loon- en weddetrekkenden is al jaren

bezig en wij stellen vast dat er een daling is van het aandeel van de lonen en wedden in het bruto nationaal product.

Mijn vraag is dus: hoe kunnen wij de koopkracht van de mensen handhaven? U zegt bovendien dat stelsels van automatische indexatie moeten worden beperkt. U herhaalt dit en ik ga dus ook herhalen wat ik gezegd heb tijdens uw vorig bezoek, toen u dezelfde verklaring hebt afgelegd. Uw verklaringen daaromtrent leiden tot onnodige polemiek en zeker en vast in mijn land, België.

Wij hebben geen automatisch systeem van indexering. Daar zijn heel wat correcties op toegepast. En ik geloof dus niet dat er vandaag nog een land is dat echt de volledige indexering van de lonen toepast. Maar er is wel noodzaak om de koopkracht van de mensen te handhaven. En daar hoor ik u dus niet over spreken.

Een tweede punt. U heeft het over muntstabiliteit. Ik wil het hebben over jobs voor mensen. Als het ééngemaakt muntbeleid niet in het voordeel van alle Europeanen kan spelen, dan zijn wij verkeerd bezig. En als er een probleem is met de vraag, dan denk ik dat wij die vraag moeten ondersteunen, door aankoop van dollars, door verlaging van rentevoeten, om op die manier geld beschikbaar te stellen voor productieve investeringen.

En tenslotte mijn derde punt rond regulering en controle van de financiële markten. Ik denk niet dat wij, na alles wat wij tot nu toe meegemaakt hebben, nog eens alleen kunnen gaan vertrouwen op zelfregulering of op *benchmarking*, neen, ik denk dat er regelgeving nodig is. Drie vierde van het volume op de financiële markten wordt gemaakt door *hedge funds*. Die gaan naar de Kaaimaneilanden en die willen geen transparantie. Grote delen van de activiteiten van de Amerikaanse banken zijn buiten hun balans geplaatst en men heeft dit laten betijen. Ik denk dus dat er geen tijd meer verloren mag gaan, dat wij preventief moeten optreden en dat de ECB tezamen met zijn Amerikaanse tegenknie aan de tafel moet gaan zitten en dat wij tot maatregelen moeten komen.

3-037

Jean-Claude Trichet, ECB. – On the first question, I will again repeat the position of the Governing Council: we are concerned about the existence of schemes in which nominal wages are indexed to consumer prices. My understanding of what you are telling me is that in your own case they are not indexed to consumer prices but they have a link with part of the prices, if I understand correctly what you have said.

We are concerned about the existence of schemes that link nominal wages to the consumer price index (CPI). We take a strong line on that because it is a recipe for being trapped into what was observed after the first and second oil shock.

This leads me to the second question. One of the most striking successes of the euro-area economy is job creation. Since the setting up of the euro on 1 January

1999, according to the figures that I have, we have created 15.7 million new jobs over nine years. In the nine years before the euro, we created 4.5 million new jobs. 15.7 million is significantly more than in the United States of America for an economy which is approximately the same size as regards the number of citizens in both economies on both sides of the Atlantic. It is very important that this impressive success in job creation should continue.

Structural reforms are of the essence; the continuing pace of structural reforms is of the essence. It is also clear that the recommendations that we are making are needed to ensure that abundant job creation will continue because, despite this job creation, it is clear that the level of unemployment remains much too high.

As regards your last question, I would certainly echo what you said on the need to embark on rules and regulations without hesitation. In any case we judge that self-regulation does not work because either there is no self-regulation or it appears to be insufficient. However, I believe that it is always important to give an opportunity for the views of the private sector.

As regards our cooperation with the United States of America, it is absolutely critical that decisions are taken at the level of the international community as a whole, because we are in a universe where if some are regulated and others are not or some are subject to an appropriate set of principles and others are not we are all faced with great difficulties. We have to work out the lessons at global level and the methodology that we have introduced is designed to cope with that.

3-038

Mariela Velichkova Baeva (ALDE). – Some economists advise that a sure cure for inflation might be to send the economy into a deep recession. Monetary policy, interest rates, inflow of capital in regions with soaring interest rates and far-reaching changes taking place all over the world are only a few of the factors that influence the state of nervous tension in economies. The anti-inflationary viewpoint of some of the economic policymakers has become an obsession and is shared by central bankers across the world. Against this background, which weapon might be used to hit back at inflationary expectations?

3-039

Jean-Claude Trichet, President of the European Central Bank. – I would say that price stability is, of course, the responsibility of central banks all over the world. We all know this, and a number of factors reveal this very strongly. It is also what our fellow citizens are calling for. What we ourselves are observing is that they are asking us – and when I say us, I mean not only the ECB but all central banks – to deliver in that respect.

One of the major tools we have in delivering price stability in the medium term is precisely the credibility of the central banks, the fact that inflation expectations are anchored and, therefore, that all decision-makers can take into account that, after the hump, due to a particular

external shock – whether it be the commodity shock, the oil shock or the food shock that started significantly in the last quarter of last year – despite those shocks, their confidence that the hand of the central banks will deliver price stability over the medium term permits everybody to make the working assumption, when fixing prices, wages and salaries, that this is the precise future inflation to be taken into account. That is the reason why all central banks, and of course the Governing Council of the ECB, are so inflexibly attached to their mandate and to their credibility.

3-040

Astrid Lulling (PPE-DE). – Madame la Présidente, Monsieur le Président, l'inflation nous préoccupe, nous aussi, et je viens d'entendre ce matin, à la télévision allemande, que des politiciens influents des deux partis gouvernementaux, à Berlin, demandent d'appliquer à la fourniture d'énergie, notamment de gaz et d'électricité, un taux de TVA réduit à 7 %. D'ailleurs, pour une fois, la Commission européenne préconise aussi, dans sa proposition de révision de la directive TVA de 2006, sur laquelle nous discutons en ce moment ici, l'application pratique d'une telle mesure, par exemple sur la livraison de gaz naturel, d'électricité, de chauffage urbain. Seriez-vous disposé à appuyer ouvertement de telles propositions, suivant en cela votre bon exemple qui consiste à appeler toujours ouvertement les partenaires sociaux à la modération en matière de salaire? Ce serait un signal fort aussi face aux appels de plus en plus pressants en faveur d'un desserrement de la politique monétaire dont vous êtes la cible, alors que l'inflation devrait théoriquement vous pousser dans le sens contraire à un tel desserrement.

3-041

Jean-Claude Trichet, président de la Banque centrale européenne. – Merci beaucoup, Madame, de cette information. Je dois dire que je vais étudier la proposition qui viendrait d'être faite par certains. Je ne dispose, à ce stade, ni d'études, ni même d'informations qui me permettent de porter un jugement. Je vais donc regarder cela de très près. Il est clair que, comme je l'ai déjà dit, nous avons plutôt assisté, au cours de toutes ces dernières années, à des augmentations très importantes, très significatives, de droits indirects sous des formes diverses dans différents pays, y compris en Allemagne. Le seul inconvénient que je vois, a priori, à une mesure de ce genre, est qu'elle atténue, par définition, le vrai prix du pétrole et du gaz. Et le problème est que nous comptons aussi sur le prix pour diminuer les consommations et faire des économies d'énergie. Les économies d'énergies sont absolument essentielles, me semble-t-il, dans toutes les économies qui sont grosses consommatrices d'énergie. Et c'est encore notre cas, même si nous avons fait des progrès. Je n'ai donc pas de réponse immédiate. Je vais étudier la question que vous me soumettez. Je crois que c'est la seule question que vous aviez posée, Madame?

3-042

Astrid Lulling (PPE-DE). – Je vous ai parlé de desserrement de la politique monétaire.

3-043

Jean-Claude Trichet, *président de la Banque centrale européenne*. – J'ai déjà répondu à cette question avec beaucoup de clarté, me semble-t-il.

3-044

Werner Langen (PPE-DE). – Frau Präsidentin! Herr Präsident, ich möchte zuerst einmal zum Ausdruck bringen, dass die Europäische Zentralbank ihre Arbeit in den letzten Monaten hervorragend gemacht hat. Sie haben sich nicht an die USA angehängt, sondern Sie sind unabhängig von aller Kritik, die geäußert wurde, einen eigenständigen Kurs gefahren. Folgende Fragen schließen sich an:

Erstens: In den USA steigt die Verschuldung der Unternehmen und des Staates rapide weiter. In einem Wahljahr ist – unabhängig von der Bankenkrise – ohnehin eine Politik des billigen Geldes angesagt. Sehen Sie durch diese übermäßige Verschuldung in den USA in allen Sektoren Gefahren oder Auswirkungen auf den Euro-Raum und die reale Wirtschaft in der Welt?

Zweitens: Wie beurteilen Sie das Auseinanderklaffen der Wechselkurse in den letzten Monaten oder schon länger? Es hat bisher – wenn ich die Statistik zur Hand nehme – in den Jahren 1994/1995 und 2001/2002 ein ähnliches Auseinanderspreizen wie heute gegeben. Damals haben sich die Wechselkurse anschließend wieder aufeinander zubewegt, so dass ein eigener Mechanismus eine Reduktion der Spanne bewirkt hat. Erwarten Sie, dass sich insbesondere die Euro-Dollar-Relation wieder stärker anpasst, oder gibt es Gründe, dass sie weiter auseinander geht?

Die letzte, völlig abseitige Frage: Wir diskutieren über einen Boykott der Olympischen Spiele. Als Alternative ist genannt worden, nicht die Olympischen Spiele zu boykottieren, sondern Handelsbeschränkungen gegenüber China vorzunehmen. Könnten Sie sich gegenüber dem WTO-Mitglied China irgendetwas vorstellen, was nicht das weltwirtschaftliche Gefüge massiv stören würde?

3-045

Jean-Claude Trichet, *President of the European Central Bank*. – I have already said that each central bank has to cope with its own environment, its own economy, its own shocks and the structure and cycles of its economy, which vary between countries, so I will certainly not comment on what you said concerning the policy of the United States Federal Reserve. I trust that they have to do what they trust and judge to be appropriate in an environment which is very different from ours. One of the differences – as everybody knows – is that our external account is balanced, which means that, domestically, our savings are financing our investment and that there is an equilibrium between savings and investment in the domestic economy, which is reflected in the external accounts, and these are also balanced. In the United States of America there have been real imbalances in recent years, and the Federal Reserve, in particular, had called for savings to be increased in the United States. So that is a big difference, to which you alluded.

As regards the euro-dollar, again I said in response to a previous question that, in the present circumstances, we are concerned by excessive exchange-rate moves, and I will stick to that response for your second question.

On the third question, I would say that the ECB has, at this stage, no opinion on this. If I may say so, it is a question for governments and for Members of Parliament.

3-046

Pervenche Berès (PSE). – Je pensais, en entendant la question de M. Langen, que si vous y répondiez, vous sortiez du cadre de votre mandat, mais je vois que nous avons la même interprétation.

Permettez-moi, Monsieur le Président, de vous poser une question en mon nom personnel. Vous avez à nouveau plaidé pour l'autorégulation, les codes de conduite et la capacité du marché à gérer la présente situation. Est-ce qu'on n'est pas à un moment où cette stratégie a quand même montré ses limites? Je vois beaucoup de voix s'exprimer, que ce soit Joseph Ackermann ou M. Giovannini, des gens qui ne sont pas des chantres de la régulation à tout prix, qui disent aujourd'hui que le moment est peut-être venu de corriger un peu les travers du marché.

Et parmi ces travers du marché, j'en vois un qui est assez immédiat, à savoir la question de la transparence. Vous nous avez indiqué à de nombreuses reprises, et ce matin à nouveau, que la transparence est dans l'essence même du marché – je crois que nous partageons ce postulat de théorie économique –, mais dans la réalité, le fonctionnement même des marchés ne produit pas de la transparence. Lorsque je regarde la façon dont nous avons ici légiféré, s'agissant des marchés financiers, que ce soit dans les législations sur les abus de marché ou sur les MIF, l'action du législateur était absolument essentielle pour s'assurer que les mécanismes de transparence fonctionnent. Donc, si on veut aujourd'hui rétablir la transparence des marchés, peut-on simplement faire confiance à leur autorégulation? N'a-t-on pas besoin de corriger les régulations, de constater que ces régulations ne sont pas adaptées pour donner aux acteurs de marché le niveau de transparence nécessaire?

Cela m'amène évidemment à poser la question de la supervision. Mais avant de le faire, je voudrais évoquer avec vous la situation qui prévaut aux États-Unis où, manifestement, la façon dont JP Morgan est en train de racheter pour 10 dollars l'unité les actions Bear Stearns avec la complicité de la FED conduit certains à penser là-bas que la FED sauve les grandes banques d'investissement de Wall Street avec de l'argent public, alors même que les mécanismes de supervision eux-mêmes sont entre les mains de la ECC.

S'agissant de ces mécanismes de supervision, vous nous avez dit: c'est une question mondiale, il faut poser les questions à ce niveau-là. Soit, mais je crains beaucoup deux choses. La première, c'est que, dans ce grand débat,

on laisse toujours de côté la question des places *offshore*, et je ne comprends pas que les plus grandes puissances mondiales n'aient pas la capacité de traiter sérieusement ce problème *offshore*. Si l'on est sérieux en disant: "nous devons, de manière transatlantique, régler les enjeux dans le forum de la stabilité financière pour que les marchés financiers fonctionnent bien", cette question doit être traitée.

Et puis, au-delà des dialogues que nous avons ensemble, chacun doit, me semble-t-il, *upgrader* ou améliorer, faire progresser ses propres mécanismes de supervision. Et de ce point de vue, j'ai la conviction qu'en Europe, que ce soit du point de vue de la capacité du Conseil à prendre des initiatives ou même de la volonté de la Commission de le faire, nous sommes en-dessous du niveau de flottaison nécessaire et je pense que la Banque centrale, même si cela n'est pas dans le mandat de la stabilité des prix, a quelque chose à dire là-dessus. Vous l'avez dit dans le passé. On a aujourd'hui parfois l'impression qu'au fond, vous n'osez plus tellement avancer clairement sur cette thématique.

3-047

Jean-Claude Trichet, président de la Banque centrale européenne. – Madame la Présidente, vous avez abordé beaucoup de questions.

Sur la question très importante de la régulation suggérée par les institutions et les participants du marché eux-mêmes vis-à-vis de la régulation administrative imposée d'en haut, je crois que nous ne sommes pas en désaccord. Je l'ai dit, il faut toujours faire l'exercice, me semble-t-il, consistant à demander aux participants du marché eux-mêmes, aux institutions elles-mêmes, comment elles verraient l'amélioration de leur propre comportement. C'est un exercice qui est sain, chacun doit se sentir responsable. De deux choses l'une: ou bien cet exercice est convaincant ou bien il ne l'est pas. Quand nous sommes en présence de participants du marché qui disent eux-mêmes: nous sommes absolument incapables de faire nous-mêmes ce que nous devrions faire, clairement il y a place, en effet, pour la régulation et la régulation administrative. Cela a toujours été le cas dans le passé et ce serait le cas aujourd'hui. Encore une fois, je ne dis pas du tout qu'il faut éliminer ex ante une régulation et des règles nouvelles sur le plan administratif, qu'il s'agisse de quelque marché que ce soit ou de quelque institution que ce soit, mais il est bon que l'exercice soit fait afin de voir quels sont les meilleurs principes pouvant être appliqués. En français, je crois qu'on dirait non pas *benchmarking*, mais *paranage*.

En ce qui concerne les places *offshore*, les zones non régulées qui sont d'ailleurs au sein même de nos propres marchés, dans le monde industrialisé, dans le monde émergent aussi d'ailleurs, ou qui sont non régulées en-dehors de nos marchés, c'est une question qui se pose. Il est légitime de la poser, surtout quand on observe les phénomènes que nous avons observés. Je note néanmoins que, jusqu'à présent, la plupart des difficultés auxquelles nous avons eu à faire face ne sont pas venues

– c'est un paradoxe de la situation, mais il faut le reconnaître. Cela ne veut pas dire que ce sera toujours le cas; d'ailleurs, je suis moi-même très prudent. Quand je vous ai dit que nous avons un diagnostic sur la situation, ce diagnostic couvrirait finalement l'ensemble des marchés, l'ensemble des instruments financiers, l'ensemble des institutions et la sous-estimation générale des risques. Vous vous souvenez, c'était notre diagnostic. Mais il faut quand même observer que ces institutions à très haut levier et non régulées n'ont pas été à la source, si vous voulez, des turbulences auxquelles nous avons actuellement à faire face. Encore une fois, ce n'est pas une raison pour ne pas traiter toutes les questions et je l'ai dit moi-même: je crois qu'il faut être aussi complet que possible, aussi exhaustif que possible, lorsque nous allons tirer les leçons de ce que nous avons observé, et nous sommes actuellement en train de le faire.

Sur le dernier point, la Banque centrale européenne, le Conseil des gouverneurs de la Banque centrale européenne, a une ligne qui est très claire en ce qui concerne la supervision en Europe. Nous pensons que l'on peut faire beaucoup plus que ce que l'on fait actuellement dans la voie du concept que nous appelons dans le jargon européen très légitimement le concept Lamfalussy. On doit aller plus loin, c'est la position de la Banque centrale européenne. Nous encourageons l'ensemble des autres autorités, certainement les gouvernements et aussi les institutions de surveillance, à aller plus loin. Nous ne disons pas aujourd'hui qu'on a prouvé, en quelque sorte, que le processus Lamfalussy n'était pas suffisant et qu'il faut passer à un autre stade de construction sur le plan institutionnel. Donc c'est peut-être là que vous avez un regret. Mais en tout cas, je peux vous dire que nous pensons, sur la base encore une fois du concept Lamfalussy, qu'on peut aller plus loin, qu'il faut aller plus loin, et notre énergie est à la disposition de ceux qui veulent aller plus loin, et ils sont nombreux.

3-048

Daniel Dăianu (ALDE). – Mr President, you mentioned the name of Alexandre Lamfalussy. He wrote a very interesting book nine years ago about crises in emerging markets and in that book he highlighted the dangers of the emergence of what we call nowadays 'the shadow banking sector' against the background of globalising financial markets. He said we might find that for a while there will be higher efficiency due to financial innovation but at the end of the day we are going to end up with greater financial instability and uncertainty.

This is the point, because this is not a new episode. Intellectual heavyweights and policymakers have been giving warnings for years. The writing was on the wall and we neglected the dangers.

What worries me is that even now we are talking too little about systemic risk. The arrangements in both regulatory frameworks and in policy-making do not pay enough attention to systemic risk. I believe that the shadow banking sector has to be regulated.

I would also ask you what you think about commercial bankers. What about the incentive schemes which reward reckless risk-taking at the expense of prudence? What should be done about it? Can we allow them to regulate themselves?

3-049

Jean-Claude Trichet, *President of the European Central Bank*. – You are absolutely right as regards the warnings about the shadow banks and particularly when Alexandre Lamfalussy said and wrote that. We need to remind ourselves that in the Basle II framework part of these SIVs or conduits backed by credit lines from the commercial banks were to be taken into account, whereas they were not in Basle I. That is why the Basle I regulation has permitted the ‘originate and distribute’ model to generalise on both sides of the Atlantic – but more on the other side obviously – with all the consequences that have been observed. Basle II is better than Basle I. Basle II is being reviewed by the Basle Committee in order to be sure that we take into account all the elements that you very rightly underline.

As regards the attitude of the commercial banks: commercial banks have been regulated for a very long period of time. When we speak of commercial banks we do not necessarily speak of self-regulation but of improving the regulation that has existed for dozens of years. Of course all regulations have to be updated and improved because we permanently have to cope with the imagination and creativity of the financial markets. We should not block that imagination and creativity but it is our duty to respond to the permanent innovations that we are observing.

To sum up, I would say that nothing should be forgotten. We have a stress test of real magnitude at the level of global finance as has been constructed and transformed very profoundly over recent years. We must draw lessons from this. Nothing must be put aside. We would be very wrong if we were to give any sanctuary privilege to any part of the present system.

3-050

La Présidente. – Monsieur le Président, nous en venons au terme de cette audition. Nous vous donnons rendez-vous le 25 juin. Peut-être à ce moment-là aurons nous une vue plus complète de ce qui peut être engagé ou de ce qui devra être engagé. En tout cas, entre-temps, nous aurons eu, le 1er avril, un échange avec le commissaire Charlie McCreevy qui, manifestement, est aussi un des acteurs à interpeller dans cette évaluation de la situation présente.

(La réunion est levée à 12 h 30)