

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 25 JUIN 2008

3-003

PRÉSIDENTE DE MME PERVENCHE BERÈS

(La réunion est ouverte à 10h30)

3-004

La Présidente. – Chers collègues, je vous propose, conformément à notre ordre du jour, d'entamer notre dialogue monétaire avec le Président de la Banque centrale européenne. Celui-ci est parmi nous pour la première fois depuis que nous avons franchi le cap des dix ans de la Banque centrale, à un moment où des déclarations importantes ont été faites et à un moment où nous avons, en tant que commission économique et monétaire, proposé au Président Trichet d'aborder deux questions de manière privilégiée: tout d'abord sur la manière de conserver la légitimité et le soutien de l'opinion publique à la politique monétaire dans des périodes de tension au regard du fonctionnement de l'Union monétaire tel que nous le connaissons aujourd'hui et, ensuite, sur le rôle international de l'euro.

3-005

Jean-Claude Trichet, président de la Banque centrale européenne. – Madame la Présidente, Mesdames et Messieurs les membres de la commission économique et monétaire, je me réjouis d'apparaître devant votre commission aujourd'hui.

Je commencerai, comme à l'accoutumée, mon intervention par une évaluation de la situation économique et monétaire en expliquant les raisons sous-jacentes à nos décisions de taux. Ensuite, je vous fournirai de plus amples informations sur les opérations de politique monétaire de la Banque centrale européenne en réaction aux tensions enregistrées sur le marché monétaire.

3-006

Anschließend möchte ich näher auf die ersten zehn Jahre der Europäischen Wirtschafts- und Währungsunion eingehen. Außerdem werde ich die wichtigsten Elemente des neuen Strukturberichts des Eurosystems über Arbeitsangebot und Beschäftigung präsentieren.

3-007

First, the economic and monetary developments: since my previous appearance before the European Parliament at the end of March, annual HICP inflation has remained high, at levels significantly above 3%. This is due mainly to strong increases in energy and food prices. Moreover, upside risks to price stability over the medium term have intensified further over the past few

months, in a context of very vigorous money and credit growth. Looking ahead, the Governing Council expects inflation in the euro area to remain high for some time to come, before moderating only gradually in 2009.

In line with this view, the latest Eurosystem staff projections foresee average annual inflation between 3.2% and 3.6% in 2008 and between 1.8% and 3% in 2009. Compared with previous staff projections, this represents a significant upward revision, reflecting higher oil and food prices as well as increasing inflationary pressures in the services sector.

The Governing Council remains particularly concerned that current elevated inflation rates, which have proved higher and more persistent than previously foreseen, may become entrenched in private inflation expectations and lead to second-round effects in price and wage setting. The increased relevance of such considerations reflects the strengthening of upside risks to price stability over the medium term. In particular, wage growth may be stronger than anticipated, given high rates of capacity utilisation and a tight labour market. In this context, the risk of triggering an inflationary wage-price spiral is particularly acute, especially where nominal wage indexation schemes exist. Moreover, price increases, in particular in parts of the services sector that lack competition, may be higher than currently expected.

Against this background, it is imperative that all parties concerned contribute to avoiding the emergence of broadly-based, second-round effects. This is essential to secure that longer-term inflation expectations remain firmly anchored in line with price stability.

Turning to economic activity, in the first quarter of 2008, real GDP grew strongly, by 0.8% quarter-on-quarter. In part, this unexpected positive outcome reflects temporary factors, notably a boost in construction activity, given the very mild winter in many parts of Europe. That being said, the strong growth in the first quarter has to be seen against the usual volatility of quarterly data: in coming to an assessment, it will be more appropriate to view the first two quarters of 2008 together. Looking forward, domestic and foreign demand are expected to support ongoing economic expansion, albeit to a lesser extent than during 2007. The euro area economy has sound fundamentals and does not suffer from major imbalances.

This outlook is also reflected in the latest Eurosystem staff projections, which foresee annual real GDP growth

in the range of between 1.5% to 2.1% in 2008 and of between 1% and 2% in 2009. However, it is important to put these figures into perspective: the annual rates mask the fact that, on a quarterly basis, real growth is projected to reach its trough already in mid-2008, before gradually recovering thereafter.

In the view of the Governing Council, uncertainty surrounding growth prospects remains high, with downside risks mainly relating to a potentially more negative impact of financial market developments than anticipated and further unanticipated increases in energy and food prices.

The monetary analysis confirms the prevailing upside risks to price stability at medium to longer-term horizons. Available data suggest that the underlying rate of money and credit expansion remains strong and that the ongoing financial turmoil has, as yet, not significantly affected bank loan supply to the non-financial corporate sector.

In line with its mandate, the Governing Council is strongly determined to secure the firm anchoring of inflation expectations in line with price stability. Such an anchoring of longer-, medium- and long-term inflation expectations is a prerequisite for monetary policy to make an ongoing contribution towards supporting sustainable economic growth and job creation in the euro area. In particular, the Governing Council remains committed to preventing second-round effects and the materialisation of upside risks to price stability over the medium term. Against this background, on 5 June we decided to leave the key ECB interest rates unchanged. At the same time, we signalled that we are in a state of heightened alertness. Indeed, the Governing Council will continue to monitor very closely all developments.

Turning to our liquidity management, since March, the ECB has continued to apply basically four liquidity measures to alleviate ongoing tensions in the euro money market.

First, the ECB has continued to 'frontload' the supply of liquidity over the reserve maintenance period. This means that we have provided more liquidity at the beginning of the maintenance period, while compensating for this by providing less liquidity towards the end of the period. The average supply of liquidity has thus remained unchanged over the entire maintenance period.

Second, around the end of the first quarter of 2008, when money market tensions were intensifying, the ECB conducted two liquidity-providing fine-tuning operations to address these tensions. The ECB has recently announced that it stands ready, if needed, to contribute to smoothing the market conditions around the end of the semester.

Third, the ECB has continued its policy of providing a higher share of liquidity on a longer-term basis by renewing our supplementary three-month longer-term

refinancing operations. Moreover, in April 2008 the Eurosystem conducted a supplementary longer-term refinancing operation with a six-month maturity and announced another one for July 2008. It is to be noted that the total amount of outstanding refinancing remained unchanged, as we reduced the share provided via the one-week main refinancing operations.

Fourth, to ensure the availability of funding denominated in US dollars, the ECB has continued the conduct of term auction facilities in cooperation with the US Federal Reserve. Accordingly, it provided liquidity in US dollars to euro area banks, secured with Eurosystem eligible collateral.

Let me now take the opportunity to say a few words, as you asked, Madam Chairwoman, on the tenth anniversary of the ECB and the European System of Central Banks, which we celebrated at the beginning of June. The creation of the euro has been a historic policy decision for Europe. The ECB has been successful in delivering what it is expected to deliver under its mandate, namely price stability. Importantly, longer-term inflation expectations have been at levels consistent with price stability. This is a great achievement against the backdrop of a series of substantial oil and food price shocks, as well as increases in indirect taxes and administered prices over the past decade.

Price stability is essential, not only because it protects the income of all our fellow citizens – and particularly the most vulnerable and poorest groups in society – but also because it is a necessary condition for sustainable economic growth and job creation.

As regards fiscal consolidation and structural reform, a number of euro area countries have made good progress over the past decade, while others are still lagging behind. Notably, some countries have still to achieve and maintain sound fiscal positions and reduce government debt ratios to more sustainable levels. The ECB is concerned about recent signs of a slowdown or even back-tracking in terms of structural reforms and fiscal consolidation. Ill-designed structural policies, economic rigidities and undisciplined fiscal policies may contribute to increased inflationary pressures or higher inflation persistence, which monetary policy would need to take into account. In this respect, the steady pursuit of prudent and efficient fiscal policies, along with reforms that enhance competition and market flexibility, is crucial to ensure the smooth functioning of Monetary Union.

Within this context, let me now draw your attention to the latest Eurosystem Structural Issues Report, which will be posted this morning on our own website. The report this year focuses on the main developments in labour supply and employment in the euro area countries since the early 1980s.

Let me briefly mention some key developments.

Since the start of Monetary Union, the euro area has witnessed an increase of 15.7 million in the net number of people employed. This compares to around 5 million in the preceding period 1990-1998. The total labour market participation rate rose to nearly 71%, and the employment rate rose to over 65%.

The period since 1999 is also characterised by a change in labour supply composition. Women have entered the labour market in increasing numbers. In addition, older workers have tended to remain in the labour market for longer, which is welcome in view of population ageing. Immigrants have contributed positively to labour supply, helping to fill skills shortages. The share of workers with tertiary level education has increased.

These are encouraging developments, resulting from the implementation of structural reforms in product and labour markets, increased immigration and wage moderation. Nevertheless, progress has been quite uneven across countries and significant challenges remain.

If I look at it from the monetary policy perspective, four conclusions can be drawn.

First, there is a need to further increase the labour market participation and employment rate of all groups of society. We have not yet reached the Lisbon employment rate target of 70%. Lower labour taxes, stricter work availability requirements and reduced incentives to retire early would contribute to stimulating labour supply. Reduced restrictions on labour contracts and well-designed 'work/family reconciliation' policies would, among others, support participation further. Increasing product market competition would also help support employment creation.

Second, there is a need for making labour market institutions more flexible, to facilitate a better matching of the skills of those who seek a job with the characteristics of labour demand. To help match demand and supply, wage developments should reflect local labour market conditions.

Third, there is a need to increase knowledge and the transferability of skills. Bringing unemployed or inactive people into jobs will, over time, enhance individuals' labour productivity and thus real wages. Good quality education is of the utmost importance, and the recognition and incentives for young people, workers and firms to invest in education and training must be enhanced. The efficiency and service orientation of education institutions should be improved. In addition, the labour market should play a stronger role in signalling to education systems and workers which skills are in short supply.

Finally, the euro area should make better use of skills from outside the euro area. Immigration policy should be closely aligned with the skills needed by the labour market, and ensure the successful integration of

immigrants into the active workforce and society as a whole.

(Applause)

3-008

La Présidente. – Merci Monsieur le Président. Je vais donner la parole à ceux qui me l'ont demandée, selon l'usage. Mais avant cela, Monsieur le Président, je voudrais vous poser une question car, dans le cadre du dialogue monétaire que nous entretenons avec votre institution sur une base très rodée, avec un accord très élaboré entre nos deux institutions, nous avons pris l'habitude, depuis le début de cette législature, de définir deux thèmes à l'initiative du Parlement européen, qui font l'objet d'un accord entre l'ensemble des groupes politiques. Ce sont des thèmes que nous souhaitons voir abordés dans votre propos liminaire afin d'orienter la discussion que nous menons ensemble. C'est sur cette base que les membres de cette commission préparent cette audition, ce dialogue monétaire, à partir de travaux d'experts qui alimentent la réflexion et l'expertise des membres de cette commission.

Or, vous n'avez, dans votre propos aujourd'hui, abordé aucun de ces deux thèmes. Vous avez fait référence aux dix ans de la Banque centrale comme étant un des thèmes que j'ai évoqués en vous accueillant, mais c'était un *matter of fact*, ce n'étaient pas les deux thèmes qui étaient retenus pour notre dialogue monétaire aujourd'hui. Donc, je m'en étonne et je vous demande, Monsieur le Président, de vous expliquer avant de donner la parole à mes collègues.

3-009

Jean-Claude Trichet, président de la Banque centrale européenne. – Je n'étais pas, je dois dire, particulièrement conscient du fait que ce que j'avais dit ne correspondait à ce que j'avais à dire sur les thèmes que vous avez abordés. Mais je suis prêt à répondre ...

3-010

La Présidente. – Est-ce que vous avez abordé le rôle international de l'euro?

3-011

Jean-Claude Trichet, président de la Banque centrale européenne. – C'est un sujet sur lequel, comme vous le savez, je ne suis pas un universitaire, je ne suis pas un observateur, et vous connaissez mes réponses généralement sur ce thème-là. Donc je n'ai pas voulu vous lasser en vous redisant ce que je pourrais dire si vous me posiez la question. Vous me posez la question, alors je vais y répondre très simplement. Comme vous le savez, nous ne faisons pas de campagne pour le rôle international de l'euro. Donc, de ce point de vue-là, la Banque centrale européenne veille particulièrement à être claire. Mon prédécesseur vous l'avait dit et je vous l'ai constamment dit, c'est un sujet sur lequel la position du Conseil des gouverneurs est très claire et, s'agissant du sujet qui, je le comprends bien, est sous-jacent, à savoir les rapports que nous avons avec les autres grandes devises, je vous dirais que c'est un sujet en effet très important.

Vous savez aussi à quel point je suis attaché à la discipline verbale sur ce sujet, et donc je voudrais simplement vous dire deux choses. Nous avons observé à certains moments des fluctuations particulièrement abruptes entre les principales devises internationales et nous sommes préoccupés au sujet des possibles implications de ces fluctuations brusques pour l'économie mondiale et pour la stabilité financière. Et j'ajouterais que - je vous l'ai déjà dit et je le répète bien sûr - j'ai noté avec une particulière attention et un très grand intérêt les propos qui ont été tenus par le président des États-Unis, par le Secrétaire au trésor, Henry Paulson, par mon collègue le *chairman* de la *Federal reserve*, Ben Bernanke, sur le fait qu'un dollar fort était dans l'intérêt des États-Unis.

Voilà, Madame la Présidente, ce que je peux vous dire sur ce sujet en effet extrêmement important.

3-012

La Présidente. – Je ne vous relancerai pas sur le deuxième sujet parce que je pense que les collègues auront l'occasion de l'aborder dans leurs interventions, mais je pense que comme le veut la règle de conduite applicable aux relations entre nos deux institutions, il vaut mieux que les sujets sur lesquels nous souhaitons que vous interveniez dans vos propos liminaires puissent être traités selon l'usage que nous avons défini.

3-013

Jean-Claude Trichet, président de la Banque centrale européenne. – J'aurais, en effet, fort bien pu mettre dans l'exposé introductif ce que je viens de dire, mais je pense que c'est aussi une bonne manière de pouvoir dialoguer sur ce sujet qui est, effectivement, comme vous l'avez dit, extrêmement important.

3-014

José Manuel García-Margallo y Marfil (PPE-DE). – Muchísimas gracias, señor Presidente del Banco Central, por su presencia otra vez aquí entre nosotros.

Una precisión y dos preguntas.

La precisión es que mi partido, el Partido Popular español, no comparte en absoluto las opiniones del Presidente del Gobierno español en cuanto al papel de la política monetaria ni sobre la independencia del Banco Central. Permanecemos en las tesis que hemos mantenido siempre.

La primera pregunta se refiere al tema de los precios del petróleo y de los alimentos. Parece que hay cierta coincidencia entre los dirigentes europeos en que gran parte, o una buena parte, de la responsabilidad por la subida de los precios de estas dos «commodities» cabe achacarla a la especulación.

El Ministro de Economía portugués dijo hace unos días que buena parte del dinero que ha desertado de las «subprime» o de la renta variable se ha refugiado en futuros y ha producido un incremento de estos precios.

El ex Presidente del Gobierno, Felipe González, en su papel de Presidente del Consejo Asesor de la Unión Europea, ha declarado públicamente que iba a pedir a los Ministros de Economía y Hacienda de la Unión un mayor afianzamiento de los contratos de futuro. En su opinión, no es posible que, pagando un cinco por ciento del porcentaje final del precio, se pueda comprar una cosecha de arroz de cinco años. Lo mismo podríamos decir del petróleo.

Se lo pregunté ayer al ministro esloveno. Me reconoció que hay una parte de responsabilidad, pero no pudo cuantificarla.

Desde su observatorio, ¿me podría decir hasta qué punto es importante la especulación, el componente especulación, en la subida de los precios? ¿Qué opina el Banco Central Europeo y qué podría hacer el Banco Central Europeo, puesto que, además de ser responsable de la política monetaria, es también responsable del funcionamiento correcto de los mercados financieros?

3-015

Jean-Claude Trichet, President of the European Central Bank. – This question is very important. There is no doubt that what we are observing on the oil and commodity markets is a very complex mix of very active demand – probably underestimated ex ante from the emerging world, coming from supply which is, for a variety of reasons including geopolitical ones, lower than what would have been expected ex ante – and an element, not necessarily of speculation, but of reallocation of the global portfolio in the direction of commodities. It is very difficult to disentangle those various factors.

As in the case of some diseases, you have to deal with all factors. We would certainly call for markets to be relieved of the present constraints on the supply side. It is very important that oil producers have said that they will do what they can in order to augment supply. That is absolutely essential. From that standpoint again, the most recent information we have received is important. It is also extremely important that resolute action is taken to save oil and energy wherever possible – certainly in industrial countries but also in the rest of the world – and a lot has to be done in this area for all possible reasons, including environmental reasons.

As regards 'speculation', I would certainly echo that we have to be sure that the markets are functioning as correctly as possible. That is important. Frankly, I am not sure that speculation is the major culprit for what we are observing. It seems to me that the major issues are associated with supply and demand and that we have to ensure that the market functions as well as possible.

But, again, it is not the future market itself which is the problem. The problem, if any, is that across the board there is a reallocation of portfolios that give more weight to commodities in general in the present constellation of motivation for optimising portfolio management. Again we have to deal with all elements, without indicating

that there is a particular scapegoat, but the market has to function as transparently and efficiently as possible.

3-016

Margaritis Schinas (PPE-DE). – Madame la Présidente, vous faites de la politique monétaire, l'ECOFIN fait de la politique économique et nous faisons de la politique tout court. Cela nous pose un problème parce que, tous les week-ends, nous devons expliquer des choses qui semblent logiques pour les gens dans cette salle, mais pas toujours pour les citoyens.

Alors, pour avancer un peu sur la logique de M. Margallo, il est vrai maintenant qu'il faut expliquer aux citoyens que le taux historique de l'inflation correspond à une inflation importée à l'eurozone. Cela nous vient des denrées alimentaires et du pétrole. C'est une inflation qui nous vient de l'extérieur. En même temps, vous avez senti il y a quelque temps que le remède pour faire face à cette inflation était peut-être une hausse de taux d'intérêt.

Alors, la question que je vous pose et que les citoyens se posent, c'est de savoir si, en agissant au niveau des taux, s'agissant d'une inflation importée, nous ne continuerons pas à avoir ce problème. Et tôt ou tard, il faut prendre une décision claire et simple, et les citoyens doivent comprendre qu'il faut agir surtout sur les causes de l'inflation que nous importons et que la mécanique Francfort qui sous-tend la logique monétaire est dépourvue de logique politique, si vous voulez, pour autant qu'on ne voit pas cela globalement.

Alors je vous livre ces réflexions tout en étant conscient de vos limites, de vos contraintes, mais je vous demande aussi de faire un effort pour nous comprendre dans notre effort d'expliquer ces choses aux citoyens.

3-017

Jean-Claude Trichet, président de la Banque centrale européenne. – C'est évidemment une question très importante. Elle appelle les commentaires suivants.

D'abord, notre fonction, notre responsabilité est de donner à nos concitoyens, à 320 millions de concitoyens européens, la stabilité des prix à moyen terme. Et il est clair, en effet, que nous avons sous les yeux des hausses de prix qui sont très importantes, qui viennent de l'extérieur, sur lesquelles nous n'avons pas de prise immédiate. En revanche, nous avons une prise sur l'inflation à moyen terme. Une fois que ces hausses, ces bosses d'inflation, ont été observées et qu'elles s'évaporent simplement avec le passage du temps, ce qui demeure c'est l'inflation à moyen terme. Et là, nous sommes extrêmement attentifs parce que nous en sommes responsables et on peut avoir deux évolutions possibles.

On peut avoir une évolution dans laquelle on revient à la stabilité des prix, ce que nos concitoyens espèrent ardemment, je dois dire, et on a une autre possibilité dans laquelle on ne revient pas à la stabilité des prix. Et ceci est entièrement lié à ce que nous appelons, dans notre vocabulaire, les effets de second tour, et c'est la

raison pour laquelle nous sommes extraordinairement attentifs à demander aux entreprises de bien conserver en mémoire le fait que, à moyen terme, nous devons revenir à la stabilité des prix et aussi aux partenaires sociaux de bien réfléchir au fait que, à moyen terme, nous devons revenir à la stabilité des prix.

Au moment où je vous parle, parce que nous sommes crédibles nous-mêmes, c'est effectivement ce que les différents agents économiques ont en tête. Les anticipations d'inflation à moyen terme restent conformes à notre définition de la stabilité des prix. Mais, je me permets de le dire, c'est parce que nous sommes crédibles, parce que l'ensemble des observateurs, des acteurs, savent que la Banque centrale européenne est là précisément pour donner la stabilité des prix à moyen terme. Si nous n'étions pas crédibles, bien entendu, toutes les anticipations d'inflation augmenteraient. Et nous serions dans la pire des situations, parce que nous aurions à la fois de l'inflation non plus immédiatement, mais dans une perspective durable et nous serions dans la situation que nous avons connue dans les années 70, par exemple, et nous aurions aussi moins de croissance, moins de création d'emplois, des taux d'intérêt de marché à moyen et long terme beaucoup plus élevés, et je pourrais continuer à décrire tous les inconvénients majeurs qu'il y aurait si nous n'étions pas crédibles.

Mais je voudrais simplement appeler votre attention sur un point. Les coûts unitaires de production ne sont pas liés au prix du pétrole, ils ne sont pas liés au prix des matières premières en général et je ne peux pas manquer de vous donner les derniers chiffres que nous avons eus. La hausse des coûts unitaires de production, c'est-à-dire le mélange, la somme si je puis dire, des hausses nominales et des progrès de productivité a été de plus 1 % en 2006, plus 1,4 % en 2007, plus 1,5 % au troisième trimestre de 2007, plus 2,3 % au quatrième trimestre de 2007, plus 2,4 % au premier trimestre de 2008. Donc, nous notons - et ceci explique que nous soyons dans un état d'alerte renforcée - qu'il y a effectivement, de ce point de vue-là, des éléments dans l'économie de la zone euro qui appellent en effet une très grande alerte.

3-018

Cornelis Visser (PPE-DE). – I would also like to address oil prices and their impact on inflation in the EU through the exchange rate mechanism. In the Gulf Cooperation Council the Arab states have discussed decoupling their currencies from the US dollar. This could have an even stronger impact on oil prices in the EU, as we have a strong currency at the moment.

Is there any coordination on this issue between the EU – for instance the European Central Bank – and the Gulf Cooperation Council? Which institution should take the lead on this? Should it be the Commission, or could the European Central Bank intervene on this? What are the prospects if the currencies of the Gulf Cooperation Council countries were to be linked to the euro?

3-019

Jean-Claude Trichet, *President of the European Central Bank*. – As you know, the Gulf Cooperation Council has embarked on a reflection process on having, at the appropriate time, a single currency. We are in very close cooperation with the central banks of the Gulf Cooperation Council so they can share in our own experiences and the lessons that might be drawn in their own context, which of course is totally different from ours.

As regards the possibility of a single currency, we had no particular discussion on the denomination of the price of oil in euros instead of dollars, and no particular discussion on this issue in general. I would only say that, from that standpoint, in any denomination you have a global price and then it is translated into all the other floating currencies. Therefore it is a question of arithmetic.

But it is important that the authorities in the United States have said that a strong dollar is in the interests of the United States. It is something that is looked at very carefully by us, as you know, but also by others in the world.

3-020

La Présidente. – Où l'on revient au rôle international de l'euro.

3-021

Robert Goebbels (PSE). – Monsieur le Président, je suis un adepte et noyau dur dont le traité de Schengen et l'euro sont de très beaux exemples. Pour les dix ans de l'euro, vous-même et vos collègues méritez nos félicitations – je crois que ce fut une belle démonstration –, mais je ne vous dresserai pas de couronne de fleurs pour votre discours d'aujourd'hui.

Vous venez de nous expliquer qu'il y a des tensions inflationnistes, que nous connaissons tous, et qu'elles sont dues essentiellement aux augmentations du prix de l'énergie et de l'alimentation, ce qui vous met dans un état d'alerte renforcée, qui ne manquera pas de vous conduire à augmenter vos taux pour combattre l'inflation. Cela amputera encore davantage le pouvoir d'achat de millions d'Européens sans que ces pressions inflationnistes sur le pétrole et sur les aliments ne baissent. Vous venez de nous répéter que vous craignez les effets de second tour et vous faites des appels comme d'habitude aux seuls partenaires sociaux.

Mais dans tout votre discours, je n'ai rien entendu sur l'action spéculative de certains grands acteurs financiers et qui sont derrière une partie de ces augmentations de prix. Ce n'est pas uniquement l'écart entre l'offre et la demande, mais vous savez fort bien qu'il y a de la spéculation bien réelle et que tous ces capitaux flottants sont en train de chercher une rémunération forte, quitte à spéculer sur le blé et d'autres matières premières très importantes.

Est-ce qu'il ne faudrait quand même pas que la Banque centrale européenne élève sa voix contre la spéculation, demande également une régulation plus importante des

marchés, apporter la lumière dans les trous noirs de la finance internationale? Vous ne pouvez pas uniquement faire porter la charge aux citoyens, Monsieur le Président, et continuer à alimenter les banques pour les risques de liquidité qui sont réels; et - j'en termine, Madame la Présidente - vous financez le *moral hazard* et vous faites porter la charge aux citoyens.

3-022

Jean-Claude Trichet, *président de la Banque centrale européenne*. – D'abord, dans mon discours introductif, j'ai rappelé ce que nous savons tous, à savoir que la stabilité des prix permet avant tout de protéger nos concitoyens les plus vulnérables et les plus pauvres, parce que ce sont eux qui se protègent le moins bien contre l'inflation. Je l'ai mentionné dans les *introductory remarks*, comme vous le savez.

Deuxièmement, notre appel à la modération ne s'adresse pas aux seuls partenaires sociaux. J'ai mentionné précisément les entreprises, l'ensemble de ceux qui fixent les prix et je ne fais pas de discrimination entre l'ensemble de ceux qui fixent les prix. Mais j'ai mentionné les évolutions des coûts unitaires de production, j'aurais pu mentionner les évolutions des compensations par employé ou les évolutions des salaires négociés depuis le troisième trimestre de 2007 jusqu'à maintenant. Nous avons des indications de hausses nominales qui ne sont pas négligeables, qui sont significatives.

Mais il y a aussi des anomalies, et vous avez mille fois raison de les souligner, dans certains prix, y compris des prix que nous observons dans la zone euro sur les prix des produits agricoles. Le défaut de compétition, le défaut de concurrence entre les différents acteurs économiques fait que nous avons des anomalies.

Nous sommes très résolument pour que les marchés soient transparents, que les systèmes soient totalement compétitifs et que la concurrence puisse s'établir à son plus haut niveau d'intensité pour que les consommateurs et l'ensemble des agents économiques puissent profiter de cette concurrence. C'est clair. Notre position est extrêmement claire sur ce point. Nous n'avons aucune complaisance à l'égard de ceux qui tirent profit de l'obscurité des marchés, de leur mauvais fonctionnement. La Banque centrale européenne est pour la transparence, pour le plus grand niveau de concurrence et pour que, d'une manière générale, dans le monde, le niveau de procyclicalité comme l'on dit, c'est-à-dire l'amplification des fluctuations, soit aussi éliminé que possible. C'est un élément qui est évidemment absolument fondamental.

Sur la spéculation en général, je dirais que nous sommes contre toute anomalie de marché et pour la plus grande transparence. J'ai dit qu'il fallait aussi faire attention parce que, dans certains cas, on parle des spéculateurs alors qu'on a d'autres éléments qui sont à la source de ces modifications de prix relatifs. Mais toute absence de transparence sur les marchés, nous la condamnons et nous agissons de manière aussi active que possible.

Par ailleurs, sur la réglementation, d'une manière générale, j'ai toujours dit moi-même et l'ensemble de mes collègues ont toujours dit, d'abord nous donnons une possibilité aux agents privés de dire quel est, selon eux, le meilleur comportement possible, le parangon du bon comportement, si je puis dire, sur tel ou tel marché, et ensuite nous regardons le résultat. S'il nous paraît satisfaisant, très bien. Si ce n'est pas satisfaisant ou s'ils sont incapables de donner des codes de bonne conduite et de bonne pratique, il y a clairement matière à réglementer. C'est aussi simplement que cela. Nous ne sommes pas ambigus sur ce point.

3-023

Ieke van den Burg (PSE). – I would also like to say something about these moral hazards and the role of the European Central Bank in the system for supervision and regulation of the financial markets. This morning my colleague Mr Dăianu and I presented a report on the follow-up of supervision in particular, but also the lessons to be learned from the credit crisis. We suggest the idea of risk absorbers being created by the markets themselves, to avoid relying on the central banks to provide them with the necessary liquidity and credit, and buying up the risky products that they can no longer sell.

I would like to ask your view on this and also on the idea of creating a small tax on financial transactions, which might also be a way of creating that type of risk absorber and might act as a disincentive against overly speculative movements in the market.

With regard to the architecture of supervision, one of the elements that we propose is to make a clear link between micro and macro prudential supervision and the Central Bank's supervision of the monetary and macroeconomic system and try to create a kind of rapid reaction force – a body with financial oversight which could also be more proactive in signalling undesirable movements in the market. Maybe you could also say something about that.

3-024

Jean-Claude Trichet, President of the European Central Bank. – We have just received your proposal and we have to look at it very carefully. I see it is a very comprehensive suggestion to restructure what we are doing in this domain, so I will not give you a definitive response because we have to study it very carefully.

On the one hand, at a global level, we have the proposal from the Financial Stability Forum, which is the key informal institution as regards the global methodology for drawing all the lessons from the present turbulences – and we have to draw all the lessons. We should not be complacent in any respect – I am fully in line with you on that – and we should not put on one side any element that might be given the privilege of remaining untouched. We have to see absolutely everything, because what has happened clearly shows that we are vulnerable in terms of booms and busts and amplification of fluctuations.

So we have this global methodology and the 67 proposals by the Financial Stability Forum at a global level, and this has been approved by the international community.

At European level, we have meditations and orientations adopted by Ecofin at its last meeting, and a lot of things have to be implemented now. I see from what you have said and what I have read of your own proposals that you would like to go much further. I do not dispute the fact that we will have to go further.

At this stage, what I would like to see in practical terms during the next few months is the Council and the Commission being as active as possible in putting into effect what has been decided in principle, including this network of surveillance authorities that has been decided in principle to follow progress of the various institutions. From a pragmatic standpoint it seems to me that we already have a lot of hard work to do, taking into account what has been decided in principle at European level and at a global level.

Concerning your idea of the links between the central banks and the surveillance authorities being as close as possible, I fully agree with you. Since the very beginning of the Eurosystem and the ECB the Governing Council made it very clear that they thought that very close links between the central banks and the surveillance authorities were necessary. The recent turbulences have demonstrated very clearly that this was a lucid way of looking at it. I think that there is now no dispute about that: our thinking from the outset has now been confirmed as right and appropriate.

Concerning the tax on financial transactions, as you know we are not in agreement with this proposal. We think that we have other means to discipline markets, including by appropriate regulation and transparency. We have been very clear on that in the past and I would maintain that position.

3-025

Mariela Velichkova Baeva (ALDE). – Mr Trichet, I would appreciate your sharing with us your reflections on issues of financial instability that we have all pondered at certain times. Financial markets not driven by the conquest of actual markets but by expectations move ahead and stumble back, rise and fall and, against the background of persisting dynamics of cycles, the economies of some new Member States are in a catching-up regime.

I mention all these aspects because, as you might presume, it is a matter of considering and communicating our prospects as well as challenges over the long term.

3-026

Jean-Claude Trichet, President of the European Central Bank. – I would certainly agree with the fact that, first, a market economy is an economy where there is the free formation of prices, and the prices – including asset prices – go up and down. We have to accept that, if

we have an economy where there are no fluctuations in prices, we know that is not a market economy. We have known an economy in which there were none of these fluctuations, but the final result was dramatic – the final collapse of this economy.

That being said, I also fully agree that we have to review all the functioning of global finance – and European finance, as a part of global finance – with a view to eliminating as much as possible all the elements of our own making, that are amplifying the fluctuations. There are spontaneous fluctuations that are associated with the free functioning of a market economy but paradoxically they are fluctuations that perhaps we are responsible for – extra fluctuations which are due to the procyclical behaviour of a number of institutions, including public institutions. We have to eliminate procyclical behaviour by surveillance authorities in general. We have some rules that might be procyclical, so we must look at those rules and try to eliminate them or at least to attenuate the element of procyclicality.

Perhaps we also have procyclicality inbuilt in accounting rules; perhaps we have procyclicality inbuilt not only in the banking surveillance rules but also in the insurance surveillance rules, and so forth.

Therefore if we want to understand the lessons that the Financial Stability Forum in particular has suggested from the present turbulences, I would say that two ways of reading what is proposed are appropriate. One is more transparency in all domains – because the absence of transparency also augments boom and bust and contagion effects – and the other is to eliminate the elements of procyclicality that we ourselves are responsible for.

It is easy to say this, but it is not easy to implement. However, we must do it and we must do it very actively. I fully share with you the sentiment that, particularly in interaction with our own people, with our fellow citizens, this amplification of boom and bust is a very adverse element – that is absolutely clear.

3-027

Eoin Ryan (UEN). – We have listened to you many times and many of us have supported you when there was a lot of pressure on you to reduce interest rates. Most of us supported you when you explained that the reason for this was to control inflation, but there seems to be some confusion from the ECB on this. You have stated quite clearly that the reason you have raised it is to control inflation, but at the same time there are other mutterings from the ECB that this is a one-off and there will be no further rises.

I think it is very important that the Bank speaks very clearly with one voice, because markets are very volatile and, as we all know, they are influenced by rumour. If you are raising it to control inflation and inflation is not controlled, obviously you are going to raise it again. I would just like to know what your comments are on that. If it is to control inflation, we cannot just say that it is a

one-off and there will be no more, because, if it does not work, you are obviously going to try and increase it further.

The second part of my question relates to the fact that you are assuming that the economy is going to grow in 2009. On what basis are you assuming that, considering that you have raised interest rates, which might have a knock-on effect? Also, what is your comment on the fact that the Governor of the Bank of England has said that raising interest rates is an unnecessary risk?

3-028

Jean-Claude Trichet, President of the European Central Bank. – First of all, I never comment on what colleagues say and, as I have always said, together we are a brotherhood of mutual admiration.

(Laughter)

3-029

Chairwoman. – As we are among politicians.

3-030

Jean-Claude Trichet, President of the European Central Bank. – I am sure!

As regards the Governing Council of the ECB, there is only one *porte-parole*. It is as simple as that. So there is pure clarity and I said, on behalf of the Governing Council, that we were monitoring all developments very closely and that we were in a state of heightened alertness. I also said – as I said here – that it is our strong determination to secure a very firm anchoring of inflation expectations – medium- and long-term – in line with our definition of price stability. You know that – less than two, close to two.

I have nothing to add and nothing to withdraw from what I said on behalf of the Governing Council on 5 June, when I reported on our view. I said we could decide to move our rates by a small amount at our next meeting in order to secure the solid anchoring of inflation expectation. I said that it is possible. It was of course noted by all observers as something important.

I did not say that we would envisage a series of increases. That being said – as you said – we never pre-commit. The observers, the market, know that pretty well. It is a fundamental position of this institution. We never pre-commit. I guess that it is because we never pre-commit that we are deemed credible. We are credible – as I said, we can demonstrate it even in very difficult circumstances. We are anchoring inflation expectations, even in very difficult circumstances, and we consider that we have to be alert in order to maintain credibility and the solid anchoring of inflation expectations.

3-031

Eoin Ryan (UEN). – I would just like to hear your reasons for thinking the economy is going to grow in 2009. Can you tell me why you are optimistic about economic growth in 2009?

3-032

Jean-Claude Trichet, *President of the European Central Bank*. – I would not say that we are optimistic in this respect because, as you know, our staff projections of the system mention a range of one to two. I said that we considered that the risks were on the downside, and I mentioned the various risks associated with that. You can draw what conclusion you want, but this is what we said and I can only repeat it.

3-033

Gay Mitchell (PPE-DE). – Mr Trichet, you inform us that 16 million jobs were created in the euro area in the past 10 years, compared to 5 million in the period from 1990-1998, which is a very impressive record I have to say.

You also mentioned your concern about recent signs of slowdown, or even backtracking, in terms of structural reform and fiscal consolidation in Member States. Member States are under pressure because of global economic and national economic performance, so it is easy to blame the European Union. We have just come through a referendum in Ireland, and one of the problems I find is that national governments of whatever hue claim responsibility for all that is good and blame the European Union for all that is bad. I think when Member States have to meet this discipline, it is very easy for them to say 'it is because we are part of the euro' and therefore create this bad image.

I want to ask you a different question from the sorts of questions we have been dealing with so far. Will you take steps to improve monetary literacy among citizens so that they know the objective and the purpose you are seeking to achieve and that, in particular, they will know that, if we meet these objectives, the sort of employment good news which has come about will continue? I note from your speech that the Lisbon Objective is 70% employment, and we have already risen to 65%, so could you say something about this? Could you communicate to people the objective you are setting out to achieve and how this will relate to them in their everyday lives?

3-034

Jean-Claude Trichet, *President of the European Central Bank*. – You have asked a question which is very pertinent for us, for the European institutions, for opinion leaders and for politicians. That is absolutely clear. It seems to me that communication, tireless explanation and pedagogy are absolutely essential.

As far as we are concerned, what we understand from our fellow citizens is that they are extraordinarily attached to price stability. There is absolutely no doubt of that, and I have always observed it. All surveys and all interpretations of the position of our fellow citizens indicate that they do not buy the argument that if you have higher inflation you are better off because you have more growth or more jobs. They do not buy that: they want both. It is fortunate that this corresponds to the mainstream analysis of economists, namely that there is no trade-off in the medium and long term between inflation and job creation and growth.

It seems to me that we permanently have to improve communication and to explain what we are doing and why we are doing it. From time to time we should also explain our successes. I myself discovered that, even if we consider job creation to be an obvious, indisputable success of the euro area since its beginning – because of the 15.7 million jobs, because of the fact that it was even a little ahead of the US during the same period and not merely much greater than before – nevertheless it was not sufficiently well communicated because we in Europe might have been teased for being ultra-orthodox, obsessed with inflation and playing against job creation. This was not true – it was proved to be not true with facts and figures – but perhaps it was not sufficiently well communicated. You are absolutely right. I share your view entirely.

3-035

Gay Mitchell (PPE-DE). – Does that mean you are taking steps to improve the communication, Mr President?

3-036

Jean-Claude Trichet, *President of the European Central Bank*. – First of all, my colleagues and I are trying to do our best in our own 'constituencies', and all our colleagues and the national central bank governors are in communication with their own parliaments. The Executive Board – I myself, the Vice-President and the members of the Executive Board – are in direct contact with the European institutions, and I am happy to be here and to respond to your questions. We consider this absolutely essential. However, each of our colleagues also has to communicate within his own environment, to his own public opinion and institutions.

We have launched – at the level of Europe as a whole – an education package for schools, aimed at 14-year-old children, which is sent to schools throughout the euro area. We are thinking about other such packages so as to have, as much as possible, single education packages that would be in all languages and adapted to the different cultures in the euro area, but with a single message and a single explanation, which we trust would be as effective as possible.

Those are examples, but what your question is suggesting is very important – as important for the European institutions themselves. Each time you have to change rapidly – and we are in a historical period when we have to change extraordinarily rapidly – these changes might harm some vested interest, and it is easy in some cases to say: it is not my fault, it is Europe's fault. Which is totally unjust, of course, but it is a natural reaction in some cases. Again, we have to take care to totally avoid this scapegoating which is, in my opinion, absolutely stupid.

3-037

La Présidente. – Et un des bons moyens de le faire serait d'avoir la publication des minutes.

3-038

Zsolt László Becsey (PPE-DE). – Mr President, the European Central Bank is one of the European institutions and, according to the suspended Lisbon Treaty, maybe you will have higher responsibility and legal status. You are responsible for anti-inflation price stability and, if it is necessary, you increase the rates, the cost of which is paid by the taxpayer.

But on the other side, when I look at the Council and the Commission, I can see a lot of inflationist movement within the internal market. You can consult them. What I mean is that new taxes are coming – energy taxes and emission-trading-system issues instead of technical regulations which create inflation. Now most recently, instead of decreasing VAT on diesel oil and abolishing the very stupid regulation of 2003, we instead introduce a ‘Robin Hood’ tax and increase social redistribution, which also has a tendency to create inflation. If I look at the labour market and the service market, there is no country of origin principle. In the service issue, in the Posting Directives, there is no free movement of labour with the Member States who joined in 2004. This goes against wage moderation and increasing competitiveness which again, in my judgement, is indirectly an inflationist tendency.

Do you, as the Central Bank and a European institution, try to persuade the Member States to change their attitude and to avoid this type of inflationist attitude in the internal market?

3-039

Jean-Claude Trichet, President of the European Central Bank. – I would certainly confirm that we are permanent advocates for eliminating inflationary risks wherever they are, and I can also tell you that there has been some discussion on this issue between governments in the Eurogroup, in particular. Of course, one has to look at what is really done, and you gave a number of examples.

However, concerning the general orientation, it seems to me that all the areas you mentioned, including indirect taxes, administrative prices, keeping wage developments in line with productivity progress in order to maintain unit labour costs at a very moderate pace, and the functioning of the product and services market: all this is part of our discussions and seems to me, at least in principle, part of the orientation of the Eurogroup.

But again, as you said, what counts is implementation, and we have an obligation in our screening of future risks for inflation. I mentioned a new, unexpected augmentation of administered prices and of indirect taxes, for instance, and experience has demonstrated that we have to be fully conscious of that risk.

Madam Chairwoman, you mentioned the minutes. You know our position. We issue a currency for 15 – and tomorrow 16 – different Member States in the euro area. You know better than anybody that we are in a very special political institutional framework. We in the Governing Council consider that we have full

transparency with the production of our own judgement on the situation in real time and with the introductory remarks of the President after the meeting of the Governing Council, and we all report on that and communicate on that. We are not the United States, which is a fully fledged political federation; we are not the UK, which is a centralised nation state; we are in our own institutional framework.

We trust that what we do is exactly what is called for in the present institutional framework. The Governing Council is united, the pertinent entity is the Governing Council. The Governing Council is transparent. To make a difference between the position of X, Y and Z is not, in our opinion, the right and appropriate approach in the present institutional framework. I am ready to discuss that again when your leadership has created a fully fledged federation in Europe.

3-040

La Présidente. – C'est un *ongoing debate* parce que le résultat, c'est que les membres du Conseil des gouverneurs ont leur propre interprétation de la décision après la réunion. On lit à longueur de journaux après les réunions du Conseil des interprétations différentes de la nature ...

3-041

Jean-Claude Trichet, président de la Banque centrale européenne. – Non, non, non, vous lisez ce qui est dit et rapporté par l'ensemble de la communication, mais chacun de mes collègues communique sur les textes dont nous sommes convenus ensemble. Et, bien entendu, ce n'est pas si facile de communiquer dans douze ou treize langues différentes, avec la traduction ensuite en anglais et l'interprétation des différences de traduction. Mais il n'y a eu aucune espèce de difficulté, je dois dire, et vu de loin - peut-être que vu de près, vous trouvez qu'il y a des différences ici ou là -, c'est vraiment une voix, et nous sommes de ce point de vue-là un conseil des gouverneurs extrêmement uni.

3-042

Ján Hudacký (PPE-DE). – Vážený pán prezident Európskej centrálnej banky, ja by som Vám chcel vyjadriť vďaku predovšetkým za to, že Európska centrálna banka dala pozitívne stanovisko v súvislosti s prijatím Slovenska do eurozóny.

Samozrejme, Slovensko splnilo všetky predpoklady, všetky kritériá a ja som presvedčený, že ich naplňuje a bude naplňovať aj naďalej vrátane inflačného kritéria. Bohužiaľ, Slovenskom momentálne otriasa škandál, ktorý súvisí s únikom informácií pred zmenou centrálnej parity. Dokonca aj Národná banka Slovenska pripustila, že mohlo dôjsť k úniku informácií pred touto zmenou parity vzhľadom na to, že sa výrazne zvýšil objem finančných transakcií až do výšky 1,2 miliardy USD, na čom, samozrejme, profitovali predovšetkým veľké finančné skupiny. Dokonca do určitých podozrení v rámci úniku týchto informácií spadá aj samotný minister financií, ktorý sa len niekoľko dní pred touto zmenou centrálnej parity stretol so zástupcami veľkej finančnej skupiny na ich jachte v Monte Carle.

Pán Trichet, rád by som poznal Vaše stanovisko v súvislosti s touto kauzou, ako takáto kauza môže ovplyvniť transparentnosť ďalších procesov v súvislosti s prijatím Slovenska do eurozóny, prípadne aký to môže mať dopad na zafixovanie výmenného kurzu, ktorý očakávame 8. júla tohto roku? Samozrejme, že túto situáciu je treba posúdiť aj z pohľadu prijímania ďalších členských krajín do eurozóny, ako sa vyhnúť a predísť takýmto situáciám, aby nedochádzalo k takýmto špekulatívnym obchodom a celý proces prijímania eura sa týmto spôsobom neznehodnocoval.

3-043

Jean-Claude Trichet, President of the European Central Bank. – Concerning your first remark: as you know, mention was made in our convergence report that all the Maastricht criteria were met. If you take an overview of the situation you will remember us saying that we had considerable concerns over the inflation criteria to be met in a sustainable fashion. You mentioned that you were convinced that this would be the case. I only mention for the record what we said in our report.

On the second point, I would only say that any discussion on realignment within the mechanism is totally secret until it is announced publicly. That is the absolute rule. That being said, I have no particular information concerning the information you gave. We will see exactly what happens, but this information and these discussions are totally secret, for obvious reasons.

3-044

Ján Hudacký (PPE-DE). – I would like to know what we can expect with regard to the fixed exchange rate which is going to be decided on 8 July. What does the fixed exchange rate relate to?

3-045

Jean-Claude Trichet, President of the European Central Bank. – All I can say is that in all previous cases it was the cross-pivotal rate which was the appropriate one. That is all I can say.

3-046

Antolín Sánchez Presedo (PSE). – Señor Presidente, felicidades por estos diez años.

Yo voy a plantear dos cuestiones: una que hace referencia a la legitimidad y otra a la estrategia monetaria.

Con referencia a la legitimidad, la independencia realmente se fortalece más con el control, con la responsabilidad y con la transparencia. Vivimos, por así decirlo, en una democracia deliberativa.

Usted hoy ha planteado aquí una serie de temas que a mí me parecen de gran interés, sobre todo en materia de empleo. Para la estabilidad de precios, son de gran importancia la retribución y los mercados laborales. Para reforzar esta legitimidad, me parecen muy importantes las relaciones, la comunicación y el diálogo con los

interlocutores sociales, tanto con los trabajadores como con los empresarios.

La cuestión sería cómo está tratando el Banco Central Europeo estos temas y si va a fortalecer el diálogo con los interlocutores sociales, tan importantes para el desarrollo de la política monetaria.

Y, en segundo lugar, la estrategia monetaria. La estrategia monetaria se comenzó a definir en el año 1998, se revisó en el año 2003 y casi tocaría ahora en el año 2008 analizarla o revisarla.

Hay un método cuantitativo, que ha parecido correcto, y un análisis basado en dos pilares: el pilar monetario y el pilar económico. Usted hoy ya ha hecho referencia a ellos. Pero es evidente que estos dos pilares no están separados. Hay un arco que los une que son los mercados financieros.

Por lo tanto, precisamente, esta crisis lo que ha puesto de manifiesto es la necesidad de examinar esta interfaz entre la política monetaria y la economía real a través de los mercados financieros y, por consiguiente, habrá que introducir en este análisis que ustedes realizan el examen de la liquidez, la propia evolución del crédito, cómo se abordan las asimetrías informativas, qué ocurre cuando los productos derivados los pueden comprar los fondos de los propios productores y qué ocurre con la concentración de riesgos.

Y la otra cuestión, es evidente que ustedes son actores globales y necesitan en su estrategia hacer una referencia a su responsabilidad en una cooperación recíproca con otros actores globales.

3-047

Jean-Claude Trichet, President of the European Central Bank. – Concerning the first observation, I fully agree with you that an independent institution is certainly in the last resort accountable to the people and has to be in close contact with the various institutions. Our dialogue with Parliament is part of this.

I mention in passing the fact that, when I count the number of contacts I have with the European Parliament, it is, de jure and de facto, equivalent or superior to what is done on the other side of the Atlantic.

3-048

Chairwoman. – Yes, but you do not have the same power as the Fed!

3-049

Jean-Claude Trichet, President of the European Central Bank. – In this respect I am absolutely convinced that accountability is a result of this contact. I could also mention – as you have mentioned – the contact with the social partners, the institutional dialogue within the European framework and all kinds of informal participation that my colleagues and I have.

As regards monetary policy strategy, when we launched our monetary strategy with the two pillars, which was

very much in line with the previous experience of the European central banks which had a monetary pillar – not only the Bundesbank but also the Banque de France had a monetary pillar, as did a large number of others, directly or indirectly – we were teased a little at the very beginning.

At the present time, it is recognised that the two pillars complement each other. The monetary pillar gives information that is very important in a longer-term perspective. It complements and permits the cross-checking that we operate in a way which gives us more information and could enlighten our own decisions. All this is better recognised than before, and we are now much better understood. I can testify that the monetary pillar helped us considerably in a very important period to take what appears to be, with the benefit of hindsight, a correct decision. Those are my comments.

We do not envisage changing our monetary policy strategy. We consider it has served us very well, and we are working on this strategy with a view to complementing and enriching both analyses – the economic analysis on the one hand and the monetary analysis on the other. Our researchers and the staff of the Eurosystem are working very actively to constantly update and improve both analyses.

3-050

Dariusz Rosati (PSE). – Mr President, at a press conference some two weeks ago you said that there would be a need to raise interest rates in order to counteract the mounting inflationary expectations.

However, today you gave us figures for the next year and you predicted that inflation will go down. Actually, according to your forecast, the level of inflation in 2009 will be between 1% and 3%, which means it is very broadly close to the price stability target.

How should we reconcile these two pieces of information? If you expect inflation to come down without any action needed from the Central Bank, then why did you say two weeks ago that there would be a need for a further rise in interest rates? You also underlined today that you are in a state of heightened alertness. If, by contrast, you think that inflation will go up or at least will stay at this high level, why do you not give us more evidence to confirm this scenario?

3-051

Jean-Claude Trichet, President of the European Central Bank. – What I said is what I said: on both 5 June and today. I said we could decide to move our rates by a small amount at our next meeting in order to secure the solid anchoring of inflation expectations. It is possible. It is what I said a moment ago, and what I repeat right now.

The figures are the figures also. In our last projection, the range in which we place the average yearly inflation for 2009 is between 1.8% and 3% – not 1% and 3% – and this is not satisfactory, either for us or for our

people, our fellow citizens. It is, by the way, 0.3% higher than the previous range that we published in March. Between March and June, for reasons that are obvious, the ranges have been displaced upwards.

We consider that we have to be credible in delivering price stability over the medium term – that is pretty clear. There is absolute consistency between the figures we displayed last time – I am repeating myself here – and the position of heightened alertness that the Governing Council has taken.

3-052

Olle Schmidt (ALDE). – I am coming back to the introduction and the role of the euro, perhaps from another angle. With the euro as a global reserve currency that has continuously strengthened against the dollar and other currencies, the calls for the ECB to take global responsibility for the growth are being put forward as an argument to not only look at inflationary pressure, and perhaps in that sense give the Fed some more room to manoeuvre. I would like to know how you view your and the ECB's responsibility in that regard.

My other question is that only one colleague, Mr Mitchell, mentioned – in a sub-sentence – the 'no' vote in Ireland. What do you think of that and the problems for the implementation of the Lisbon Treaty and the effects on the euro and the ECB? Why do you think the euro actually strengthened its position when the Irish voted 'no'?

3-053

Jean-Claude Trichet, President of the European Central Bank. – Concerning the second question, I would not say that the Irish vote had any influence on the euro, which is not too surprising because it did not impact in any respect on the ECB, the EMU or the institutional framework in which we are functioning. Therefore I am not surprised that it had no impact on our currency – and the currency of Ireland, of course.

Concerning the lessons to be drawn from this situation, I entirely agree with the position taken by the European Council. As President of the European Central Bank, I hope that what has been mentioned by the European Council will be implemented.

As a citizen, I hope very much that an appropriate way will be found to overcome the present difficulties, and I am convinced that will be the case.

Concerning the primary mandate of the ECB, this has been decided by the people of Europe, and the exemplary democracies that make up Europe have decided to give us this primary mandate. Therefore for us, as the child of the will of European democracy, we have nothing particular to say: we apply what has been given as a mandate to us.

Secondly, I will only say that the mandate corresponds very fully to the analysis of most economists the world over, considering that the period of stagflation and great inflation that we experienced in the 1970s demonstrated

that you cannot substitute inflation for price stability and be rewarded in terms of growth and job creation.

So there is a large consensus the world over that price stability is a precondition for sustainable growth and sustainable job creation. As you know, it is the belief not only of the Europeans in the euro area, or of the mainstream economists the world over, but also of all the inflation targeters, whether they are in industrialised countries or in the emerging world, and it is an overwhelmingly dominant feeling. So Europeans were not particularly original in their own reasoning and in the way they looked at the primary mandate of the ECB.

3-054

Gunnar Hökmark (PPE-DE). – Mr President, I would like to put two questions to you. Firstly, in your presentation you noted, and I quote, ‘Some countries have still to achieve and maintain sound fiscal positions and reduce government debt ratios to more sustainable levels’. You then proceeded to speak of the risks of a lack of discipline for inflationary pressure and the ability to control inflation.

Would you, in the future, perhaps be even clearer about the responsibility of those governments regarding their overall stability on financial markets and monetary policy? I am saying this not least because today we are having a debate about financial stability and challenges to it from a number of other sources, yet in some ways this problem is sometimes seen as the white elephant. You mentioned it here in a more general way, but in my opinion it is a responsibility that should be discussed a little more.

Secondly, how are we to look upon the development of commodity prices in the future when we discuss inflationary pressure? I say this because we see today a change of global demand that is not a consequence of the business cycle but a consequence of a more far-reaching change in the structure of the global economy. I think it is fair to say that the high oil prices today, taking that as the most concrete example, are not the consequence of inflation but rather of a change in global demand. As such this will influence the European economy, having a more contractive effect. To look upon that as an inflationary pressure is to chase your tail all the time. How will you look upon this development when you are discussing interest rates in the future?

3-055

Jean-Claude Trichet, President of the European Central Bank. – Regarding the first point: our constant position has been to advocate rigorous implementation of the Stability and Growth Pact. As I said earlier, we are not a fully fledged federation. We do not have a federal budget. We are in an institutional framework which calls for the stability and cohesion of EMU for a Stability and Growth Pact, because it is a substitute for a federal budget at the level of a fully fledged federation.

It is extremely important that we have full and rigorous respect for the Stability and Growth Pact. Not only do we, as the European Central Bank, have the usual

attitude of the central bank in any fully fledged federation or centralised state, where it is important that there are sound and reasonable fiscal policies directed by the executive branch and the parliament but, on top of that, we are in an institutional framework where today we have 15 and tomorrow we will have 16 different countries. The Stability and Growth Pact is essential for the cohesion of the system.

I am struck each time I look at the fiscal policies – in addition to the rigorous implementation of the Stability and Growth Pact, which goes without saying – by the difference that can be seen between the level of public spending as a proportion of GDP in the various countries. This suggests that, if they were all benchmarking on the best performers in each domain of spending, we could make enormous progress and certainly increase quite substantially the growth potential of Europe.

So from that perspective I fully share the view that you have expressed: that it has to be very clear that, for the sake of European Monetary Union, it is very important that each country behave in the best fashion possible. Otherwise there is a price to be paid by the full body of the Monetary Union for the bad behaviour, if I may say so, of those who are not behaving properly. In my opinion it goes far beyond the rigorous implementation of the Stability and Growth Pact, because it is part of the structural reforms.

On the second point, I fully agree with you that we are witnessing structural changes of major importance. As you said, the cycle does not entirely explain the commodity and oil price increases we are witnessing; what does explain it is the fact that the emerging world is developing at a very rapid pace, and at a global level that changes what I would call relative prices. It is the duty of central banks, taking into account the fact that relative prices are changing quite rapidly at global level, to ensure that the average level of prices remains in line with price stability.

Reference is very often made to the first oil shock. We are not in the same situation. It is not an identical situation, but there are some similarities. It is clear that those who maintained their own economies and price stability in appropriate order – or such price stability as was observed in this period – were rewarded in comparison with those who thought they could protect their own economic agents from these changes in relative prices and had a very high level of inflation, a very poor level of growth and a very poor level of job creation.

3-056

John Purvis (PPE-DE). – Mr President, I have one technical question and one question following up this macroeconomic discussion you have had with Mr Hökmark.

First of all, you mentioned the funding denominated in US dollars that you have been doing through

cooperation with the US Fed. It says that you have been providing US dollars secured with Eurosystem eligible collateral. Does that mean the collateral is euro denominated and you are actually providing US dollars? I wonder how you deal with the foreign exchange risk in that, or whether you see that as an issue.

Secondly, are you actually also providing funding of this type for non-eurozone EU banks in the rest of the European Union, and are you doing that in euros, local currency, dollars or what, and what are the currency risks there?

Following up on the macroeconomic point about this fundamental restructuring of the world economy, are you not becoming almost Malthusian about this, so that if there is not enough oil in the world, there is going to be a permanent high price for oil and all these commodities and food and so on? Therefore, there has to be a complete rethink about where the price levels have to be for everything. How can you achieve price stability in that circumstance? Or, alternatively, maybe the Chinese will also experience – and apparently they are experiencing – extremely high inflation and other things and they will come into balance with the rest of the world – they will not go on being so excessively growth-oriented.

So how do you see it balancing out after this phase of restructuring? Will it come back down to normality, as we have seen before, or are we going on a step change into a completely different pricing environment?

3-057

Jean-Claude Trichet, *President of the European Central Bank*. – Concerning the first set of questions: we have a swap with the US Fed, which is financing this delivery of US dollars; we are fully acquainted with the way the tender is monitored in the United States, and the interest rates we apply are given to us by the US Fed. It is a very close, intimate relationship.

I am happy that you mentioned this particular point, because I think it is a first: I think this is the first time there has been such intimate cooperation between two central banks, in the present case on both sides of the Atlantic.

We apply exactly the same rules to this dollar liquidity framework as we apply to the euro framework. You must, of course, be part of the euro area – you have to have an activity in the euro area – but you can, of course, have owners who are foreigners. There is absolutely no difference between this framework and the domestic euro framework.

Concerning your very interesting questions on the general price of commodities, on these very rapid changes in prices the world over: what we have been observing for quite a number of years is a permanent increase. It is not a one-shot operation – it is not ‘one shock’, if I may put it like this – but a regular, more or less abrupt increase in prices year after year. That fits

better with the idea that it is very much a demand-driven phenomenon rather than a supply-driven phenomenon, where there would be a shock, followed by stabilisation.

I have seen so many experts making so many mistakes when claiming that they could foresee the future that I will be as pragmatic as possible. We will see exactly what happens. All we know is whether it appears that prices are much too high – and I do not exclude the possibility that we are far above an equilibrium price and that we will see prices going down to a much more appropriate level that will be more sustainable and that will permit a lot of investment on a basis which will be much more secure than the present very high level. I exclude nothing, including that, and, of course, we would be very happy if such events occurred. But we have to take the situation as it is, knowing that at any particular period of time we have to cope with the situation as it is.

We remain responsible, whatever happens, for price stability in the medium and long term. That is something that we cannot deny: it is the responsibility of the central banks the world over to deliver price stability. Again, there is an element which can measure that capacity in the eyes of economic agents, which is the anchoring of medium- to long-term inflation expectations. We have various ways of measuring that and looking at the risks of anchoring these inflation expectations.

3-058

Pervenche Berès (PSE). – Dans les choses que vous nous disiez régulièrement lorsqu'on vous interrogeait sur le mandat de la Banque centrale, vous nous disiez il y a quelque temps que la FED et vous-même vous aviez peut-être des mandats différents, mais qu'au fond, vous meniez la même politique monétaire. Est-ce que vous continueriez à dire cela aujourd'hui?

Ma deuxième question: vous avez mentionné les travaux du Forum de la stabilité financière. Je crois que tout le monde salue les conclusions de ce Forum. Simplement, tout le monde n'est pas autour de la table, et personne ne sait comment on le met en œuvre. Alors, est-ce que vous avez une idée à ce sujet? Comment est-ce qu'on met en œuvre les conclusions du Forum? Comment s'assure-t-on que les différentes parties prenantes à cette discussion ont les moyens de mettre en œuvre effectivement ces conclusions et de s'assurer que cela peut aussi inspirer des membres qui ne sont pas autour de la table et, évidemment, je pense aux Chinois?

Dans votre réponse à Ieke van den Burg, vous avez indiqué que des initiatives de la Commission seraient les bienvenues pour progresser dans le renforcement des trois comités de niveau 3. Est-ce que, dans votre esprit, cela signifie que la Commission devrait mettre sur la table une proposition législative qui nous permette effectivement de franchir une étape?

L'élargissement du Conseil des gouverneurs: vous savez que le Parlement européen a toujours critiqué le futur mécanisme. Est-ce que vous considérez qu'il reste

approprié ou est-ce que vous avez engagé une réflexion pour éventuellement revenir sur ce qui était proposé?

3-059

Jean-Claude Trichet, *président de la Banque centrale européenne*. – J'appellerais cela un missile à charge multiple. C'est un exploit.

Premièrement, toutes les banques centrales, à ma connaissance, dans le monde ont l'objectif d'ancrer aussi solidement que possible les anticipations d'inflation pour avoir la stabilité des prix à moyen et long terme, et j'ajouterais certainement que, si mon collègue américain était là, il vous confirmerait que c'est aussi son objectif.

En ce qui concerne le Forum de stabilité financière ...

3-060

Pervenche Berès (PSE). – Est-ce que cela veut dire qu'aujourd'hui, comme vous me l'avez toujours dit, vous meniez la même politique?

3-061

Jean-Claude Trichet, *président de la Banque centrale européenne*. – Non, nous ne menons pas la même politique puisque nous sommes dans des économies différentes avec des chocs différents à absorber, avec des flexibilités différentes, des structures différentes des économies. Donc, nous menons des politiques qui sont nécessairement différentes puisque nous n'avons pas en face de nous les mêmes chocs, la même économie et les mêmes flexibilités. Mais l'idée d'ancrer solidement les anticipations d'inflation est, me semble-t-il, l'objectif commun. Cela dit, comme vous le savez, nous ne sommes pas non plus dans le même concept de politique monétaire. Nous avons nous-mêmes donné notre définition de la stabilité des prix, moins de 2 %, proche de 2 %. Pour des raisons qui sont parfaitement explicables, nous ne sommes pas dans le même contexte aux États-Unis d'Amérique.

En ce qui concerne le Forum de stabilité financière, nous avons une méthodologie. Le IFMC du Fonds monétaire international a repris les 67 recommandations du Forum de stabilité financière et le Forum de stabilité financière lui-même regroupe toute une série de groupes, par exemple le comité de Bâle pour la surveillance bancaire, par exemple le comité qui assure au niveau mondial la coordination de la surveillance prudentielle pour les compagnies d'assurance, par exemple celui qui assure la surveillance mondiale pour les marchés d'action. Donc, nous avons en réalité un forum et une méthodologie qui est réellement au niveau mondial, et il me semble que de ce point de vue-là, nous avons bien sûr aussi le G20 qui est appelé lui-même à voir et à méditer sur l'application des concepts qui ont été élaborés au Forum de stabilité financière. L'expérience de la crise asiatique a montré que le G20 au niveau de l'ensemble des pays émergents aussi bien que des pays industrialisés pertinents au niveau mondial était en capacité de faire un remarquable travail de transformation au niveau mondial - travail, d'ailleurs, qui a été tellement efficace que, comme vous le savez, les pays émergents ont été - à mon avis, parce que les bonnes leçons ont été tirées de la crise asiatique -

très protégés contre les phénomènes de turbulence que nous observons en ce moment.

Sur la position que je prends vis-à-vis du rapport qui nous a été fait par Mme van den Burg, je dirais que nous allons regarder cela, comme je le lui ai dit, de très près, mais notre orientation, mon orientation au moment où je parle serait plutôt de dire: réalisons déjà ce qui a déjà été décidé en principe et qui n'est pas encore mis en application. Et donc, j'aurais tendance à dire que la nouvelle proposition de législation *If any* doit être présentée une fois qu'on aura fait tout ce qu'on avait à faire, parce que sinon, ça pourrait être un prétexte pour dire: on ne fait pas ce qu'on a déjà précédé et puis on verra après parce que d'autres idées sont en cours.

3-062

Pervenche Berès (PSE). – Cela voudrait dire que, concernant le niveau de fonctionnement des trois comités de niveau 3, on n'a pas besoin de bouger et on a sur la table tout ce qui suffit pour les faire fonctionner de manière optimum demain?

3-063

Jean-Claude Trichet, *président de la Banque centrale européenne*. – Encore une fois, il ne faut pas compliquer trop. Nous avons déjà beaucoup d'institutions en Europe, entre le Parlement, le Conseil et la Commission. Au stade où nous en sommes, à mes yeux, et j'ai participé bien entendu à cet ECOFIN, nous avons un certain état du consensus. Il y a un certain nombre d'opérations qui peuvent être faites. Il faut les faire! Et donc, je ne voudrais pas que l'on prenne le prétexte d'une nouvelle demande de nouvelle législation pour bloquer ce qui a déjà été précédé et dont je ne suis pas sûr que cela va être mis en œuvre.

Ceci dit, encore une fois, je ne peux quand même pas me prononcer définitivement. Je n'ai pas encore lu attentivement ce qui a été proposé par Mme van den Burg.

Dernier point: là aussi, ne compliquons pas les choses. Nous avons trouvé une bonne modification des choses. La Commission n'était pas d'accord, le Parlement n'était pas d'accord, le Conseil n'était pas d'accord, etc., mais personne n'a trouvé mieux, franchement. Et donc, nous allons appliquer les règles que nous avons retenues et dont je suis convaincu que ce n'est jamais la meilleure solution, mais c'est certainement et de loin la moins mauvaise.

3-064

Daniel Dăianu (ALDE). – Thank you again. It has been a very interesting discussion. You put a lot of emphasis on anchoring inflation expectations. I fully agree with you that this is critical, but I am wondering about this, because you also mentioned that it is demand driven, although there are also supply-side constraints. There are signs of panic and fear. You mentioned volatility, uncertainty. The Dow Chemical Company has announced a tremendous rise in its prices. You also alluded to the need to have responsible social and also business partners. They should not rush. We talk about

coordination failures. What should be done to improve the dialogue, clarity and communication so that people should not, as the French would say, 'foncer en avant'? If it is demand driven, presumably there will be a flow of shocks in the future. What should be done to arrest a dynamic which could be very detrimental?

3-065

Jean-Claude Trichet, ECB. – First of all, I fully agree with you.

Responding to Mr Purvis, it seems to me, as I said, that we had a phenomenon that was obviously demand driven in comparison to previous oil shocks that were much more supply driven by the curtailment of production. But we should not, nevertheless, consider that it is only demand driven. In my opinion, it is, again, demand driven, plus supply driven, and driven also by this vast change of portfolio allocation at the global level. Those are the three elements, and we have to be as attentive as possible to disentangling the three elements.

I was very happy with the decision taken by Saudi Arabia. It is an important contribution. We will see exactly what the consequences will be, how it will be engineered and what the procedures will be. But we should bear in mind that we have to cope with the problem by all possible means, without excluding anything – including full transparency and appropriate functioning of markets.

But, again, whatever happens we believe that we are responsible in the medium and long term for price stability. We are observing important changes in relative prices, but the absolute level of prices depends on our own alertness.

Let me also say – I am also referring to the question by Mr Goebbels – we have a message for everyone: we do not target our message particularly to employees or the unions, we are also targeting enterprises. I fully agree with you that they have to be responsible. In the medium and long term they have to know that we will be attentive to price stability. Our message is for absolutely all partners and for appropriate competition to take place everywhere and for markets to be transparent everywhere. That is absolutely clear.

I would not deny that these times are very demanding for all of us. That is absolutely clear. I do not underestimate the level of responsibility that we all have, because, of course, I am talking for the Governing Council of the ECB and for the system. But I do not deny that it is a heavy responsibility for the unions, executive branches and parliaments, and for the European Parliament too. So, again, we have to try to live up to our responsibilities. You can count on us to live up to our responsibilities.

3-066

La Présidente. – Nous en venons au terme de cette rencontre. Mais, Monsieur le Président, on a beaucoup parlé de l'augmentation du prix des *commodities*, de leur rôle dans l'inflation. Est-ce que je peux poser une

dernière question? Dans vos évaluations, quelle est la part de l'augmentation du prix des *commodities* dans le taux d'inflation que nous connaissons aujourd'hui?

3-067

Jean-Claude Trichet, président de la Banque centrale européenne. – Comme je l'ai dit, c'est une inflation qui est, en ce qui concerne l'indice des prix à la consommation que nous observons au moment où je parle, très largement due à l'énergie, très largement due aux prix des produits alimentaires, mais aussi due aux prix des services qui augmentent trop vite. Et cela n'est pas étonnant, parce que dans les prix des services, vous avez essentiellement des coûts unitaires de production, et les coûts unitaires de production, je l'ai déjà dit, augmentent plus vite au moment où je parle et où je fais la photographie qu'ils n'augmentaient il y a six mois ou qu'ils n'augmentaient il y a neuf mois. Je peux vous rappeler: troisième trimestre de 2007, 1,5; quatrième trimestre, 2,3; premier trimestre de 2008, 2,4. Nous étions en moyenne, en 2006, à 1 % et en 2007, en moyenne, à 1,4 %. Si je prends les *negotiated wages*, nous sommes passés de 2,2 % au troisième trimestre de 2007 à 2,7 % en avril, et pour le premier trimestre de cette année à 2,8 %. Et c'est la même chose pour les compensations par employé. Donc, nous avons à considérer qu'il n'y a pas que les changements très rapides et anormaux, bien sûr, de prix du pétrole et des produits agricoles, nous avons à être alertes sur tout.

3-068

La Présidente. – Merci, Monsieur le Président. Nous poursuivrons cette discussion lorsque nous examinerons ensemble, en plénière, le rapport de M. Olle Schmidt, le 9 juillet prochain. Sinon, nous nous retrouverons dans cette formation le 10 septembre.

(La réunion est levée à 12 h 30)