

MONDAY, 11 JANUARY 2010

BRUSSELS

**COMMITTEE ON ECONOMIC AND  
MONETARY AFFAIRS**

**HEARING OF OLLI REHN**

**COMMISSIONER-DESIGNATE**

**ECONOMIC AND MONETARY AFFAIRS**

1-002

**IN THE CHAIR: Sharon BOWLES**

*(The meeting opened at 16.35)*

1-002-500

**President.** – I would like to welcome the Commissioner-designate, Mr Rehn, to this hearing before the Economic and Monetary Affairs Committee. We have exclusive competence for the Commissioner-designate, so all the questions during this hearing will be put by ECON Committee members. The Commissioner-designate has given us written answers to a preparatory questionnaire, which have already been distributed to all Members in all languages.

The Commissioners-designate are to be evaluated on the basis of their general competence, European commitment, personal independence, knowledge of their prospective portfolio, and their communication skills.

The procedure of the hearing is a generic procedure that should be adopted by all committees in all hearings.

After these remarks, the Commissioner-designate will be invited to give an opening statement of up to 10 minutes. Following that introduction, there will be questions by Members, starting with the contributions from one representative from each political group in turn. Today we have space for 32 questions, which will be put in turn via the groups.

Each questioner has a maximum of one minute for their question. Questions must be single questions, not multiple complex questions – those will be ruled out of order – because the Commissioner-designate will only have two minutes to respond, and it is obviously unfair to expect a response to a multi-part question in two minutes.

There is then the opportunity for the questioner to put a follow-up question. This must be on the same subject and relate to the response. I will consider asking for a little more elaboration to be a proper follow-up question if there is nothing more specific. There is one minute for the Commissioner-designate to reply to that.

Please do not speak too quickly because that will waste time when I have to interrupt you and ask you to slow down. If you do look up and see me waving a yellow card, it will mean that you are talking too fast and that you should please slow down, and that I am trying to save time by not interrupting.

I will cut people off when they get to the end of their speaking time. I will try to give you an audible warning because I have found a button that goes ‘ding’. So, if you hear that, it means that you are about to be cut off.

At the end of the questions, there will be an opportunity for the Commissioner-designate to make a brief closing statement of about five minutes.

Before giving the floor to Mr Rehn, I would just like to make a few comments to him.

First of all the ECON Committee appreciates your willingness, expressed in your written response, to work in close cooperation with Parliament at all levels. We would like to underline the importance of informing and sending legislative, pre-legislative and non-legislative documents to Parliament and the committee at an early stage, in order to give time for an effective decision-making procedure. This should extend not just to those things that we might ask for – what one might call in Rumsfeld language the ‘known unknowns’ – but sometimes to those things that you know about that we do not – in Rumsfeld language, the ‘unknown unknowns’. We would very much appreciate your commitment on that point.

Secondly, macroeconomic policy, recovery plans and the EU 2020 strategy will be very important in this mandate. During the financial crisis, the three Commissioners responsible for economic and monetary affairs, for financial markets and for competition have had to work closely together, and it is presumed that cooperation will continue.

The ECON Committee has responsibility for all of these policy areas and wishes to participate in this vital joining-up of policy. So we would appreciate your commitment to assist in the inclusion of the committee in this inter-portfolio area.

Finally, following on from the previous question, this committee has already discussed the fact that there is not a sharp division between macroeconomic matters and financial regulation. Therefore we want to know that you have the overall macroeconomic impact of financial regulation in your sights.

Those are just three general points that I wish to put from the chair to which, over the course of time, maybe we can have a response.

So, without any further ado, I will now turn to the Commissioner-designate Mr Olli Rehn for his presentation.

1-004

**Olli Rehn, *designiertes Kommissionsmitglied*.** – Meine Damen und Herren! Zuallererst möchte ich meiner Freude Ausdruck verleihen, heute hier wieder bei Ihnen sein zu dürfen: Denn während meiner Zugehörigkeit zum Europäischen Parlament war ich seinerzeit stellvertretendes Mitglied dieses Ausschusses für Wirtschafts- und Währungs politik.

Die Wirtschafts- und Währungsunion ist ein – wenn nicht der – Eckpfeiler der Sozialen Marktwirtschaft in Europa. Ich fühle mich der Sozialen Marktwirtschaft und ihren Zielen in besonderer Weise verpflichtet. Wir brauchen einen stabilen Rahmen, der ein nachhaltiges Wirtschaftswachstum und allen eine Teilhabe am Wohlstand ermöglicht.

Das Europäische Parlament hat in diesem Bereich eine Schlüsselstellung. Daher ist die Partnerschaft zwischen Kommission und Parlament von herausragender Bedeutung.

Es geht darum, das zu tun, was unsere Bürger in diesen Krisenzeiten am ehesten von uns erwarten: Perspektiven für die Zukunft, Arbeitsplätze und Wohlstand, Wachstum und Stabilität.

1-005

– Mesdames et Messieurs, en tant que commissaire européen responsable des affaires économiques et monétaires, mon objectif essentiel consiste en la relance de la croissance et de l'emploi en Europe. Pour l'atteindre, nous avons trois chantiers prioritaires.

Premièrement, il faut que nous renforçons la coordination des politiques économiques, en particulier pour bien couronner les stratégies de relance économique et de sortie de crise. Dans ce contexte, la nouvelle stratégie "Europe 2020" est nécessaire afin de mobiliser toutes les sources de croissance et d'emploi possibles, de l'éducation aux technologies vertes, qui permettront d'accompagner l'Europe lors de sa prochaine phase de développement économique.

Deuxièmement, il faut que nous stabilisons les finances publiques lors du prochain sommet, ce qui exigera beaucoup de rigueur dans un avenir proche. Certes, la stimulation monétaire et budgétaire a été et reste encore nécessaire – comme le montrent les derniers chiffres du chômage à 10 % – pour maintenir l'encours des crédits aux entreprises et aux citoyens et aux citoyennes, afin de

relancer l'économie réelle. Mais l'évolution de la dette publique est devenue insoutenable, en particulier à la lumière du vieillissement de la population européenne.

Enfin, troisièmement, il faut que nous signifions notre représentation européenne dans la gouvernance économique mondiale. Ceci est nécessaire si l'on veut exercer une véritable influence sur les réformes de la réglementation financière et de la gouvernance économique mondiale.

1-006

Let me briefly expand on how I intend to pursue these priorities.

I believe that sustainable growth and employment can only be built on macroeconomic stability. All three of my priorities – growth, stability and global governance – are therefore very closely intertwined.

The Stability and Growth Pact provides us with the framework for consolidating public finances through a coordinated exit strategy. While the crisis made a massive fiscal stimulus necessary, the measures to stimulate recovery need to be withdrawn when the time is right. Of course, only once the recovery is on a sound footing can the exit begin in earnest.

Moreover, policy coordination under the Pact must be enhanced, which will be facilitated by the Lisbon Treaty. This requires broader and deeper surveillance, as painfully demonstrated by recent developments in Greece. We are working with the Greek authorities and are currently waiting for them to establish a comprehensive and convincing economic policy package which will have to include concrete, tangible measures.

The crisis has also shown that we suffer from a vacuum in the surveillance of systemic risk. The proposed European Systemic Risk Board will have to fill this vacuum.

Another condition of effective surveillance is the reliable provision of economic data and national accounts. This is the task of Eurostat and the national statistical offices. While this system generally works well, problem areas must be resolved as a matter of urgency.

Economic stability in Europe can also be reinforced through a gradual enlargement of the euro area, for which I shall work on the basis of the existing and well-known rules, ensuring equal treatment.

Let us recall that the Pact is about both stability and growth. The EU 2020 strategy will target growth by re-dynamising the European economy. The Pact's surveillance mechanisms can be used for providing spine and rigour to this strategy, thus making EU 2020 a success. You, as Members of the European Parliament on this committee, will play an important role in shaping this strategy.

To modernise our economy in line with EU 2020, we need increased investment and intensified innovation.

Given the fiscal constraints, we need innovative financial instruments that combine both public and private sources of finance. Once I have taken up office, if confirmed by you, I shall immediately launch an evaluation of Community instruments that target the financing of EU 2020 priorities, including, of course, the EIB's tools, in order to increase funding for these goals.

On all of these issues and the other policy initiatives I have outlined in my written answers to you, I want to work closely with you and your committee.

Ladies and gentlemen, to conclude, as a former Member of this Parliament and your close associate over the past five years, I have learnt that the European Union delivers its best results when Parliament and the Commission work together as allies. The economic recession easily brings narrow short-term interests to the forefront. We must resist this tendency, and indeed it will be our common task to defend the ultimate European interest – the interest of the European citizen.

You asked what drives me. Let me tell you: I want to make a difference for a prosperous and just Europe, just like you do.

I am aware of the serious responsibility that the economic and monetary affairs portfolio carries in these difficult times. It will certainly be a tough job, but also a very meaningful mission, not least since we are at a crossroads today. Either we take determined and joint action for Europe's economic and political revival or we risk economic stagnation and political irrelevance.

As Members of the European Parliament and Commission, we have the joint responsibility to make Europe's revival a reality. I very much look forward to working closely with you to meet this challenge together.

1-007

**Jean-Paul Gauzès (PPE).** – Merci, Madame la Présidente. Monsieur le Commissaire, permettez-moi de vous souhaiter au nom des membres de mon groupe la bienvenue dans cette commission. En effet, si vous connaissez bien la Commission européenne, c'est votre première visite devant la commission des affaires économiques et monétaires et nous aurons l'occasion de vous poser, avec mes collègues, différentes questions qui viennent à l'esprit à la lecture des lignes générales du programme que vous avez tracé. Je voudrais, pour entrer dans le vif du sujet et reprendre certaines de vos indications, vous demander très brutalement comment vous envisagez la combinaison, d'une part, de l'exigence de finances publiques saines qui n'hypothèquent pas l'avenir et, d'autre part, la réalisation des actions nécessaires pour la sortie de crise et la reprise de la croissance. Merci, Monsieur le Président.

1-008

**Olli Rehn, Commissaire désigné.** – Merci, Monsieur Gauzès, pour votre question, très pertinente. Il est tout à fait fondamental de souligner que les deux objectifs de la croissance et de la sortie de crise ne sont pas du tout

antinomiques ni opposés mais, bien au contraire, complémentaires. Une croissance saine et durable nécessite des finances publiques saines. Des déficits excessifs et une dette élevée obligent nos gouvernements à dépenser toujours plus uniquement pour les rembourser, qui érodent ainsi leur capacité à financer d'autres priorités telles que l'éducation, la recherche, les dépenses sociales. Il est donc absolument nécessaire de réorienter nos finances publiques vers un choix soutenable afin de favoriser la croissance en Europe, et c'est pourquoi le Pacte de stabilité et de croissance est un instrument permettant de revenir à des finances publiques saines et durables. Mais, en même temps, il faut que nous investissions dans la croissance économique et pour combiner ces deux objectifs, il est aussi absolument essentiel d'accroître la qualité de nos dépenses publiques et de créer des instruments financiers qui combinent le financement public et privé. Pour avoir l'impact maximal pour la croissance et pour les finances publiques, c'est important.

1-009

**Jean-Paul Gauzès (PPE).** – Dans cette optique-là, Monsieur le Commissaire, qu'attendez-vous des résultats du travail de la commission spéciale sur la crise qui se tient actuellement sous la présidence de notre collègue Wolfgang Kreissl?

1-010

**Olli Rehn, Commissioner-designate.** – This committee will be playing a very important role, I trust. I want to work with the committee chaired by Mr Klinz, and it is very important that together we are able to find an optimal policy mix that combines sustainable public finances and, at the same time, investment in economic growth and employment.

This will be a difficult task as we all know we will face exit strategies in the coming years: we will have to restore our public finances while at the same time we will have to find both the public and private investment for growth and employment. I very much look forward to working with the committee chaired by Mr Klinz, and of course with this committee, which will play a key role in tackling this common challenge.

1-011

**Udo Bullmann (S&D).** – Danke, Herr Rehn! Auch im Namen der Sozialisten und Demokraten ein herzliches Willkommen in unserem Ausschuss! Sie streben ein zentrales Amt in einer wirtschaftlich schwierigen Zeit an. Ich will dazu nur eine Bemerkung machen: Wenn nichts Entscheidendes geschieht, dann wird am Ende der Amtszeit, die Sie anstreben, unsere Gesamtproduktion in den Industrieländern immer noch unter dem Vorkrisenniveau liegen. Also frage ich Sie jetzt: Was sollen wir anders machen? Sie haben von der Notwendigkeit der verbesserten Zusammenarbeit gesprochen. Wir haben zehn Jahre Lissabonstrategie gemacht. Wie wollen Sie dafür sorgen, dass es eine Zusammenarbeit im Bereich der Wirtschaftspolitik gibt, die mehr Biss hat? Und wie wollen Sie erreichen, dass wir einen wirklichen *New Deal* bekommen, der mehr ist als das, was die Kommission im November

vorgeschlagen hat? Denn das war ein zahnloses Projekt, bei dem lediglich alter Wein in neue Schläuche gegossen wurde.

1-012

**Olli Rehn, Commissioner-designate.** – Thank you very much, Mr Bullmann, for your question. I share your concern about the economic future of Europe, so we have to act now and we have to act on both fronts: economic growth and public finances. In this context, the EU 2020 strategy will provide a very important instrument. It will, like any economic strategy in times of crisis such as this, have to target growth and jobs, and we have to explore all possible avenues that mobilise all the sources of economic growth, from education and innovation to green technologies and digital services.

In that context, we also have to reinforce our coordination of economic policy-making in Europe. For instance, we must make the most of the Lisbon Treaty to reform the euro area, with coordination and surveillance in setting economic policy guidelines and deepening preventive surveillance. The Commission will, for instance, have the right to issue recommendations and warnings to individual Member States. I intend to propose a communication shortly on this matter so that we can discuss and see how we can proceed on these very important critical issues.

1-013

**Udo Bullmann (S&D).** – Herr Rehn, die spanische Präsidentschaft hat zu Beginn des Jahres vorgeschlagen, mehr Verbindlichkeit in die wirtschaftspolitische Koordination einzuführen. Ich mache einen konkreten Vorschlag: Wie wäre es denn, wenn wir das Europäische Parlament in einer interinstitutionellen Vereinbarung damit beauftragen würden, das Monitoring für die wirtschaftspolitische Koordination zu übernehmen, und wenn wir dem Rat vorschlagen würden, dass es keine Änderungen mehr an der wirtschaftspolitischen Strategie gibt, ohne dass wir als Europäisches Parlament konsultiert werden? Könnten Sie sich einen solchen Vorschlag zu Eigen machen?

1-014

**Olli Rehn, Commissioner-designate.** – I have of course followed the debate in recent days very closely, stimulated by the Spanish Presidency and commented by several Member States. In my view the next step to enhance economic policy coordination is, indeed, to make the most of the Lisbon Treaty to reform euro-area coordination and surveillance and, likewise, we have to capitalise on the new Treaty to pursue unified representation of the European Union and the eurozone in international financial institutions and fora.

In this context I will work on the basis of the Treaty and the framework agreement which we are currently negotiating with Parliament and, in that context, we can find the best ways and means of involving Parliament and the committee in observing not only the broad economy policy guidelines but, in other terms, our economic policymaking in the Union.

1-015

**Sylvie Goulard (ALDE).** – Bonjour Monsieur le Commissaire. Bienvenue au nom du groupe des libéraux et des démocrates. Je vais poursuivre sur le même thème. La crise a bien prouvé une chose assez simple, à savoir que, quand on était bien organisé, comme on l'a fait en matière monétaire, on a pu avoir des réactions européennes. Lorsque le volet, comme le volet économique ou le volet de la stratégie de Lisbonne était plus faible, il y a eu moins de réponses européennes. Donc, je reviens à la charge par rapport aux questions qui vous ont déjà été posées, parce que je crois qu'elles préoccupent tous les groupes: que proposez-vous concrètement pour que la réponse soit plus européenne? Quand vous dites que l'on va appliquer le traité de Lisbonne, à quoi pensez-vous précisément? À la représentation extérieure, vous l'avez dit, mais également à la coordination et au-delà. Je crois que pour le citoyen, si on change les mots "stratégie de Lisbonne" par les mots "twenty twenty", cela ne changera pas beaucoup les choses pour lui. Merci.

1-016

**Olli Rehn, Commissioner-designate.** – Concerning what I intend to do in the field of economic policy coordination, with a view to advanced economic integration in Europe – especially in the eurozone – and the lessons learnt from the global financial crisis, in my view there is a strong case for reinforcing economic policy coordination and surveillance. I hope that our Member States will be on board on this objective as well.

How can and should we do it? I will make three points on this. First, as I said, we must use the Treaty to reform euro area coordination and surveillance in setting economic policy guidelines, deepening the preventive surveillance. For instance the Commission will have a right to issue warnings and recommendations.

Secondly, likewise we must capitalise on the Treaty in order to broaden surveillance, for instance to macroeconomic imbalances. In that context also, the macro-prudential surveillance of the European Systemic Risk Board will be very important. In this context – and I think this is what you are looking for – we can use these new instruments in order to give spine and rigour to the objectives of the EU 2020 strategy, which needs to be better monitored and to be based on partnership and thus genuine ownership by our Member States and other stakeholders.

I think this was one of the weaknesses of the Lisbon strategy. It lacked ownership by the Member States and therefore the monitoring that was done in the open method of coordination did not really play a very strong role. So we have to use the Treaty and we have to use the broad economic policy guidelines in order to give spine to this economic policy coordination in the context of EU 2020.

My third point was international ...

*(The Chair cut off the speaker)*

1-017

**Sylvie Goulard (ALDE).** – J'avais une question, à savoir: quel est le troisième point, Monsieur le Commissaire?

1-018

**Olli Rehn, Commissioner-designate.** – Thank you, Ms Goulard. We should not underestimate. It is to work towards a unified representation of the euro area and the eurozone in international institutions and fora such as G20 or the International Monetary Fund. Currently we punch below our weight. By standing united we can lead, not only follow, and therefore this should be pursued with all vigilance.

I intend to present a communication on this in due course after the Commissioners' college has discussed this matter. We have to capitalise on the Treaty also in this regard. You may recall that it provides the possibility of a qualified majority vote to enhance unified representation.

1-019

**Sven Giegold (Verts/ALE).** – Auch von uns: Herzlich willkommen, Herr Rehn! Ich möchte genau an der gleichen Stelle weitermachen. Wenn man die Entwicklung derzeit ansieht, nämlich dass ein Teil der Mitgliedsländer der Eurozone derzeit am Rande des ökonomischen Kollapses stehen – mit Massenarbeitslosigkeit, Defiziten, die ins Bodenlose gehen – und andere Teile der Eurozone am Kämpfen sind, muss ich ehrlich sagen, dass wir sehen, dass die Entwicklung total auseinandergeht. Einfach nur zu sagen, Sie werden einige Warnungen und Empfehlungen abgeben, das ist nicht genug, um zu einer gleichmäßigen und krisenärmeren Entwicklung zu gelangen. Ich frage also, welche konkreten Maßnahmen werden Sie vorsehen, damit die Mitgliedstaaten eine gleichmäßigere Wirtschaftspolitik verfolgen und damit Ungleichgewichte bei Lohnstückkosten genauso wie im Bereich der öffentlichen Finanzen angegangen werden? Ich habe außer Empfehlungen und Warnungen hier noch nichts gehört.

1-020

**Olli Rehn, Commissioner-designate.** – You are right. I referred to the Treaty reform that refers to economic policy surveillance in that context.

Unemployment is the biggest challenge today. It is a personal drama for every European who has lost his or her job, and with an unemployment level of 10% we really have to focus on economic growth and job creation.

For that, we have to mobilise all policies and sources of growth. This means, in the context of the European Union, that we have to mobilise all the Commissioners, all parliamentary committees and all stakeholders so that each of them provides their contribution to this joint endeavour.

In my view, education is of immense importance to help Europe overcome the crisis and build a genuine

knowledge economy, a smarter and greener economy for the future.

I am a great believer in an educational system that ensures equal opportunities. I would not be here myself without that kind of a system. I am a believer in innovation. I believe in reasonable green growth. This means that of my colleagues, for instance, I expect much from Commissioner-designates Ms Vassiliou in the field of education, Ms Geoghegan-Quinn in the field of innovation, and Mr Potočnik in the field of the environment.

We have to mobilise all the Commissioners, all the directorates and all your committees in order to find the sources of growth and then create a method that really ensures that the Member States are implementing these objectives, feel ownership of them and that we have a legitimate (*inaudible*).

1-021

**Sven Giegold (Verts/ALE).** – Mit Verlaub haben Sie meiner Wahrnehmung nach die Frage nicht genau beantwortet. Wir glauben auch an Investitionen in Bildung, in eine ökologische Ökonomie. Aber die Frage ist: Wie verhindern wir, dass ein Teil der Mitgliedstaaten seine Kostenentwicklung künstlich zurückhält – mit Steuerpolitik, mit Lohnpolitik – und andere Länder übermäßig in nichtinvestiven Bereichen konsumieren und dass es dann in einem Teil der Länder zu hohe Lohnstückkosten und in anderen zu niedrige gibt? Welche Maßnahmen jenseits von Empfehlungen wollen Sie konkret ergreifen, um diesen Ungleichgewichten, die Europa gefährden, ein Ende zu setzen und dafür zu sorgen, dass sie nicht fortbestehen? Dazu habe ich noch nichts gehört.

1-022

**Olli Rehn, Commissioner-designate.** – It is true that we talk a lot about global macroeconomic imbalances and China being a surplus economy, the United States a deficit economy. The European Union and the eurozone is on average in balance and, in global terms, we have a more sustainable approach, even though of course most of the Member States have serious difficulties as regards the sustainability of their own public finances.

I think the debate you are raising is important concerning the internal imbalances of the European macroeconomy, and I intend, if confirmed as the Commissioner, to pursue this debate in a very analytical manner because we have to see what the background reasons are for these imbalances and if they are a problem from the point of view of the European Union and its economic growth and employment. So I have an open mind: let us have a fresh look at this issue.

1-023

**Derk Jan Eppink (ECR).** – A warm welcome also from the ECR Group. Mr Commissioner-designate, if you look at the eurozone at present, it looks like a very nice mirror with a huge crack right through the middle, because public finances are out of control. Even in good

times, many Member States were not able to comply with the criteria of the Economic and Monetary Union.

Do you regard yourself as having the character and the spine to stand up to Member States, and particularly the bigger Member States that do not comply with the rules of the Stability and Growth Pact? Secondly, do you consider it an option for countries that consistently do not comply to leave the eurozone altogether? How do you assess the Lisbon Treaty in this regard?

1-024

**Olli Rehn, Commissioner-designate.** – I leave the question of my spine and rigour to you and to others. I have some background, as Enlargement Commissioner, of international negotiations. In fact, that concerns the situation internally in the European Union, where the Commission's competences are, in fact, not very strong because, in the field of enlargement policy, you need persuasion. The Member States decide on each and every important decision in the field of enlargement policy and each and every key decision requires unanimity from the Member States.

I am glad that in this post I have stronger competences, thanks to the Stability and Growth Pact. I can reassure you that I will, if needed, use all the possibilities these instruments provide, in order to ensure that the European Union Member States' public finances are brought to a sustainable level.

1-025

**Derk Jan Eppink (ECR).** – To be concrete, would you regard it as an option for Greece, if it does not get its public finances under control, to leave the eurozone altogether, or to be forced to do so?

1-026

**Olli Rehn, Commissioner-designate.** – No I do not. The Greek Government is aware of the seriousness of the situation. Of course the Commission is assessing the matter with major concern and therefore last week a technical mission went to Greece. In the course of this month or next month we shall have to deal with the case of Greece and its excessive deficit procedure. In that context we will then take decisions on certain recommendations.

Of course we are working together with the Greek Government and now it is essential for the Greek Government – swiftly, in the next couple of weeks, if not days – to present a comprehensive policy package including concrete and tangible measures to reduce their excessive deficit, which is currently somewhere in the scale of 12% to 13%.

1-027

**Jürgen Klute (GUE/NGL).** – Herr Rehn, Sie haben sich zu Beginn Ihrer Einführung sehr deutlich zur sozialen Marktwirtschaft bekannt. Ich möchte noch einmal darauf zurückkommen. Zur sozialen Marktwirtschaft gehört – soweit ich Sie verstanden habe –, dass der Staat ein durchaus wichtiger wirtschaftlicher Faktor und ein Akteur in der Wirtschaft ist, und dazu gehört auch, dass der Staat ein wichtiger

Arbeitsmarktfaktor, ein aktiver Arbeitsmarktfaktor ist. In den skandinavischen Ländern ist das seit vielen Jahren Praxis. Es ist ja auch gelungen, durch diese Politik die Arbeitslosigkeit in den letzten zehn, fünfzehn Jahren deutlich zu senken. Sie kommen aus Finnland. Von daher meine Frage: Wie stehen Sie zu dieser Rolle des Staates als Wirtschaftsakteur und als aktiver Arbeitsmarktfaktor? Und was wären gegebenenfalls Ihre Vorschläge, um diese staatliche Rolle weiterzuentwickeln und auszubauen? Möglicherweise hätten Sie ja in der spanischen Ratspräsidentschaft dabei eine gewisse Unterstützung.

1-028

**Olli Rehn, Commissioner-designate.** – Thank you, Mr Klute. As I said, I believe in the social market economy, because it works and it has created the European model of society. It is part and parcel of the European model of a society which combines entrepreneurial dynamism on the one hand and social solidarity on the other.

For me the state has a role to play here. For instance, when we talk about the EU 2020 strategy, this means that we need a state which will enable and facilitate economic development, education and innovation and the use of cleaner technologies and digital services, and which will improve both the public sector and, of course, the private sector.

I think that the state and the market can coexist. The crucial thing is to find the right balance – and not only the balance – but the state is responsible for setting the framework for economic growth and job creation.

1-029

**Jürgen Klute (GUE/NGL).** – Die Rolle des Staates als wirtschaftlicher Akteur wird durch Privatisierungen wesentlich berührt. Privatisierungen sind durchaus auch durch den Druck der europäischen Ebene, durch die Lissabonstrategie, auf den Weg gebracht worden. So habe ich das jedenfalls in der Bundesrepublik Deutschland wahrgenommen. Insofern nochmals meine Frage an Sie: Wie stehen Sie zur Privatisierungspolitik?

1-030

**Olli Rehn, Commissioner-designate.** – Privatisation as such is not an exclusive competence of the European Union to say the least. It is something which can be used in a reasonable manner by the Member States, but it really is in the hands of the Member States to decide how they organise their public services and social services.

The Commission intends to present a proposal on a quality framework for public and social services. I find that very important and positive and I shall, for my part, contribute to that discussion. I think it is an essential part of the European social market economy that we have effective and well-functioning and high-quality public and social services.

1-031

**Hans-Peter Martin (NI).** – Zu Ihrer Arbeitsweise, Herr Kommissar: Sie sagen in Beantwortung der Frage 3, dass Sie den Informationszugang sichern wollen, wie ich

ihn in meiner Zeit als Abgeordneter selbst gefordert hätte. Damals in diesen Jahren ging es viel um Transparenz und parallel im US-Kongress um den US-amerikanischen Lobbying Disclosure Act. Sind Sie bereit, diese Grundprinzipien, die dort festgehalten sind, in Ihrer eigenen Arbeit einzuhalten, also wirklich auch ein leuchtendes Beispiel zu geben? Und in welcher Form wappnen Sie sich gegen die massiven Lobbyeinflüsse, die auf Sie zukommen werden, und wie können Sie uns im Parlament das zur Kenntnis bringen? Ich denke aber gerade auch an mehr Transparenz in den Arbeitsgruppen und sonstigen vorbereitenden Gruppierungen. Was ist konkret unter dieser Ankündigung, was Sie da gefordert hätten, zu verstehen?

1-032

**Olli Rehn, Commissioner-designate.** – Thank you very much, Mr Martin, for that question. It was in fact a long time ago – 10 years ago – when I was Head of Cabinet in the Commission that we prepared the code of conduct and rules on transparency.

The code of conduct is a very modern product, and I feel commitment to it and ownership of it. It is much more modern, for instance, than the code of conduct on transparency in the Member State I know best, which is a Scandinavian state. In Finnish legislation there are 34 exceptions to transparency and they are often quite widely used. Under Commission and EU procedures we have far fewer, and much more rigorous rules on transparency.

I will work together with President Barroso and Vice-President Štefčovič, who will be in charge of this area if the Commission is confirmed. I want to see to it that the European Union has the highest quality of transparency and code of conduct on lobbyists in the world, and trust that all the institutions of the European Union will join in this kind of code of conduct in the future.

I am not too worried about myself as regards lobbyists, and you should not be worried about me either. I prefer dinner at home with my family to a lavish dinner with lobbyists in the Maison du Cygne – despite the good cuisine there!

1-033

**Hans-Peter Martin (NI).** – Nicht nur in dieser Frage sind wir vermutlich einer Meinung. Trotzdem habe ich noch Fragen. Sie sagen auch, wir müssen eine koordinierte Strategie zur Überwindung der gegenwärtigen Krise ausarbeiten. Die Bundeskanzlerin, die Regierungschefin des größten Mitgliedstaates der Europäischen Union, hat das Ziel ausgegeben, dass jeder Akteur, jedes Produkt und jede Region einer Kontrolle unterliegen müsse im Bereich der Finanzmärkte. Mir ist durchaus bewusst, dass das nicht unmittelbar Ihr zentraler Zuständigkeitsbereich ist. Aber Sie sprechen ja auch von der Bedeutung des Kollegialorgans. Sind Sie willens, sich für dieses vorgegebene Ziel innerhalb der Kommission stark zu machen? Und wenn Sie mir erlauben, nochmals konkreter nachzufragen: Sind Sie auch willens, dem US-amerikanischen Lobbying Disclosure Act selbst in Ihrem Tätigkeitsbereich zu

folgen? Das können, wenn Sie wollen, zwei ganz kurze Antworten sein. Zum Beispiel: zweimal ja.

1-034

**Olli Rehn, Commissioner-designate.** – I shall start with the latter question. I am a friend of the United States of America, but I do not copy their models just like that, so I would first like to study in more detail how well this model functions.

Secondly concerning the financial markets, macro-prudential and micro-prudential financial supervision are of course interrelated. My colleague-designate Michel Barnier will be responsible for micro-prudential financial regulation. We certainly work together, and in the present Commission I have been party to the decisions concerning the proposals for the current package of macro- and micro-prudential financial supervision. My responsibilities are more on the macro side, and I am a prospective member of the European Systemic Risk Board provided that this legislative package will be adopted, as I trust it will be.

1-035

**Godfrey Bloom (EFD).** – Apologies for the rather belated arrival. Rather lucky to get here at all actually, but there you are. A belated Happy New Year to you, Mr Rehn.

One of the serious concerns that I have is that politicians have learnt very little from the recent failures that we have had – the recent crisis.

I think it is worth pointing out that the beginning of this crisis was actually back in the 1970s with the Community Reinvestment Act, which is rather a poor piece of social engineering brought in by Carter and which suspended the natural due diligence criteria for basic banking. This was a political initiative caused, and aided and abetted, by the central banks. Part of the conspiracy and the contagion spread across most of the industrialised world, with the notable exception of Australasia who very sensibly run a different system.

We had incompetent self-serving regulators asleep at the wheel. Indeed, sadly some of them are still there.

The question is: I wonder if you can assure me that we are going to learn from the experience that we have had previously and deal with it accordingly. It is a problem of the failure of politicians and central banks.

1-036

**Olli Rehn, Commissioner-designate.** – I understand that you are posing a question concerning the package relating to financial regulation and the banking sector, and its relation to the lessons learned.

In my view, it would be very welcome if the legislative authority, that is the Council and Parliament together, was to adopt the legislative package on macro- and micro-prudential legislation rather soon, because we need it urgently. In my view, it is a big step towards

ensuring that financial regulation and supervision will be up to its task in Europe and, hopefully, also globally.

That is the key challenge. In fact I was representing the Commission a few weeks ago in the Council where I clearly said – in my current capacity as Enlargement Commissioner replacing Margot Wallström, and explaining the Commission's point of view – that we would welcome stronger binding powers in the field of macro-prudential financial regulation. I hope that we can together work in partnership to ensure that the end product will be such that it will really ensure effective financial regulation and supervision.

1-037

**Godfrey Bloom (EFD).** – Thank you very much for that answer. It was really just a question of understanding where the original problem came from. I regard that as being misplaced social legislation in the 1970s, and that is what we need to recognise.

1-038

**Olli Rehn, Commissioner-designate.** – I will study my history books and take a look at 1970s social legislation!

More seriously, I see your point and, of course, there is a long history of many of the challenges in our society. But I think now the most urgent challenge in the financial sector in the field of tackling the financial crisis is for this important legislative package to be adopted by Parliament and the Council.

1-039

**Werner Langen (PPE).** – Vielen Dank, Herr Kommissar Rehn! Sie haben eines der schwierigsten Ressorts übernommen. Der Stabilitäts- und Wachstumspakt ist faktisch außer Kraft, er steht auf der Kippe. Die Eurozone ist gefährdet, die Zinsen gehen auseinander, einige Staaten stehen vor dem Staatsbankrott. Sie haben eben auf die erste Frage des Kollegen Gauzès gesagt, Sie werden neue Finanzinstrumente erfinden, um die Konsolidierung voranzutreiben. Ich bin der Überzeugung, das reicht nicht. Die Staaten müssen Reformen anpacken und Schulden angehen und dürfen in dieser Frage auch nicht auf eine nicht durch den Vertrag vorgegebene Solidarität pochen. In diesem Zusammenhang stelle ich die Frage: Wie stellen Sie sich das vor, was wollen Sie konkret tun, welche Instrumente wollen Sie nutzen, wie wollen Sie durchsetzen, dass Reformen durchgeführt werden und dass die Verschuldung tatsächlich rigoros abgebaut wird? Denn im Augenblick ist das eine echte Gefährdung der Stabilität des Euros.

1-040

**Olli Rehn, Commissioner-designate.** – We do indeed have a very serious challenge in ensuring the future of the euro and reinforcing the future of the European economy. In that context, the Stability and Growth Pact provides us with the framework to return to sustainable public finances. Also in that context, exit strategies are very important in the sense that we have to really get them right. They need to be well coordinated, not one-size-fits-all, and to take into account

country-specific situations with a smart sequencing of measures in each exit strategy.

As the European Council has outlined – and the Commission and I are in agreement – fiscal consolidation should start in 2011 at the latest, and in some countries even earlier owing to their very high deficits and thus limited fiscal space. As I said in my opening remarks, this can only happen once the recovery is on a sound footing so that we avoid such experiences as the credit depression in 1937 or that in Japan in the 1990s.

We have to time this right. We have to prepare things well and, once the economy is on a sounder footing, we have to act with determination in order to achieve these objectives.

1-041

**Werner Langen (PPE).** – Wir kennen ja Ihre Arbeit als Erweiterungskommissar. Da waren wir nicht immer einverstanden. Sie haben Erweiterungen empfohlen, obwohl es viele ungelöste Probleme gab. Wie werden Sie diese zurückhaltende Strategie jetzt ändern? Denn jetzt müssen Sie Mut beweisen und auch durchgreifen, ansonsten ist der Euro gefährdet. Werden Sie dort Ihre zurückhaltende Politik mehr zu klaren Entscheidungen – wie Ihr Vorgänger Almunia – nutzen?

1-042

**Olli Rehn, Commissioner-designate.** – I have a great appreciation of my friend and colleague Joaquín Almunia, and in many ways I intend to study his actions and follow in his footsteps – if I am confirmed, of course. In the field of economic policy, I think partnership with the Member States is crucial and at the same time the Treaty and the Pact provide us with the legal instruments to work with in order to ensure that the Member States follow the rules in the name of European solidarity, which have been set by us.

You can rest assured that I will face a very early test if everything happens according to the planned timeline. We will face a very critical situation with Greece, either at the end of this month or early next month, concerning the decision relating to the excessive-deficit procedure and our recommendation on concrete measures to be taken.

1-043

**Gunnar Hökmark (PPE).** – Mr Rehn, I very much welcome your priorities. Sustainable public finance has been one of the three. The reasons are obvious, not least because this is one of the mechanisms that we really have in the Union.

We changed the Stability and Growth Pact some years ago, allowing for more flexibility, which you can say was really used by a lot of Member States with the result that when we entered the downturn and the crisis, a big number of Member States had used what the rules allowed for and then, having no opportunity to resist when the downturn came, there were even bigger deficits.



I wonder how you think we can strengthen the Stability and Growth Pact with the idea of maybe having surpluses in good times, which seems to be a radical idea for a lot of people but would allow for the opportunity to also keep the rules in bad times.

So, what do you say? Would you be ready to propose something like that?

1-044

**Olli Rehn, Commissioner-designate.** – In my view, the reform of the Stability and Growth Pact has actually served us reasonably well and, in the context of the financial crisis and the economic recession, our Member States have been able to use the extra flexibility that this reform provides in exceptional circumstances. In my view, in 2009 and this year, 2010, we are facing exceptional circumstances with the current financial crisis and economic recession. This also in fact relates to Mr Langen's question as well, because I did not have time to explain that we do need to be more rigorous in applying the Stability and Growth Pact and, in that context, we need to have the possibility of broader surveillance, including – with reference to Mr Giegold's views – macroeconomic imbalances. Also in that context, we need to introduce methods of deeper surveillance on the basis of the new Treaty, which provides these kinds of opportunities in its Articles 21 and 136.

I intend to present a communication on reinforced economic-policy coordination and surveillance in the early part of my mandate quite soon after entering office – if confirmed – and that will provide us all with a chance to discuss how we can reinforce the application of the Growth and Stability Pact – in good times too, as you ask.

1-045

**Gunnar Hökmark (PPE).** – I would like to be more specific. Are you prepared to discuss or to propose stronger requirements regarding surpluses when we have good times? If Member States use the room for deficits when their economy is good, there will in reality be no room for keeping to the rules in the bad times, whatever flexibility we have. That would be one of the main experiences we could take from this crisis.

1-046

**Olli Rehn, Commissioner-designate.** – I think this issue will have to be at the heart of the discussions on reinforcing economic policy surveillance in the European Union.

You are absolutely right that the countries that entered the financial crisis with relatively healthy public finances had enough fiscal space to use counter-cyclical fiscal stimuli during the recession. Therefore there is a case to be made for that kind of reform in the application of the Stability and Growth Pact.

I would instinctively be inclined to go in that direction, but it might be better to analyse it carefully. Let me

come back with a more in-depth proposal if and when I am confirmed in this office.

1-047

**Marianne Thyssen (PPE).** – Mijnheer de commissaris, als we de sociale-markteconomie willen realiseren - en die is uiteindelijk een doelstelling van het Verdrag - dan moeten we echt zorgen voor meer economische groei, voor groene groei en voor groei die zorgt voor meer jobs. Ik kijk dan ook uit - samen met velen hier, heb ik begrepen - naar de strategie Europa 2020, maar wat ik vrees - en ook daar deel ik de mening van collega's - is dat opnieuw de externe druk op de lidstaten te klein zal zijn om er uiteindelijk voor te zorgen dat ze de afspraken die ze aangaan ook effectief naleven. U stelde daarnet - ik heb het hier genoteerd - dat het toezichtsmechanisme van het stabiliteitspact sterkte en precisie aan de nieuwe strategie kan geven. Dat is natuurlijk zo, maar ik vrees toch dat uiteindelijk de middelen van dwang, van afdwingbaarheid, waarover we beschikken nog te gering zullen zijn. Dan vraag ik me af - wetende dat *namings* en *shaming* niet gewerkt heeft, dat men het niet aandurft om echt sancties in te voeren of heb ik daarin ongelijk? - of het niet goed is om te werken met een soort van beloning: geen sanctie, maar belonen wie het goed doet.

1-048

**Olli Rehn, Commissioner-designate.** – I agree that we have to study the experience of the Lisbon Strategy, its shortcomings and successes. I think there have been some successful elements in it: for instance, we have a more common way of viewing the labour market on the basis of flexicurity. This is an agenda to which I am very committed and which has worked in several countries like the Netherlands, Sweden and Denmark.

At the same time, however, there were at least two major weaknesses in the Lisbon Strategy. First, it did not have an effective method of monitoring and surveillance, and second, it did not place a strong enough emphasis on EU-level actions. I think both of these should and can be corrected. On the first issue, I do not see that the EU Member States and the Commission or Parliament would be, by definition, on a confrontational course. I see that they are our partners, and if we want to make the EU 2020 Strategy succeed, we will need the Member States, all the trade unions, industry associations, and other stakeholders to be involved so that there is genuine ownership and so that it can produce effective, practical results for economic growth and sustainable employment.

I am in favour of the partnership, which gives us a more legitimate chance of monitoring and ensuring that serious effort will be put in at the national level to meet the jointly set objectives.

1-049

**Marianne Thyssen (PPE).** – Mijnheer de commissaris, een vraagje nog. Ik wil toch graag weten of u bereid bent in uw onderzoek de vraag mee te nemen naar de mogelijkheid om lidstaten die zich echt inspinnen te belonen of lidstaten die het helemaal laten hangen en

geen inspanningen doen om hun afspraken uit te voeren op een of andere manier te straffen.

1-050

**Olli Rehn, Commissioner-designate.** – I think in the context of planning and deciding on the new EU 2020 strategy we have to look at both incentives and instruments for making this strategy succeed. It is possible to consider, and I would be ready to consider, what kind of incentives we can create for the Member States to succeed in this strategy.

I said in my opening remarks that I will also launch an evaluation of the Community financing instruments to see what kind of proposals we can make in order to leverage more investment from the public money invested by the European Union.

1-051

**Pervenche Berès (S&D).** – Merci, Madame la Présidente. Monsieur le commissaire désigné, votre portefeuille est manifestement l'un des portefeuilles essentiels dans cette nouvelle Commission. Il requiert audace et imagination.

Le Pacte de stabilité est bousculé, mais il n'a pas non plus permis, avant même la crise, d'aboutir à une convergence des économies, y compris au sein de la zone euro. Et l'une des choses dont nous souffrons le plus aujourd'hui et qui a été réveillée, révélée par cette crise, c'est de la divergence croissante entre les économies de l'Union européenne, ce qu'évidemment une Union monétaire, ne peut supporter. Qu'envisagez-vous de faire pour remédier à cette situation?

Vous avez également parlé de besoin de moyens de financement innovants: n'est-ce pas le moment de poser la question d'une gestion commune de la dette, d'une émission commune de la dette souveraine, de la mise en oeuvre d'Eurobond au-delà des outils de la Banque européenne d'investissement en échange de nouveaux outils de surveillance multilatérale?

1-052

**Olli Rehn, Commissioner-designate.** – If you allow me, I would like to refer to my previous responses just to save time concerning economic policy coordination and surveillance. I share your view that in the context of the financial crisis we have learned the lesson that we have to coordinate our actions better, and this will be one of the key tasks for the next Commission to carry out, together with Parliament.

You referred, in the context of new financing instruments, to Eurobonds or EU project bonds. In my view, the financing of infrastructure for European-level communication, energy and road networks – the European networks – merits a fresh look. I have an open mind as regards the financing of such projects together with, for instance, the European Investment Bank. We already have these kinds of methods in some senses. The EIB has loan guarantee and equity products available for infrastructure investment in the European Union. I think this issue really merits a fresh look, and I have an open mind as to how to ensure all the possibilities will be used so that we will have public and private sources of

finance to achieve the EU 2020 objectives of economic growth and sustainable employment.

1-053

**Pervenche Berès (S&D).** – Merci beaucoup. Dans cet esprit, que pensez-vous de l'initiative qui permet de remettre la question économique au niveau du débat relatif à la stratégie politique au sein de l'Union européenne? Je pense évidemment au Conseil informel du 11 février convoqué par le Président Hermann van Rompuy qui met ses questions en principe au cœur de l'agenda politique européen. Pensez-vous qu'il soit possible de piloter la politique économique de l'Union européenne, de coordonner les actions, comme vous l'avez imaginé et plaidé au début de cette audition, alors même que votre portefeuille ne comprend pas la supervision des marchés financiers?

1-054

**Olli Rehn, Commissioner-designate.** – I am sure that we will cooperate closely and effectively with my colleague-designate Michel Barnier concerning macro- and micro-financial regulation and supervision. We have already had discussions with him on these issues and we will continue to do so, providing of course that we are confirmed into office.

You referred to the European Council. I am sure that the European Council will want to have a strong steer of the EU 2020 strategy. In that context and for that reason, President Barroso has himself taken the responsibility of leading the work on EU 2020. My role will be to support him in the field of economic policy coordination in horizontal issues. I intend to do my best in order to ensure that the European Council is also committed to the economic policy coordination which we discussed earlier on.

Of course I will not sit in the European Council. President Barroso will sit there, but we share the same view on this matter.

1-055

**Liem Hoang Ngoc (S&D).** – Monsieur le commissaire désigné, vous avez souhaité tout à l'heure un retour à une certaine orthodoxie budgétaire dans le cadre des politiques de sortie. Or, le taux de croissance en 2010 sera probablement inférieur de plus de 1 % au taux de croissance potentiel. Ne croyez-vous pas qu'il est prématuré de revenir à des politiques budgétaires un petit peu trop rigoureuses qui risqueraient de casser la croissance? Par ailleurs, s'il fallait maintenir des dispositifs de soutien, l'efficacité de chaque type de dépense publique engagée devrait naturellement être évaluée pour éviter de creuser inutilement la dette. Nous ne souhaitons pas en effet que le coût et la portée discutables de certaines mesures fiscales mal ciblées ne condamnent des politiques discrétionnaires si utiles en période de récession. Monsieur le commissaire désigné, allez-vous réaliser des études d'impact quant à l'efficacité des dépenses fiscales massivement engagées dans certains pays?

1-056

**Olli Rehn, Commissioner-designate.** – Firstly, you are right that Europe is suffering from a potential output cap and we are suffering from weak use of our growth potential. It has been weakened during the financial crisis and it will be some time before we can return to the possible path of economic development from the point of view of our growth potential.

In order to achieve that, we need to combine two things – this is related to the first part of your question. We need to combine public and private investment in education and innovation, environmental and energy technologies and resource-efficient economies. At the same time, we have to decide on the exit strategies so that we can return to sustainable public finances.

The first gradient goes upwards in terms of investment and investment needs. The second gradient is going either downwards or is, at most, stable. Having said that, if we do not correct the tendency of our public finances, we will face a situation where we will only finance our debt. We will use our public finances for debt service and then we have no resources for investment. We need to find the right course and, therefore, we also need to create new innovative financing instruments to combine public and private sources of finance.

1-057

**Liem Hoang Ngoc (S&D).** – Alors, dans le cadre des politiques de sortie que vous appelez de vos vœux, faut-il, au nom de la viabilité des finances publiques de long terme réduire le périmètre de ce que l'on appelle les amortisseurs sociaux que sont les dépenses de santé et les régimes de retraite obligatoires, quand on sait que ces derniers jouent un rôle contra-cyclique essentiel, comme on l'a vu pendant la crise?

1-058

**Olli Rehn, Commissioner-designate.** – I share your view that, in the European model of society, public and social services, including the health services, play a key role and they are part of the foundation of the European welfare state.

At the same time, in order to have a sustainable welfare society, we need sustainable public finances and it will be up to the Member States using their competences, because we are talking about national competences in the context of budget allocation. It is up to the Member States to decide their priorities over financing.

In my view it is essential that, in their budgets, the Member States improve the quality of public finances which target objects that enhance economic growth and create a smarter and greener economy that is healthier for the long-term purposes of the Union.

1-059

**Wolf Klinz (ALDE).** – Herr Rehn, die EU und die Vereinigten Staaten von Amerika werden nicht müde zu betonen, wie sehr sie sich abstimmen und wie eng sie zusammenarbeiten wollen, um die Folgen der Krise gemeinsam zu meistern und sicherzustellen, dass sich eine solche Krise nicht wiederholt. Mir scheint, dass de

facto die Wirklichkeit anders aussieht, dass wir eher auseinanderdriften. Wenn ich an die notwendige Rekapitalisierung der Banken denke, wenn ich an die internationalen Rechnungsführungsgrundsätze denke, wenn ich an die Frage denke, was wo und wie zu regulieren ist, dann scheint mir, dass Europa heute von Amerika weiter entfernt ist als beispielsweise vor drei Jahren. Meine ganz konkrete Frage an Sie ist: Was wollen Sie in den nächsten zwölf Monaten ganz konkret tun, um sicherzustellen, dass es nicht einen neuen Graben gibt und dass es nicht zumindest die Versuchung gibt, wieder mit Arbitrage zu arbeiten, weil sich Unterschiede entwickeln?

1-060

**Olli Rehn, Commissioner-designate.** – Thank you, Mr Klinz. I partly share your view, and partly I would like to dispute it. I share your view that we need to improve our cooperation with the United States on matters of economic policy, but at the same time in the past one or two years, especially in the context of the G20, we have in fact together agreed, at a global level, a massive package of fiscal stimulus, both budgetary and monetary stimulus. I am referring to the decisions in late 2008, which were instrumental in avoiding the prospect of the current recession turning into a long and deep depression.

Secondly, in my view we have worked well together with the Obama Administration concerning legislation related to financial regulation and supervision. Having said that, yes, there is room to improve and I am looking at especially the macroeconomic imbalances globally. We know that China is a surplus economy which is not willing to let its currency depreciate, while the United States has for long time been a deficit economy with a very high current account deficit. In that context we have to pursue a serious discussion with our main partners, especially the United States and also China, on how we can return to better global balances in terms of the macroeconomy. In this sense China is at least as important as the United States when we talk about macroeconomic imbalances.

1-061

**Wolf Klinz (ALDE).** – Herr Rehn, noch eine Frage zu der Eurozone und ihrer Erweiterung. Es gibt ja Ökonomen, die sagen, es wäre sinnvoll, die neuen Mitgliedstaaten – vor allem diejenigen, deren Währung ohnehin an den Euro gekoppelt ist, wie Lettland – relativ schnell in die Eurozone aufzunehmen. Das würde ihnen Sicherheit geben, und das würde die Angst eliminieren, dass möglicherweise eine Abwertung dieser Währungen droht. Was halten Sie von einer relativ zügigen Aufnahme dieser relativ kleinen Staaten in die Eurozone?

1-062

**Olli Rehn, Commissioner-designate.** – In my view, we have to respect the law and the rules. The European Union is a community of law and the rules form the basis of the functioning of the European Union.

I am aware of the debate between, say – if I simplify – the economists and the lawyers as regards the interpretation of the Treaty on European Union. For me it is clear that the fundamental objective is sustainable public finances – meaning long-term sustainable public finances – and macroeconomic stability. The five convergence criteria are proxies or indicators that measure whether a country meets this central criterion of sustainable public finances. I will look into possible candidates in the light of these rules and our law book in order to ensure that the law and rules of economic and monetary union are respected.

1-063

**Chair.** – Whilst we are talking about rules, follow-up questions are not supposed to be on a new subject, so please do not follow the example of Dr Klinz!

*(Laughter)*

1-064

**Philippe Lamberts (Verts/ALE).** – I have been a long-time user of these devices and I must say that Finland has got me used to more innovation than you just demonstrated.

*(Interjection from the floor)*

No, it's a Nokia, I'm afraid!

More seriously, when I listen to you I seem to hear more of the same in the sense that if the target is again to be GDP growth with a green component, if you like, then we have seen that GDP growth at all costs has resulted in two things: deepening inequalities and accelerated exhaustion of this planet's non-renewable resources. Climate is just one aspect of that. So my question to you is very simple: what would you change in our economic development model? When I listen to you it sounds like you just want to adapt it marginally but not change it. What would you change if it was left to you?

1-065

**Olli Rehn, Commissioner-designate.** – You are talking to somebody who has the first edition of the report of the Brundtland Commission, *'Our Common Future'*, on his bookshelf. It has been read from cover to cover.

You touched on a very important issue and I am very committed to the 'green component', as you referred to it. There is an underlying greening dimension to our economies, which we can achieve by using a combination of economic instruments including taxation, as we are in fact doing in the context of the climate change and energy package. The European Union's objectives here are very ambitious, and I was very proud to be part of the Commission that decided on the goals of reducing carbon dioxide by 20% and increasing renewable energies by 20%. There has to be a combination of legislation and taxation on the one hand and innovation and technology on the other hand.

These work together, and our task as policymakers is to ensure that a positive dynamic is created between this

legislative work and technological work, with the aim of a more sustainable model of society.

We are on our way, but we still have much to do in this context. Please do not question my commitment to these objectives.

1-066

**Philippe Lamberts (Verts/ALE).** – Bien, alors je vais tenter d'être un peu plus précis. Dans toute la discussion sur le remplacement du PIB comme indicateur ou l'adoption d'indicateurs plus riches permettant de déterminer quelle est vraiment la valeur, la mesure de la valeur du développement humain: où vous situez-vous dans toute cette discussion?

1-067

**Olli Rehn, Commissioner-designate.** – I find myself not in the middle but on the side of both of them, in the sense that we need Gross National Product as a measurement of economic activity. It is a standardised and universal measurement of economic activity and it works reasonably well for that purpose. Of course, it has to be constantly developed, as is being done in the context of the UN statistical system and by Eurostat, and it works reasonably well for that purpose.

In parallel, I want to build on the work done in the context of the GNP and beyond and, as I said in my written answers to you, I intend to make a proposal, of course together with my colleagues, on a methodological framework which will also statistically measure other indicators of human development and not just economic or Gross National Product indicators. Both of these are important but we also have to realise that neither of these measures can in the end measure life, liberty and the pursuit and happiness.

1-068

**Vicky Ford (ECR).** – You have spoken about the untenable public debt and the importance of investing in innovation for growth – both of which I agree with – and then you have gone on to describe new public sector instruments for investments. This balance reminds me of a British woman politician, a few decades ago, who used to say 'you can't spend money you don't have'. I wonder whether we may be getting into that debate again. I hope not. However, when Mr Monti came to this Committee and described investment and research, he pointed out that the most important source of investment and innovation is retained earnings. So I did some homework over Christmas: the EU has only 50% of its research funding from private sources, versus 75% in Japan and 64% in the US. Mr Monti said that we must not keep pushing up taxes because that will curtail research investment and that, over the medium to longer term, we should look towards low taxes. What is your view?

1-069

**Olli Rehn, Commissioner-designate.** – Let me first say I am very much looking forward to Mario Monti's forthcoming report on the completion of the single market, which he is due to present in April. I have had

some preliminary discussions with him, and I am very much looking forward to his final product.

As you referred to Mario Monti, in many ways he and you are right that the private sector in all the developed economies is, to a large extent, responsible for investment in innovation and research. One of the lessons from this is that we have to make sure that our public finances will not deteriorate so as to crowd out private investment, which would further weaken our total capacity to invest in innovation and research.

I therefore have to return to what I said at the beginning – forgive my stubbornness. I believe that sustainable public finances and investment in economic growth and sustainable employment must go hand in hand. This is also essential in the context of ensuring investment in innovation and research.

1-070

**Vicky Ford (ECR).** – To follow up, though, could I have your answer to what your thoughts were on Mr Monti's view that, in the medium to long term, in order to continue to have investment by business, we need to continue to try and keep taxes competitive?

1-071

**Olli Rehn, Commissioner-designate.** – My response is very simple. Yes. I have myself been twice involved in corporate tax reform in the country I know best; in the early 1990s when I worked for the prime minister during the worst economic recession of that country and again in the early part of this current millennium. I think we need to have competitive taxation systems which are also fair and which support the sustainable development of our societies.

1-072

**Νικόλαος Χουντής (GUE/NGL).** – Κυρία Πρόεδρε, κύριε Επίτροπε, ομολογώ ότι είχα ετοιμάσει να σας κάνω άλλη ερώτηση. Επειδή όμως είναι πρόσφατη η επίσκεψη κλιμακίου της Επιτροπής και της Ευρωπαϊκής Κεντρικής Τράπεζας στην Ελλάδα - αναφερθήκατε και εσείς σε αυτήν - οφείλω να σας πω ότι αυτή η επίσκεψη συγκέντρωσε δικαιολογημένα την οργή της κοινής γνώμης διότι οι απεσταλμένοι σας, κατά την εξευτελιστική διαδικασία στην οποία υπέβαλαν τους υπουργούς, μίλησαν για περικοπή των μισθών και ισχυρίστηκαν ότι μία σύνταξη των 720 ευρώ είναι αρκετή και πρέπει να περικοπεί. Καμία ερώτηση δεν υπέβαλαν οι απεσταλμένοι σας βάσει των στοιχείων που έχει δώσει η Ευρωπαϊκή Επιτροπή σύμφωνα με τα οποία υπάρχει εκτεταμένη φοροδιαφυγή από τον φόρο προστιθεμένης αξίας στην Ελλάδα και αλλού. Πρότειναν επίσης μείωση των συντάξεων τη στιγμή που υπάρχει εκτεταμένη εισφοροδιαφυγή από τις επιχειρήσεις στα ασφαλιστικά ταμεία και απώλεια εισφορών από το θέμα της ανασφάλιστης εργασίας. Σας ερωτώ λοιπόν: το οικονομικό πρόβλημα είναι θέμα δαπανών; Δεν είναι θέμα εσόδων; Την γνωρίζετε αυτήν την κατάσταση; Τι θα κάνετε στο ζήτημα αυτό και ιδιαίτερα στο ζήτημα της φοροδιαφυγής και της εισφοροδιαφυγής;

1-073

**Olli Rehn, Commissioner-designate.** – Tax evasion is of course a serious problem wherever it exists and has to be tackled so that these kinds of loopholes are not accepted; they are loopholes which weaken the tax base of our public and social services.

Having said that, it is essentially a national competence for the Member States to tackle tax evasion. Therefore, in this context, it is rather the Greek Government and authorities who have the responsibility of fighting tax evasion as well as ensuring that the national accounts and statistical system will work effectively and reliably in the future.

1-074

**Νικόλαος Χουντής (GUE/NGL).** – Κυρία Πρόεδρε, κύριε Επίτροπε, το συμπληρωματικό ερώτημα είναι το εξής: με ποια ισχύ, με ποια εντολή - δεν ξέρω αν η εντολή προερχόταν από τον κ. Almunia ή από εσάς - οι απεσταλμένοι σας έκαναν κατά τα άλλα υποδείξεις στον τομέα των συντάξεων ή και στον τομέα των μισθών; Σας έχουν ενημερώσει; Γιατί δεν περιμένετε την ελληνική κυβέρνηση να καταθέσει το πρόγραμμα σταθερότητας αλλά δίδετε στη δημοσιότητα τι ακριβώς ζητούν και μάλιστα απεσταλμένοι σας έναντι υπουργών;

1-075

**Olli Rehn, Commissioner-designate.** – You are right that we are indeed now waiting for the Greek Government to present its stability programme and, in fact, a comprehensive and convincing economic policy package, including tangible measures, which will pave the way for reducing the excessive deficit into the limits of the Stability and Growth Pact in due course. That is essential. We are working together with the Greek authorities, and, once the stability programme has been presented at some point in the coming weeks, we will have to have discussions and take decisions on it in the Commission – either in the current Commission or in the next Commission.

1-076

**Marta Andreasen (EFD).** – It appears that euro membership has become intolerable for several Member States. When the euro was introduced prices were raised in many countries in the eurozone. At present the opinion polls in Estonia show that 75% of the population are afraid that living costs will increase if they abandon the kroon for the euro, as is planned for next year.

Do you agree that joining the euro causes prices to increase? What would you do to avoid it? And do you recommend that more countries should join the euro?

And, secondly, how would you help those countries that need to devalue their currency to cope with the economic and financial crisis and cannot do so because they are in the eurozone?

1-077

**Olli Rehn, Commissioner-designate.** – I will try to use my time to answer your first question concerning price rises.

Membership of the eurozone should not cause prices to rise. This is of course dependent on a country's economic policies and ability to sustain low inflation, which is in fact one of the entry criteria to the eurozone for any country. There is no major evidence of price increases, though there may be some minor increases when figures are rounded up. If the economic policies are right and inflation is kept at bay, there should be no general price rises in the context of euro accession.

You asked whether I am in favour of or against the enlargement of the eurozone: I am in favour on the basis of the Treaty on European Union. When a country meets the conditions of joining the eurozone – the next likely candidate being Estonia – it should be able to enter the eurozone. Estonia is quite close, and we will have to ensure that all the rules are respected, that the Treaty is respected, and we will return to this matter in the spring in the Commission's report on Estonia.

1-078

**Marta Andreasen (EFD).** – Mr Rehn, Slovakia has celebrated its first year in the eurozone and has seen quite an increase in prices, to the point that its tourism has decreased 25% as a result. Its GDP has dropped one per cent more than its neighbour the Czech Republic.

How do you explain this? And how do you justify that this does not have anything to do with joining the eurozone?

1-079

**Olli Rehn, Commissioner-designate.** – There may be several factors behind these figures. I have many Slovak friends and I must say that the vast majority of them, on the basis of my personal opinion survey, take a favourable opinion of Slovakia having joined the eurozone. However, the essential thing is that the euro has provided shelter from the storm in the current financial crisis for Slovakia, as well as for many other countries, including the country I know best.

I recall very well the economic recession of the early 1990s when, for instance, Finland did not have the euro. We suffered huge human costs because of high unemployment. Now we have the euro and it is protecting many of the larger and smaller Member States in the current storms that are affecting the global economy.

1-080

**Othmar Karas (PPE).** – Herr Rehn, wir spüren den guten Willen aber gleichzeitig auch die Ohnmacht durch die mangelnden Kompetenzen, durch die Kompetenzunterschiede und die Erfahrungen der letzten Jahre. In Ihrem Bereich ist wie fast überall mehr Entschlossenheit und Leadership gefragt. Ich frage Sie daher ganz konkret: Glauben Sie nicht, dass wir diese Ziele, die Sie geäußert haben, am besten dadurch erreichen, dass die Kommission einen Kriterienkatalog Stabilitäts- und Wachstumspakt, Europa 2020 und mehr vorlegt und von allen Mitgliedstaaten und von sich selbst einen Kassensturz verlangt, um genau zu wissen, was Sache ist, und die übermittelten Zahlen auch

überprüft? Und sind Sie bereit, einen Lenkungsausschuss, den wir meines Erachtens brauchen, zwischen Mitgliedstaaten, Kommission und EZB zur Umsetzung der Exitstrategie einzusetzen, denn Ihr einziger wirklicher Hebel ist das Defizitverfahren, bei dem Sie auch sanktionieren können und Boni ausschütten können? Wie stehen Sie dazu, und werden Sie sich dafür einsetzen?

1-081

**Olli Rehn, Commissioner-designate.** – In my view the economic policy-making model in Europe is like a symphony orchestra. All the parts of the orchestra have to play well together to reach the same objective.

This goes for the ECB respecting its independence, in other words its Treaty-based independence. It also applies to the European Council, and other Council formations, to Parliament and to the Commission.

We have to play well together and, in my view, the best way of really achieving the objectives of the EU 2020, in terms of economic growth and sustainable employment, is that we set together meaningful objectives, ambitious but realistic objectives for the whole European Union. Then we see how each and every Member State can achieve and set its own targets. We check that the sum of these 27 objectives adds up to the common European objective and then we try to pursue these, both through surveillance as well as finding new instruments for financing these important objectives.

This is how I see that we should work in the future. It has to be a combination of partnership and thus ownership of the Member States' EU-level decisions, such as the completion of the single market and innovative financing instruments, so that we can find resources for investment in the context of the exit strategies.

1-082

**Othmar Karas (PPE).** – Zusatzfrage dazu: Daher wäre es natürlich sinnvoll, wenn wir eine gemeinsame Eröffnungsbilanz hätten. Wir wissen derzeit in vielen Fragen nicht, ob die Zahlen stimmen, wir bekommen unterschiedliche Bewertungen. Daher frage ich Sie: Wäre ein Kassensturz, eine Eröffnungsbilanz der neuen Kommission und aller Mitgliedstaaten, nicht die beste Grundlage für diese neue Zusammenarbeit und Koordinierung der Wirtschaftspolitik?

1-083

**Olli Rehn, Commissioner-designate.** – Thank you Mr Karas for this question, which has been a long time on the agenda of the European Union as you well recall. And I recall many discussions on this as a member of the Committee on Budgets of this House in the mid-1990s.

We have a chance to discuss this thoroughly; and it needs to be discussed very thoroughly in the context of the mid-term budget review which paves the way for the reform of the Financial Perspective from 2014 onwards. It is a mid-term review, plus of course it develops the

ground for the next Financial Perspective at the same time.

In my view, the goals of the EU 2020 – innovation and education, green technologies and digital services – will have to be emphasised in the context of this budget review. In my view, the EU budget should better serve the purposes of investment for the future in a sustainable, greener and smarter economy.

1-084

**Arturs Krišjānis Kariņš (PPE).** – Godājama kandidāta kungs! Ir pagājuši 8 gadi kopš pilnas eiro ieviešanas un 5 gadi kopš pēdējās būtiskās Eiropas Savienības dalībvalstu paplašināšanās, bet joprojām 11 no 27 Eiropas Savienības dalībvalstīm nav eirozonā, tai skaitā 8 no pēdējām 12 pienākušajām Eiropas dalībvalstīm, kurām ir līgumisks pienākums pāriet uz eiro. Mans jautājums ir vienkāršs — kā Jūs saredzat eirozonas turpmākās paplašināšanās procedūru un kā Jūs plānojat to īstenot, kādā laika grafikā?

1-085

**Olli Rehn, komissioņa jāsenehdokas.** – Kiitoksia kysymyksestänne. Haluan käyttää myös äidinkieltäni, ja käytän sitä tässä yhteydessä, jotta en unohda tehdä sitä tämän keskustelun aikana. Tämä kysymys on hyvin tärkeä, ja aivan kuten totesitte 27 jäsenvaltiosta 11 ei vielä ole euroalueen jäseniä.

Euroalue on osoittanut voimansa viimeisen kymmenen vuoden kuluessa eikä vähiten tässä tämän hetken finanssikriisin ja talouden taantumien oloissa. Euro on tarjonnut tuulensuojaa niistä myrskyistä vastaan, joita sekä pienemmät että suuremmat jäsenvaltiot ovat joutuneet kohtaamaan. Senkin vuoksi ymmärrän hyvin, että useimmat näistä 11:sta euroalueen ulkopuolisesta maasta pyrkivät euroalueen jäseneksi.

Näkemykseni on hyvin selkeä. Me otamme perussopimuksen työmme perustaksi. Tärkeintä on kyky kestäväällä tavalla huolehtia julkisen talouden kehityksestä ja myös makrotalouden vakaudesta. Näitä mittaavat viisi lähentymiskriteeriä, ja näiden viiden kriteerin valossa arvioimme sitä ja arvioimme sitä myös laadullisesti, jykeneekö joku Euroopan unionin jäsenvaltio, joka ei vielä ole euroalueen jäsen, menestyksellisesti toimimaan euroalueen jäsenenä.

Seuraava todennäköinen ehdokas on Viro, jonka julkinen talous on suhteellisen hyvässä kunnossa; aika harvalla EU:n jäsenvaltiolla on neljän prosentin julkinen velka. Mutta en sano mitään sen enempää, vaan korostan sitä, että myös Viron kohdalla noudatamme sääntöjä ja Viron tulee täyttää kaikki kriteerit, jotta maa voisi liittyä euroalueen jäseneksi.

1-086

**Arturs Krišjānis Kariņš (PPE).** – I will gladly play a little linguistic ping-pong also: I will give my second follow-up question in English. How exactly do you see the role of the Maastricht criteria in further expansion of the eurozone – especially considering the fact that most

of the current eurozone members are in violation of one or multiple stability criteria?

1-087

**Olli Rehn, Commissioner-designate.** – We know that the factor to which you refer is largely a consequence of the financial crisis and economic recession. It is essential that all eurozone Member States also return to the sustainable public finances that we have discussed in the course of this evening. That will be one of the main tasks for me as Commissioner-designate in the field of economic and monetary policy.

At the same time, these five criteria have always been proxies or indicators of whether a country is able to ensure the sustainability of its public finances and also whether it has the political will and ability to make sure that this sustainability of public finances will be respected.

1-088

**Sari Essayah (PPE).** – Mr Rehn, I would like to use our mutual mother tongue, Finnish, so you have another opportunity to use it if you wish.

1-089

**Sari Essayah (PPE).** – On yleisesti tiedossa se, että eräät Euroopan unionin jäsenvaltiot ovat toimittaneet ja yhä toimittavat paikkansapitämättömiä tilastotietoja unionille. Sillä voi olla hyvin vakavia ja vahingollisia seurauksia, esimerkiksi kun EU suunnittelee yhteisiä toimenpiteitä ja toisaalta toimenpiteitä, joilla näitä vaikeuksiin joutuneita maita pyritään auttamaan talouskriisissä, puhumattakaan niistä vaikutuksista, joita sillä on euron arvostukseen.

Kun on kyse taloutta koskevasta tiedonannosta, mitä Te aiotte tehdä, jotta unioni voisi perustaa nämä päätöksensä paikkansapitävään ja luotettavaan tietoon?

1-090

**Olli Rehn, komissioņa jāsenehdokas.** – Olette oikeassa, että paikkansapitävä ja luotettava tilastotieto luo perustan talouspolitiikan analyysille ja päätöksille, ja sen takia kysymys ei ole pelkästään teknisestä ongelmasta, vaan institutionaalisesta ongelmasta, jolla on merkittäviä taloudellisia ja poliittisia seurauksia.

Emme esimerkiksi tiedä, kuinka suuri Kreikan julkisen talouden alijäämä tällä hetkellä on, ja sen takia on tietysti vaikea mielekkäällä tavalla asettaa pitkän aikavälin tavoitteita. Sen sijaan lyhyellä tähtäyksellä kyllä tiedetään, että joka tapauksessa tarvitaan konkreettisia ja vaikuttavia keinoja julkisen alijäämän saattamiseksi kestävälle tasolle.

Kun näin on, on tietysti selvää, että tähän asiaan tarvitaan korjaus, ja päävastuu tästä on Kreikan hallituksella ja viranomaisilla. He ovat ryhtyneet toimenpiteisiin, ja komissio ja Eurostat osaltaan tukevat Kreikkaa näissä toimenpiteissä Kreikan tilastolaitoksen uudistamiseksi ja tilastotoimen saattamiseksi luotettavalle tasolle.

Tämän lisäksi voin muistuttaa, että komissio esityksessään neljä vuotta sitten pyysi tarkastusvaltuuksia, *auditing powers*, joita neuvosto ei meille myöntänyt vuonna 2005, kun asiasta tehtiin päätös. Olen aika varma siitä, että joudumme palaamaan tähän asiaan, ja tulen harkitsemaan esityksen tekemistä, jotta komissiolle myönnettäisiin tällaiset tarkastusvaltuudet tukemaan työtä, jolla minkä tahansa jäsenvaltion tilastotoimi saadaan luotettavalle tolalle.

1-091

**Sari Essayah (PPE).** – Sanoitte avauspuheenvuorossanne hyvin, että tulette erityisesti kiinnittämään huomiota nimenomaan Eurostatin ja kansallisten tilastokeskusten toimittamaan tietoon ja sen oikeellisuuteen. Olisitteko jopa valmis harkitsemaan jonkinlaisia sanktioita niitä jäsenvaltioita kohtaan, jotka toistuvasti toimittavat vääristynyttä tilastotietoa? Millaisia kovempia keinoja voisitte harkita?

1-092

**Olli Rehn, komission jäsen ehdokas.** – Meillä on EU:n lainsäädännön nojalla mahdollisuus soveltaa rikkomusmenettelyä, jos tämänkaltaisia epäkohtia esiintyy pitkään ja jatkuvasti. Toisaalta me tarvitsemme korjauksia ja lääkkeitä tähän nopeasti ja sen takia on paljon parempi, että me työskentelemme kumppaneina yhteistyössä Kreikan hallituksen ja viranomaisten kanssa ja tuemme Kreikkaa siinä työssä, että maa nopeasti saisi tilastotoimensa niiden standardien tasolle, joita euroalueen jäsenvaltiolta voidaan edellyttää.

1-093

**Edward Scicluna (S&D).** – Mr Rehn, my colleagues have already referred to the Stability and Growth Pact in the sense that it was not adequate to ensure the capacity of the Member States to meet their financial obligations in difficult times by giving them room for manoeuvre, and you replied that you would be looking more into economic policy coordination and surveillance.

But I want to go back to the question of statistics. I believe that the credibility of the SGP itself is at stake when many countries lack genuinely independent statistical institutions, and others lack good statistical governance. You just referred to two serious breakdowns in statistical governance in one particular country, but I am sure that there are others that have not been discovered.

How can we be so optimistic? Do you think that we need to include some oversight requirements, for example the fact that many governments put out overly optimistic forecasts, which in turn have repercussions on their public finances? And what about Member States being required to have such independent institutions to provide credibility for medium-term fiscal governance?

1-094

**Olli Rehn, Commissioner-designate.** – I have in fact asked my private office to study the case of Greece as regards its statistical system and the functioning of the statistical system, and I have also asked for information concerning other Member States. The information I have received is that Greece is an exceptional case and the

problems are indeed very serious, as presented in the Commission's report which we adopted on Friday. Corrective measures therefore need to be taken in order to ensure the independence, professionalism and accountability of the statistical system in Greece.

When Slovakia entered the euro, you may or may not recall that Slovakia had to face very rigorous testing of its public sector deficit by Eurostat. Eurostat used its methodological missions to evaluate things like how certain infrastructure investments or hospital expenditure are classified in Slovakia's national accounts. I was actually encouraged by this example, because I learnt of it from several sources. I think this is the kind of rigour which we have to encourage to ensure that our statistics are collected well at a national level and that Eurostat does its job in terms of ensuring that this whole system works effectively and accountably.

1-095

**Edward Scicluna (S&D).** – My concern is how you are trying to strike a balance between the Commission being very strict with these serious breakdowns and, as we do not want the Commission to be a big daddy, doing everything which the Member States should be doing themselves. This applies not just in the statistical field but also for creating fiscal rules. Why should they always rely on the SGP when there are many good countries – well-run – which have their own fiscal rules which will help them in formulating a medium-term fiscal framework?

1-096

**Olli Rehn, Commissioner-designate.** – This is a question we can, in my view, well deal with in the context of the communication on economic policy coordination and surveillance. We have had an initial discussion on the possibility of placing more emphasis on the mid-term development of public finances of the euro-area – or, for that matter, non-euro-area – Member States in the context of the stability and convergence programmes. I think it is one of the lessons of the current crisis that we have to really look to the medium term and take action already in the short term, to ensure that our public finances are on a sustainable course.

1-097

**Ivari Padar (S&D).** – Kohtumisel härra Barrosoga oli meil juttu ja härra Barroso ka lubas, et astutakse samme üldhuviteenuste direktiivi kvaliteetse raamistikuga edasi töötamisel. Kas teil on juba konkreetsemat nägemust ja graafikut, kuidas selle tööga edasi minna?

1-098

**Olli Rehn, Commissioner-designate.** – I find this a very important initiative for the next Commission and I am very glad that President Barroso underlined this as strongly as he did in our preparatory seminar for the hearings last week on Thursday. I am fully committed to presenting a convincing proposal for a quality framework for public and social services. Of course it is not my direct responsibility, it will be a collegiate decision and it will be an issue which is in fact prepared by the whole college and the whole Commission. But my understanding is that we will have this proposal to



present to the Council and to the Parliament in the course of this year.

1-099

**Ivari Padar (S&D).** – Lisaküsimus. Vaieldamatult meil ei ole valikut, me peame tegema kõik selleks, et avaliku sektori kulutusi optimeerida ja püsida selgetes raamistikes. Mul on väga hea meel, et Eesti on suutnud 2008 olla –2,71 juures ja 2009 väga tõenäoliselt alla 3% juures. Avaliku ja erasektori koostöö tõhustamise teema on olnud üleval, aga teiselt poolt, milline oleks nägemus just riikidevahelise koostöö arendamises, olgu see näiteks Läänemere strateegia, läbi mille samuti proovida avaliku sektori kulusid optimeerida ja teatud efekti saavutada. Kuigi ma rõhutan, et esimene koht on alati rahvusriigil, mis tema ette võtab, aga riikidevahelise koostöö kaudu avaliku sektori kulude optimeerimine, kas see võiks olla üks tee, millele rohkem rõhku panna?

1-100

**Olli Rehn, Commissioner-designate.** – For Estonia, the natural framework for economic policy coordination will be the eurozone, once Estonia has joined the euro, on the basis of the rules and on its own merits.

At the same time, it is very important that we reinforce our Baltic Sea strategies, for instance as regards environmental issues as well as maritime safety, telecommunications and energy networks. A good example, which combines both of these aspects, is the investment which the European Union has provided from its budget for interconnections of energy networks in the Baltic region. Estonia is one of the key countries, and one of the key beneficiaries of that future investment.

1-101

**Ramon Tremosa i Balcells (ALDE).** – Mr Rehn, the head of the International Monetary Fund's European Department has recently said that the IMF is ready to help Greece if that country or the European Union asks for assistance. Do you think that the European Union should create a mechanism to help out countries which find themselves in a default situation? And do you believe that corrective measures should be applied to Member States that fail to meet their obligations under the 2020 strategy?

1-102

**Olli Rehn, Commissioner-designate.** – You are talking essentially about crisis management in the context of public finances, if you are talking about an IMF type of financial assistance for a Member State of the European Union.

Let me explain my view on this. In my view the Stability and Growth Pact should – and in fact must by definition – ensure that the members of the eurozone will have sustainable public finances by respecting the rules of the pact in the spirit and name of European solidarity so that there is no need to have this kind of permanent crisis mechanism.

Therefore, we now have to focus on correct application of the Stability and Growth Pact and its reinforcement in

terms of economic policy coordination and surveillance. In the context of Greece which is the topical issue, we work together with the Greek Government and we are now waiting for a comprehensive policy package including concrete and tangible measures to bring Greece back into the course of sustainability of public finances.

It is another issue if we agree on a certain set of principles, but an ex ante mechanism – a kind of permanent mechanism for this kind of case – would involve a major risk of moral hazard, and we also have to look at the issue from this point of view.

1-103

**Ramon Tremosa i Balcells (ALDE).** – Mr Trichet came to the European Parliament one month ago and said that the European Central Bank could not apply any specific policies for specific countries in trouble in the eurozone. He said there is only one euro. Do you think that the existence of euro bonds would help the eurozone countries to fight the crisis?

1-104

**Olli Rehn, Commissioner-designate.** – I agree with Mr Trichet that there is only one euro and thus we have a unified monetary policy and in the same context, in parallel, economic policy coordination. The main objective now – the first and foremost objective – is to ensure that the Stability and Growth Pact will really be applied and implemented in a manner which prevents any cases of unsustainable public finances where we would have to resort to permanent mechanisms of crisis management. I refer to a previous question concerning a European centre as regards project financing, for instance in the context of the EIB. I said I would be willing to look at this with an open mind and with a fresh look, but creating permanent crisis management mechanisms would involve a major risk of moral hazard.

1-105

**Pascal Canfin (Verts/ALE).** – Monsieur Rehn, vous venez de parler de votre grand esprit d'ouverture et de novation. Moi, je voulais qu'on parle de coopération fiscale, parce que vous parlez, depuis le début de cette audition, de la nécessité de rétablir des finances publiques saines, mais vous ne parlez pas vraiment des moyens pour y parvenir.

Alors il y a deux grands moyens: on peut réduire dans les dépenses et puis on peut essayer de coopérer entre nous pour lutter contre le manque à gagner fiscal. La Commission européenne elle-même évalue à 200 milliards d'euros par an le manque à gagner, pour l'ensemble des États de l'Union européenne, lié aux paradis fiscaux. On sait que les impôts payés par les plus grandes sociétés européennes ne cessent de diminuer en pourcentage. Donc, leur contribution aux charges publiques ne cesse de diminuer en raison de la concurrence fiscale entre nous.

Quelles propositions concrètes soutiendriez-vous, non pas en tant que commissaire pour les questions fiscales, mais en tant que commissaire chargé de la stabilité

macroéconomique de la zone et de la lutte contre les déficits publics? Avec cette casquette-là, qu'est-ce que vous allez soutenir comme propositions de coopération fiscale au cours du prochain mandat?

1-106

**Olli Rehn, Commissioner-designate.** – I will of course work closely with my fellow Commissioner-designate, Algirdas Šemeta, on tax issues. You rightly refer to the fact that I have a particular stake in that.

You also have a particular stake in that, as members of this committee and as European taxpayers. Our basic instinct should be to close loopholes and stop tax evasion. Therefore, in my view, we have to continue our work, which has actually progressed to some extent in recent years in the context of G20, to have sound international rules against tax havens.

The essential thing in my view is that a good and fair tax regime does not include tax havens. We have seen a trend over the past 20 to 25 years of taxation moving from capital to the burdens of labour, and I do not think this type of trend is very good for the sustainable employment of the citizens of Europe.

The Commission is working, and will continue to work, against harmful tax competition and, knowing that taxation is a national competence, we have to insist on good governance and international principles in this field.

To finish in the 12 seconds remaining: in October 2009 the European Council invited the Commission to examine the potential contribution of innovative financial instruments, including financial transaction taxes, to fiscal consolidation, climate, finance, and so on and so forth. We will present that communication in the spring, and this will provide further possibilities to discuss issues relating to international tax regimes.

1-107

**Pascal Canfin (Verts/ALE).** – Toujours dans cet esprit d'innovation que requiert la gravité de la crise, quel est votre sentiment sur la proposition que la Chine avait faite au sommet de Londres sur une réforme du système monétaire international et sur le fait d'aller vers un système plus coordonné de panier de monnaies? Quelle est votre vision des choses?

1-108

**Olli Rehn, Commissioner-designate.** – I find it interesting and promising that China is willing to engage itself in multilateral coordination of the exchange rate and monetary policies. In fact, we had a good example in the context of the financial crisis in late 2008 when all the major central banks, the ECB, FED and the Chinese Central Bank, took simultaneous decisions concerning the interest rate.

In my view the exchange rate of the euro in relation to the dollar and thus the renminbi has managed to ease a potential risk for European recovery and, therefore, we

have to continue to discuss with the Chinese on this matter, both in multilateral and bilateral contexts.

1-109

**Vicky Ford (ECR).** – Apologies for taking the floor again: some of my colleagues are still suffering from the adverse weather conditions that the UK sometimes finds it a challenge to cope with.

I wanted to talk again about the growing budget deficits. We have spoken a lot about Greece, but the UK, Portugal, Spain, Latvia, Ireland and many other countries also have very large budget deficits. I would particularly like to understand your view on the UK's deficit and your confidence in the UK Government's current plans to turn around that deficit. How concerned are you about the off-balance-sheet liabilities that I know the UK has and whether other countries have similar off-balance-sheet debt liabilities?

1-110

**Olli Rehn, Commissioner-designate.** – Thank you, Mrs Ford. I have to tell you that I have no intention of participating in the domestic political debate of the United Kingdom, or of any other Member State for that matter. I am just doing my job, and I am determined to have stability of public finances restored in Europe.

There is an excessive-deficit procedure initiated for the United Kingdom and we expect the UK to bring its public deficit in line with the criteria relating to the Stability and Growth Pact.

There is a timeline, as you well know, and for this timeline to be achieved there has to be a certain annual reduction of the public-sector deficit, and it is very important that the UK Government pursues this objective with determination.

1-111

**Vicky Ford (ECR).** – I can completely understand your need to balance your concerns with not wanting to get involved in domestic politics, and I respect that. However, there is a serious issue with off-balance-sheet debts and the lack of transparency that we have domestically with that issue. I think politicians from across parties would agree that the public sector needs to be transparent about all of its liabilities in the same way as we are expecting the banks, for example, to be transparent with their off-balance-sheet debts. Is that something that you are also concerned about?

1-112

**Olli Rehn, Commissioner-designate.** – We will look at this matter, as well as other issues related to the sustainability of public finances in the context of the excessive deficit procedure within the stability and convergence programmes. That is the right place to discuss this.

I have not yet familiarised myself in such detail with the UK public finances that I would feel comfortable taking a very strong stand on this podium this evening.

1-113

**Ρόδη Κράτσα-Τσαγκαροπούλου (PPE).** – Κυρία Πρόεδρε, κύριε Επίτροπε, τα μηνύματα για την υποστηρίξιμη κρατών που βρίσκονται σε κρίσιμη δημοσιονομική κατάσταση, όπως η Ελλάδα, είναι συγκεχυμένα και αντιφατικά. Η κ. Merkel υπογράμμισε την κοινή ευθύνη όλων των χωρών της ευρωζώνης για όσα συμβαίνουν σε ένα μέλος της, ο κ. Reinfeldt είπε ότι είναι εσωτερική υπόθεση της Ελλάδας και δεν αφορά κανέναν άλλον, την περασμένη εβδομάδα ο κ. Zapatero είπε ότι η Ένωση πρέπει οπωσδήποτε να δείξει την αλληλεγγύη της στην Ευρώπη, ο υπουργός του κ. Zapatero, ο κ. Garrido, όπως και η Ευρωπαϊκή Κεντρική Τράπεζα, απέκλεισαν κάθε περίπτωση οικονομικής διάσωσης της Ελλάδας. Ήθελα να ρωτήσω: εσείς πως την αντιλαμβάνεστε την αλληλεγγύη σε αυτόν τον τομέα; Πιστεύετε ότι το ζήτημα συνδρομής σε μια χώρα σε μια τέτοια κρίσιμη κατάσταση είναι νομικό ή πολιτικό;

1-114

**Olli Rehn, Commissioner-designate.** – You are talking to somebody who did his university studies in the field of international political economy and I believe therefore that politics and economics are inherently intertwined. Having said that, I think it is important to realise that solidarity goes both ways. We have mechanisms of solidarity such as the Cohesion Fund, which is a very important instrument to enhance social cohesion and economic convergence in the Union. At the same time we have rules in relation to the Stability and Growth Pact which each and every Member State of the eurozone is expected to respect in the name of, and in the spirit of, European solidarity.

So it goes both ways. As I said, I want to work with Greece and the Greek Government, the Greek Parliament and civil society, but still the main responsibility lies in the hands of the Greek Government and the Greek Parliament to ensure that the excessive deficit is brought onto a sustainable course and the systemic problems in the national statistical office are corrected. We are partners, but we expect the rules to be respected. It will indeed be a major political and economic challenge for the Greek Government, the Greek Parliament and the whole society.

1-115

**Ρόδη Κράτσα-Τσαγκαροπούλου (PPE).** – Κυρία Πρόεδρε, κύριε Επίτροπε, απαντώντας στον κ. Langen είπατε ότι στις περιπτώσεις δύσκολων συνθηκών η εκάστοτε ιδιαιτερότητα των κρατών μελών μπορεί να ληφθεί υπόψη. Ήθελα να σας ρωτήσω: στην προσπάθεια αυτή που πρέπει να κάνει η Ελλάδα - και συμφωνώ απόλυτα σε αυτό - θα ληφθεί υπόψη το βαρύ φορτίο που έχουν για το ΑΕΠ τα εξοπλιστικά προγράμματα και οι προμήθειες; Αποτελεί μια ιδιαιτερότητα της Ελλάδας σε σχέση με όλες τις χώρες της ευρωζώνης και της Ευρωπαϊκής Ένωσης.

1-116

**Olli Rehn, Commissioner-designate.** – I would not like to go into the Greek public finances in detail this evening. Besides, Joaquín Almunia is still the

Commissioner for Economic and Monetary Affairs. We are talking about a very current issue.

Having said that, I find it very important that Greece will shortly present a comprehensive policy package, including concrete and tangible measures which will bring the excessive public deficit onto a sustainable course. I referred to 'fiscal space' in my response to Mr Langen and unfortunately Greece has very limited fiscal space, which means that fiscal consolidation needs to start early, and not only in later years.

1-117

**Diogo Feio (PPE).** – Senhor Comissário, gostaria de começar por o cumprimentar e perguntar-lhe se considera razoável que o cenário que hoje se vive na Grécia, com grandes dificuldades nas contas públicas, um problema claríssimo de endividamento, se pode repetir noutros Estados-Membros, se pode desenvolver noutros Estados-Membros. Se há situações de Estados que, em concreto, o preocupam especialmente em relação a essa matéria. E se, por outro lado, como vê a situação de Estados mais pequenos, mais débeis no plano financeiro, como, por exemplo, os da Europa do Sul, relativamente à possibilidade de poderem cumprir os prazos que lhes foram determinados pela Comissão para corrigirem os défices excessivos.

1-118

**Olli Rehn, Commissioner-designate.** – In fact I somewhat regret that we have to focus so much on Greece, because Greece is not the only country which has unsustainable public finances, though of course it is a very topical case at the moment.

Looking at the whole European Union, you refer to other countries, both larger and smaller. From 2008 to 2009 the average public sector deficit rose from less than 3% to close to 7% and at the same time, over the course of this financial crisis, the debt level rose by 20% from 65% to 80% or 85%. In fact, as a result of this financial crisis, we are losing the fiscal consolidation and debt reduction which we achieved in the last decade or two.

This shows the scale of the challenge, and it shows how crucial it is to tackle this issue now, early on, and not leave it hanging, as this would place us in even worse difficulties.

Therefore rigorous application of the Stability and Growth Pact and reinforcement of country surveillance and economic policy coordination are of paramount importance if we want to achieve this very demanding objective.

1-119

**Diogo Feio (PPE).** – Senhor Comissário, concordo que o caso da Grécia não é um caso isolado. Por isso mesmo o questioneei para perceber se outras situações concretas o preocupam quanto à saúde das finanças públicas e, por outro lado, perceber que medidas aconselha aos Estados que tomem, em concreto, para que a situação da Grécia não se venha a repetir noutros Estados da União Europeia.

1-120

**Olli Rehn, Commissioner-designate.** – I am worried about the trend in public finances in many other Member States apart from Greece. In fact, in most of the Member States of the European Union at the moment, we have an unsustainable trend of public debt and deficit. Therefore, we have to act now. The best recipe for eurozone members and all EU Member States to follow is to respect the rules of the Stability and Growth Pact, take early decisions on fiscal consolidation once the economy is on a sound footing, and very carefully assess each and every budget line in order to improve the quality of public finances so that we have more value for money in terms of investing in economic growth and sustainable development for the future.

1-121

**Gay Mitchell (PPE).** – President Van Rompuy speaking in Germany recently said that we needed to recalibrate the European economy, and that we needed 2% growth if we are to get out of the difficulties we are in. Do you agree that it is time now to start talking about recovery and recalibration and moving on, and to leave the analysis to Parliament so that we can ensure that the difficulties that have arisen do not arise again? Where do you see us in a year's time? Will that recalibration have started, and what will your contribution to it be?

1-122

**Olli Rehn, Commissioner-designate.** – What do you mean by 'recalibration'?

1-123

**Gay Mitchell (PPE).** – I am asking you what Mr Van Rompuy meant by 'recalibration'. That was the term he used. Are you aware that he used that term? What did he mean by it? What does the Commission intend to do to support the suggestions that he has been making? He says we need to advance growth to 2%, or else the long-term future for Europe is very dim – not the immediate future, the long-term future. So what steps are you going to take to bring that recovery about and to ensure that the Commission, the Council and Parliament act in tandem? I am surprised that you have not heard of Mr Van Rompuy's use of the word 'recalibrate'.

1-124

**Olli Rehn, Commissioner-designate.** – It may have been translated in a different way into my mother tongue.

It is important that we take a very serious look at the long-term future of the European economy and whether we talk about the 'recalibration' or 'revitalisation' of economic growth. That is essential. Of course Mr Van Rompuy speaks for himself and for the European Council as President of the European Council, and I speak on behalf of the European Commission in the field of economic and monetary affairs, if you confirm the new Commission and it enters into office.

In my view, this is the critical issue for the European Union. In fact the whole discussion this evening has focused on growth and employment and the fact that we need to raise our ability in terms of achieving a higher growth potential through sustainable public finances via

the new EU 2020, which will invest in a greener and smarter economy, in innovation, education and other key drivers of economic growth. This will be essential for the future of the European economy.

1-125

**Gay Mitchell (PPE).** – I thank the Commissioner for that. I realise that he is not responsible for what Mr Van Rompuy said, but I would ask him if he would agree that with the advent of a new Parliament, new Council and new Commission this is now an opportunity to start advancing the recovery and to start restoring confidence. We have had enough of looking back. Is it not time to start looking forward and to release a lot of the resources that people do have? Not everybody did badly out of the financial turmoil. There are people with resources and savings. Is it not time to start encouraging people to use the resources they have to foster a recovery?

1-126

**Olli Rehn, Commissioner-designate.** – Yes, we need to encourage people's confidence in the economy, because that has a positive impact on economic dynamism in Europe.

In my view we have two main tasks. We have the growth challenge, which means that we have to really invest in economic growth and encourage the banking sector to ensure that credit flows are open to enterprises, households and individual citizens; and at the same time, in the public sector, we have to work towards achieving sustainable public finances.

We are faced with this dual challenge and it will require very determined action in both dimensions: to advance economic growth and to ensure that we have sustainable public finances.

1-127

**Zoran Thaler (S&D).** – Gospod Rehn, prazniki so nam prinesli malo miru. Manj je bilo govora o svetovni recesiji in veliko več o snegu. Dejstva pa ostajajo enaka. Evropa se sooča z več tisočimi propadlimi podjetji ter milijoni izgubljenih služb, mnoge družine so obupane, veliko sanj je poteptanih. Mala in srednja podjetja, o tem bi vas rad vprašal, so s socialnega in ekonomskega vidika zelo pomembna.

Število malih in srednjih podjetij v Evropski uniji je skoraj 20 milijonov. Predstavljajo 99 procentov podjetij v Evropski uniji. Zagotavljajo dve tretjini vseh služb. So motor gospodarske rasti. Naša odgovornost je, da ta motor poženemo. Mala in srednja podjetja se soočajo s težkimi časi: neprijazno poslovno okolje, kompleksna regulativa, birokracija, slab dostop do financ. To se le nekatere od stvari, ki bi jih bilo potrebno izboljšati. Kako boste zagotovili in olajšali boljše poslovanje malih in srednjih podjetij v Evropski uniji?

1-128

**Olli Rehn, Commissioner-designate.** – Thank you very much, Mr Thaler, for this question, which is very close to my heart because my old man was an entrepreneur, and you are talking to an entrepreneur's son. He was an orphan and self-made man, and he created a small

spare-parts and car business where I spent my youth and part of my childhood. I will not reveal any more because I do not want him to be blamed for breaking any ILO conventions on child labour.

But it is a very critical issue for the targets we have set ourselves concerning economic growth, and therefore we have to look at all the issues which have an impact on the future development of small and medium-sized enterprises. For instance we have to look at access to finance, which in these critical times is unfortunately very difficult in many Member States of the European Union. Many people are looking at the banking sector, so now is no time for big bonuses or high dividends. Now it is essential to restore the balance sheets of the banks and thereby ensure that there is a flow of credit for enterprises – small and medium-sized enterprises, micro enterprises, family businesses – so that this crucial foundation of the European economy will start to recover and then flourish and meet those expectations which we have of small and medium-sized enterprises in terms of employment and job creation.

1-129

**Zoran Thaler (S&D).** – Hvala lepa za ta del odgovora. Strinjam se z vami, da je kriza uničila finančni trg, glavne žrtve so pa mala in srednja podjetja, ki se soočajo s težavami, ki ste jih omenili. Dostop do financ je prva težava. Banke smo rešili z davkoplačevalskim denarjem, so rešene, vendar ne financirajo malih in srednjih podjetij. Ti problemi v „cash flowu“ potem vodijo do daljših plačilnih pogojev. Posledice so pa znane: manjše število investicij, nižja stopnja zaposlovanja, manjše zaupanje. Ali se poigravate s kakšnimi konkretnimi idejami, kako bi spodbudili vendarle to financiranje malih in srednjih podjetij?

1-130

**Olli Rehn, Commissioner-designate.** – On this issue we are working together with Commission Vice-President Antonio Tajani, who is responsible for industry and small and medium-sized enterprises (SMEs). He will be particularly looking at issues concerning access to finance.

At the same time, when considering, say, EU instruments for access to finance for SMEs, we also have to take into account that the great bulk of finance comes from the private sector – that is, through the banking sector and other financial institutions.

Therefore we have to ensure that this flow of credit does in fact reach its targets, that it does reach these enterprises and households. At the same time we will have to consider, in the context of evaluating the European Union's financing instruments, how we can improve support for venture capital, which is one of the key financing bottlenecks for SMEs.

1-131

**Robert Goebbels (S&D).** – Monsieur Rehn, une certaine presse, notamment britannique, mais également certains députés, craignent pour la stabilité de l'euro parce que des États comme la Grèce s'enfoncent dans

des déficits publics. Partagez-vous ces craintes et, si oui, préconisez-vous de mettre éventuellement en oeuvre les sanctions pécuniaires prévues dans le pacte de stabilité, ou êtes-vous plutôt d'avis que la stabilité de l'euro est une résultante du poids économique de toute la zone euro, qui est bien supérieur à celui de ses différentes composantes?

Ne surestime-t-on pas l'impact potentiel du déficit grec sur la stabilité de l'euro? Il y a quelques années, une trentaine d'années, la ville de New York était en cessation de paiements, cela n'a pas affecté à l'époque le dollar, bien que le produit intérieur brut de la ville de New York ait toujours été supérieur à celui de la Grèce.

1-132

**Olli Rehn, Commissioner-designate.** – I will do my utmost to ensure that all Member States respect the Stability and Growth Pact and its procedure on excessive deficits, because it is very important for the countries concerned, their citizens and also in systemic terms for the whole eurozone.

That is why we are talking about European solidarity in this context. It implies that it is for every Member State of the eurozone to ensure that its macroeconomic stability and public finances are sound and sustainable, for the sake of the country concerned, as well as for the sake of the eurozone as a whole. That is why we will have to focus on several countries.

It is still open whether the next decisions in the context of the excessive-deficit procedure will be taken by the Commission in January or in February; in other words whether the Commissioner who will present the revision will be Joaquín Almunia or myself, in the case of the new Commission being confirmed and starting on 1 February.

1-133

**Robert Goebbels (S&D).** – Monsieur le Commissaire, vous n'avez pas répondu à mes deux questions. Est-ce que vous craignez pour la stabilité de l'euro à cause de la Grèce? Et est-ce que vous préconisez la mise en oeuvre des sanctions pécuniaires prévues par le pacte de stabilité, ou est-ce que vous estimez, avec votre ancien collègue M. Lamy, que c'est l'aspect médiéval du pacte de stabilité, c'est-à-dire soutirer du sang à quelqu'un qui est déjà anémique?

1-134

**Olli Rehn, Commissioner-designate.** – First of all, the problem in Greece concerning the excessive deficit and rapidly rising public debt is a very serious one, especially for Greek citizens and taxpayers. But it also has a potential spillover effect for the whole eurozone. It is not yet so serious that it would threaten the stability of the eurozone, so it is absolutely essential that the Greek Government and Parliament take rapid action to create a convincing economic policy package with concrete and tangible measures.

As regards the Stability and Growth Pact and its instruments, if I am confirmed as Commissioner I will

not exclude any instrument that is at our disposal. But now it is really essential that rapid action be taken in order to avoid a worsening of the situation. Instead we should see developments which will lead to sustainable public finances in Greece.

1-135

**Olle Schmidt (ALDE).** – Nu ska herr Rehn få prova sitt femte språk.

När Sverige gick med i Europeiska unionen 1995, förhandlades inget undantag fram för deltagande i EMU:s tredje steg, vilket ni mycket väl känner till. Ett sådant undantag har ju Danmark och Storbritannien. Min fråga till er, herr Rehn, som blivande kommissionsledamot förhoppningsvis, är en fråga som är känslig hemma i Sverige.

Kan Sverige fortsatt under en längre period stå utanför eurosamarbetet utan att bryta mot sina förpliktelser mot unionen och fördragen, både vad gäller fördragets innehåll och anda? Är ni beredd att aktivt ta upp frågan med den svenska regeringen hur man ser på ett svenskt medlemskap inom euroområdet?

1-136

**Olli Rehn, nominerad kommissionsledamot.** – Tack för denna fråga som är mycket viktig för Sverige och för Europa. Du har rätt i att Sverige inte har några undantag när det gäller medlemskap i euroområdet. Vi alla – eller i alla fall du och jag – kommer ihåg när Sverige röstade i folkomröstningen 2003 om medlemskap i euroområdet, och vi vet alla vad resultatet blev. Det vill säga att vi har en politisk situation som är en realitet. Denna fråga är slutligen en fråga för det svenska folket att bestämma om. Som engagerad europé och nordisk medborgare vill jag naturligtvis se att Sverige ska bli medlem i euroområdet. Men detta är, som sagt, ett beslut för det svenska folket att fundera över.

Nyligen såg jag en intervju med finansminister Anders Borg i en svensk tidning. I den intervjun påpekade han hur viktigt det skulle vara för Sverige att få full beslutanderätt i Europeiska unionen genom att bli medlem av euroområdet. Jag tror att det var en viktig öppning för diskussion. För min del kan jag säga att jag gärna deltar i diskussionen om denna fråga, men jag respekterar svenska folkets rätt att fatta beslut.

1-137

**Olle Schmidt (ALDE).** – Tack för svaret. Ja, de senaste opinionssiffrorna i Sverige visar ju faktiskt att det svenska folket nu är för ett införande av euron i landet. Det finns en del som har sagt att den stora volatiliteten i växelkursen stör konkurrenssituationen; ni nämnde själv det om euron i förhållande till den kinesiska valutan. Det finns till och med några som har sagt att det kunde ses som någon form av statsstöd när en kurs som den svenska kronan för ett år sedan ”dök” med 25 procent gentemot euron. Tycker ni att det ligger något i det, herr Rehn? Skulle man kunna se på frågan också ur detta allvarliga solidariska perspektiv, i ett europeiskt sammanhang – ni kommer ju som bekant från Finland?

1-138

**Olli Rehn, Commissioner-designate.** – I think it is important to strive for a level playing field in economic policies inside the European Union. I refer to my previous reply. I know very well the nature of the domestic debate in Sweden and I do not believe that it would be positively stimulated if I were to start taking a very strong stance from Brussels and sending strong messages to the Swedish debate.

I would prefer to see Sweden and the Swedish people have a very profound debate on the matter. I am sure that they would win the debate and one day I hope there would be another moment of decision-taking. As I said, as a Nordic citizen, I would also like to see Sweden as part of the euro area, because it would complete the Nordic community's place in the European Union, with the influence that entails.

1-139

**Chair.** – We are almost exactly to time. This means we have concluded the 32 questions and we are about to move on to the closing statement from the Commissioner-designate. Just before we do, I would like to remind you, Commissioner-designate, of the three points I made at the beginning and which I have given to you on a piece of paper somewhere, concerning your cooperation with the committee and the early delivery of documents and information, including, wherever possible, in the inter-portfolio area of the three Commissioners working together, and also to know that you have the macroeconomic impact of financial regulation in your sights. It is a brief summary of what I put. You could say ‘yes’ three times, but with that I now hand over to you for your closing statements.

1-140

**Olli Rehn, Commissioner-designate.** – I am very committed to working with this committee so that I will keep you informed of the known knowns, the unknown knowns and the known unknowns. I am not sure if I can stretch to the unknown unknowns because, if I do not know what is happening on some issue, how can I reveal that? That is going to be a major challenge, but I am very much looking forward to working together in this spirit and with these formidable challenges.

Let me conclude by summarising what I will take from this very substantive and stimulating discussion, even though we have had quite tough questions, certainly very pertinent questions, as should be the case. To my mind this hearing has clearly proven the validity of our common objective: a sustainable and competitive, socially inclusive European economy. This debate has also demonstrated the importance of a strong partnership between Parliament and the Commission, in order to achieve these objectives. I also believe that our exchange of views underlines the importance of the three goals which have been prevalent in this discussion. In other words, we need to work for growth stability and global governance.

Firstly, we have to rebuild the European economy by mobilising all possible drivers for green, inclusive and knowledge-based economic growth. For that we need to

strengthen economic policy coordination and engage all stakeholders at the European, national and regional levels. EU 2020 has to be made a success, and I believe that, through these means, we can make it a success.

Secondly, we have to strengthen the foundations of our economies by consolidating our public finances on a sound and sustainable fiscal foundation, which will allow us to tackle unemployment and invest in the future.

Thirdly, we need to be better in promoting our common interests and carrying our responsibilities in the global arena. That is why we now have to use the possibilities, which the Treaty provides, to reinforce the external representation of the euro, have unified representation and have more influence so that we can punch our weight in global economic governance.

So, the economic crisis has done very substantial damage to the economic landscape of Europe, with major human costs in terms of unemployment. We have to take decisive and determined action now or there is a risk that some of the damage, at least, will get worse or may even be permanent. Therefore, European citizens expect Europe to deliver for them, and it will be for us to live up to those expectations. I count on you, I count on close cooperation with your committee and I am very committed to meeting this formidable challenge of restoring public finances and bringing Europe back to a path of economic growth and sustainable employment, together with you and your committee.

Thank you and I am looking forward, first to your report and then, hopefully, to further cooperation with your committee.

*(Applause)*

1-141

**President.** – I wish to thank the Commissioner-designate, and also Members for keeping to time. The evaluation meeting will take place from 20.00 to 21.00 tonight in Room ASP 1G3. This is in the format of an open coordinators' meeting, so Members can go along, as can political group advisers and staff from the secretariat; not assistants, and obviously no press or public.

*(The hearing closed at 19.30.)*