



EUROJÄRJESTELMÄ
EUROSYSTEMET

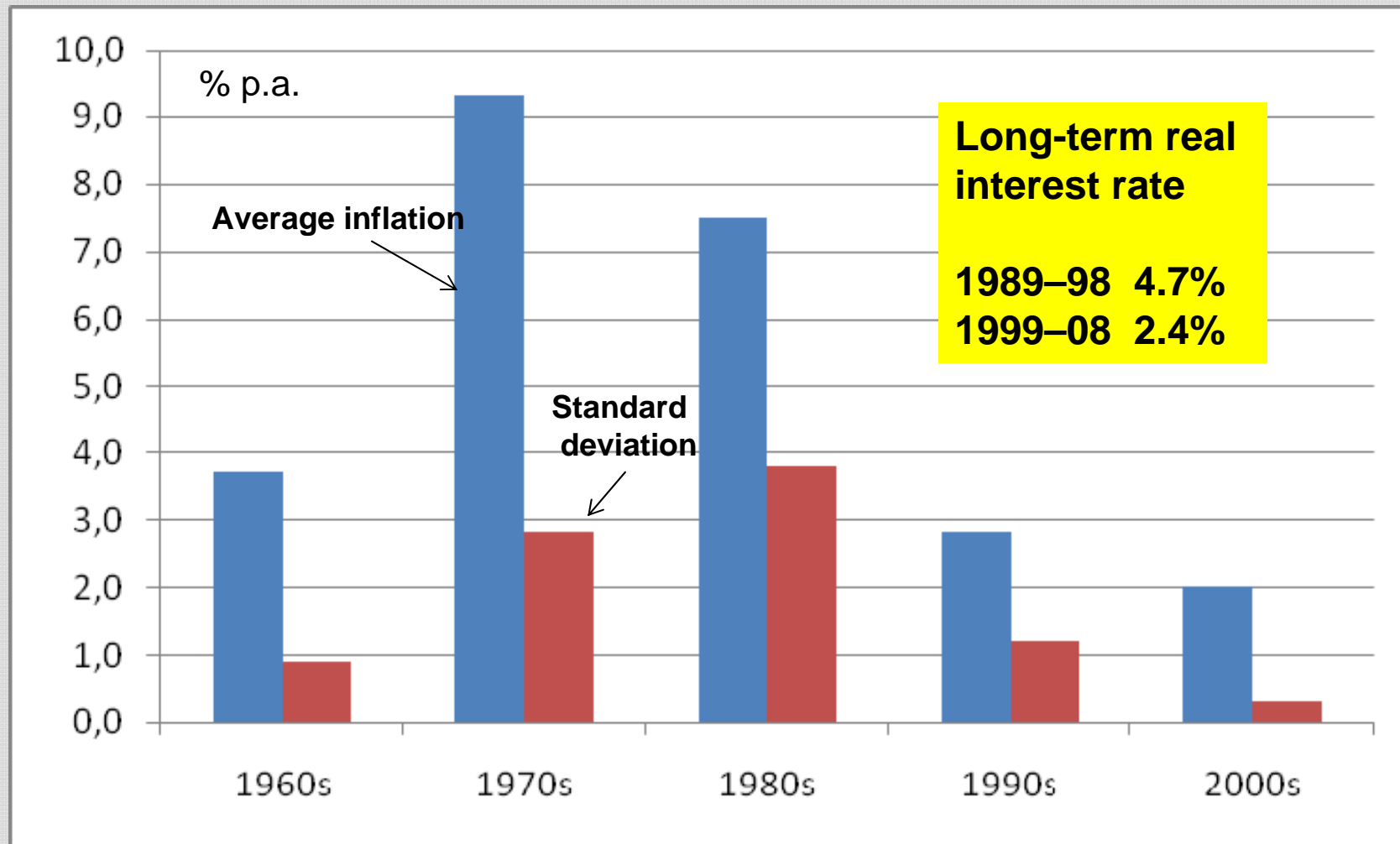
The tenth anniversary of the euro: a time to reflect

Governor Erkki Liikanen

Bank of Finland

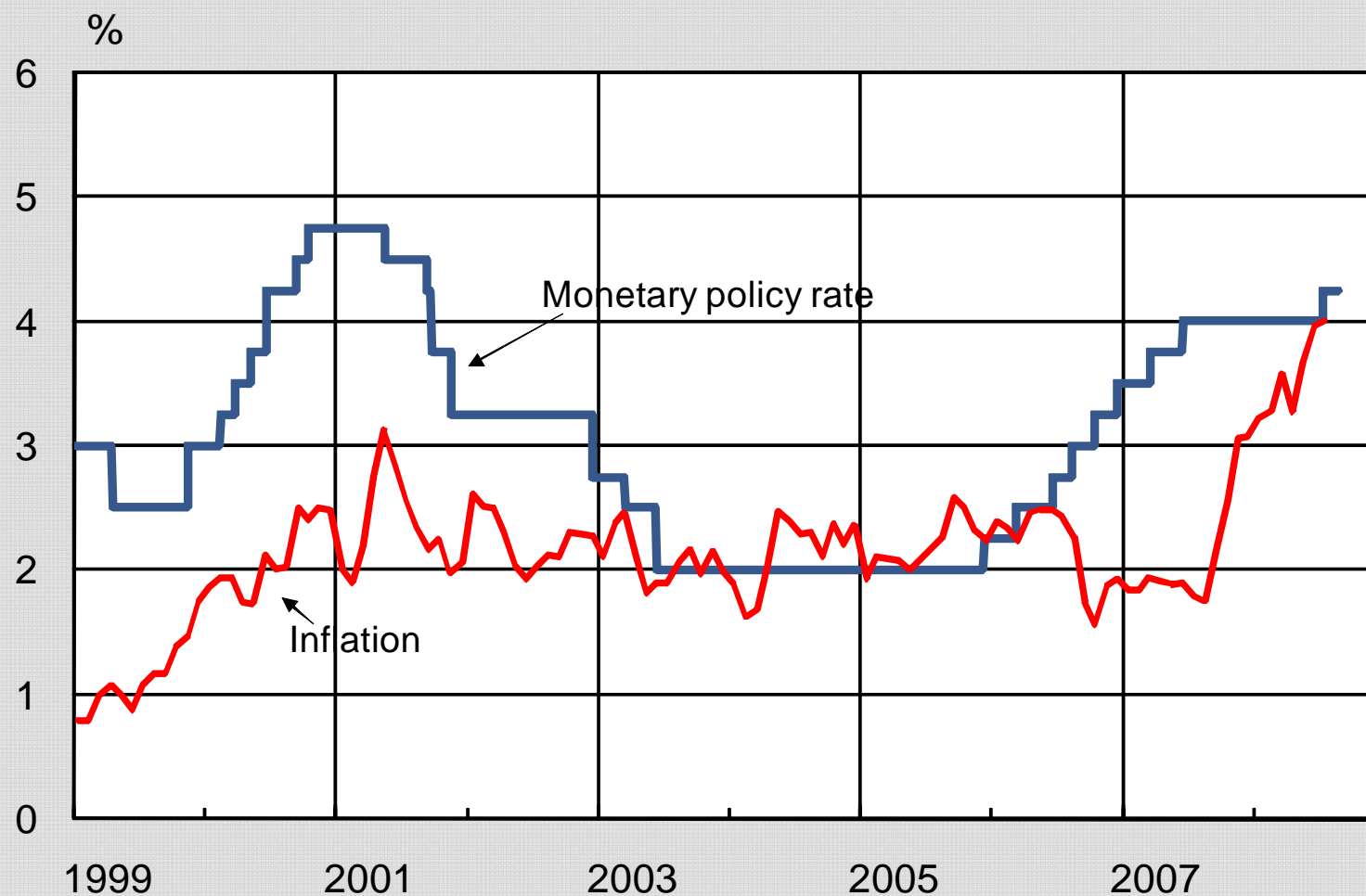
Ragnar Nurkse Lecture, Tallinn, 10 September 2008

Inflation and inflation volatility by decade EU12



Source: European Commission, *EMU@10* (2008)

Monetary policy and inflation in the euro area



Sources: European Central Bank and Eurostat.

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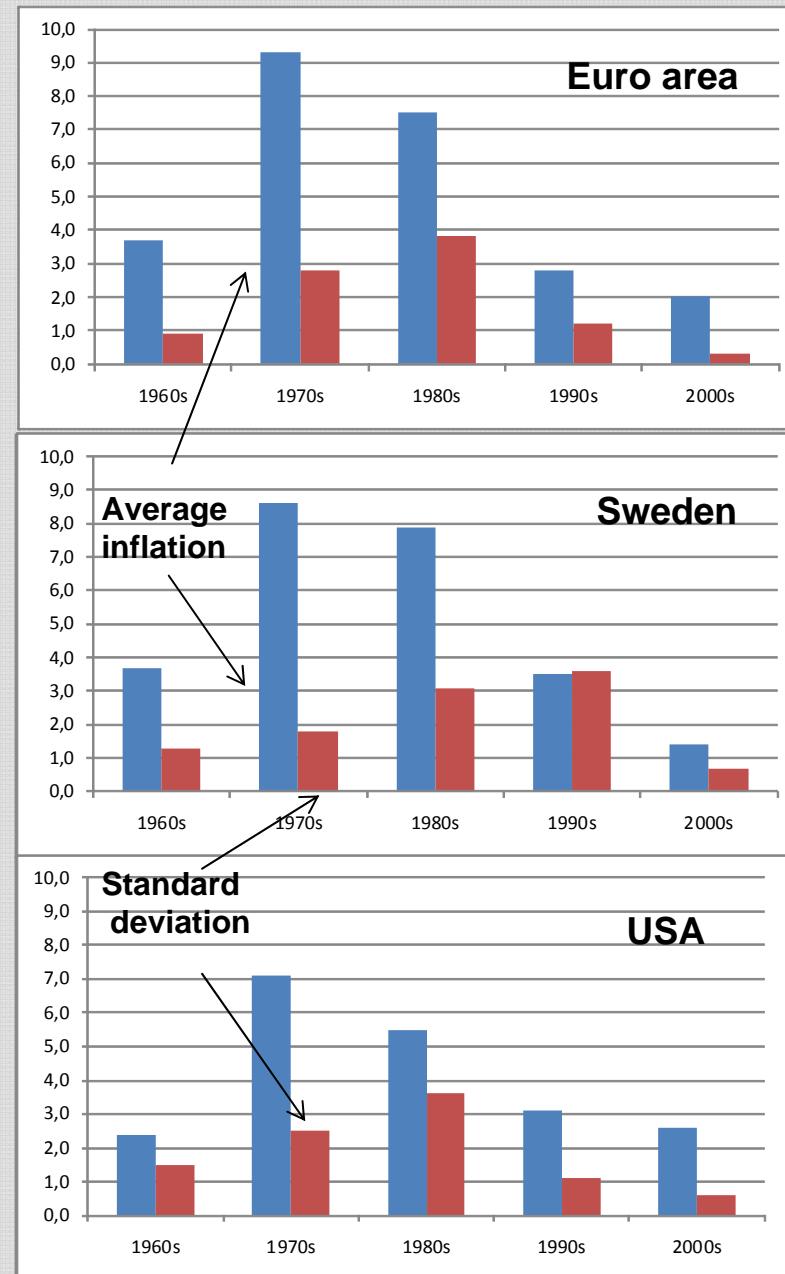
Low inflation – a global achievement

Low inflation and low inflation volatility achieved in most developed countries

Institutions matter:

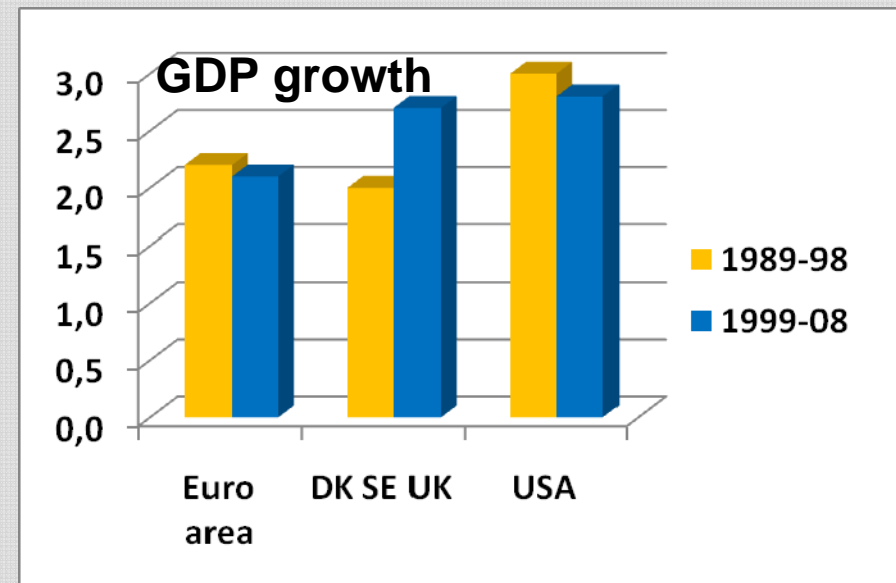
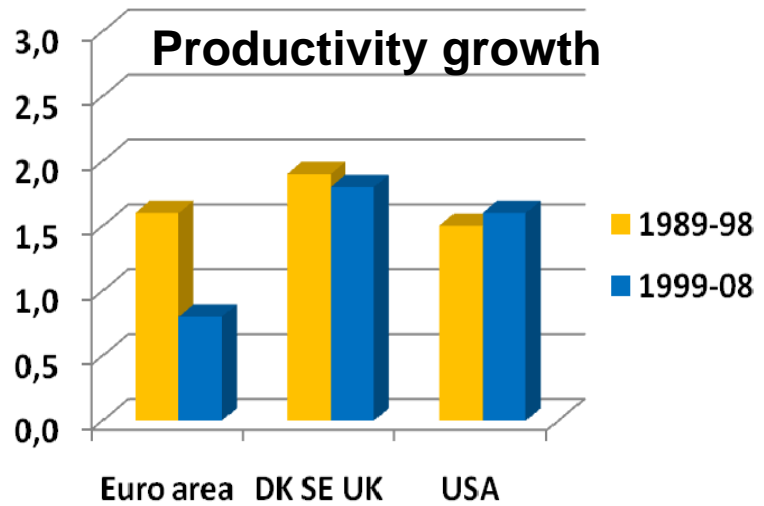
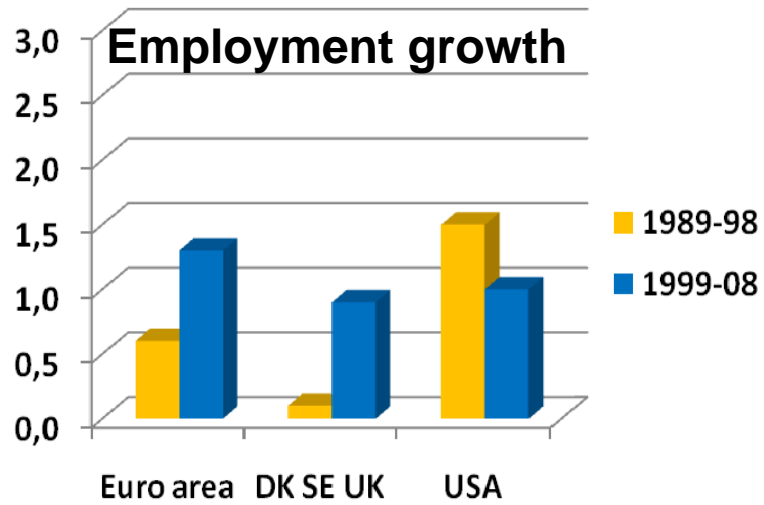
- central bank independence
- well-defined target for monetary policy
- transparency and accountability

Monetary stability in the euro area has made it easier for neighbours to maintain stability

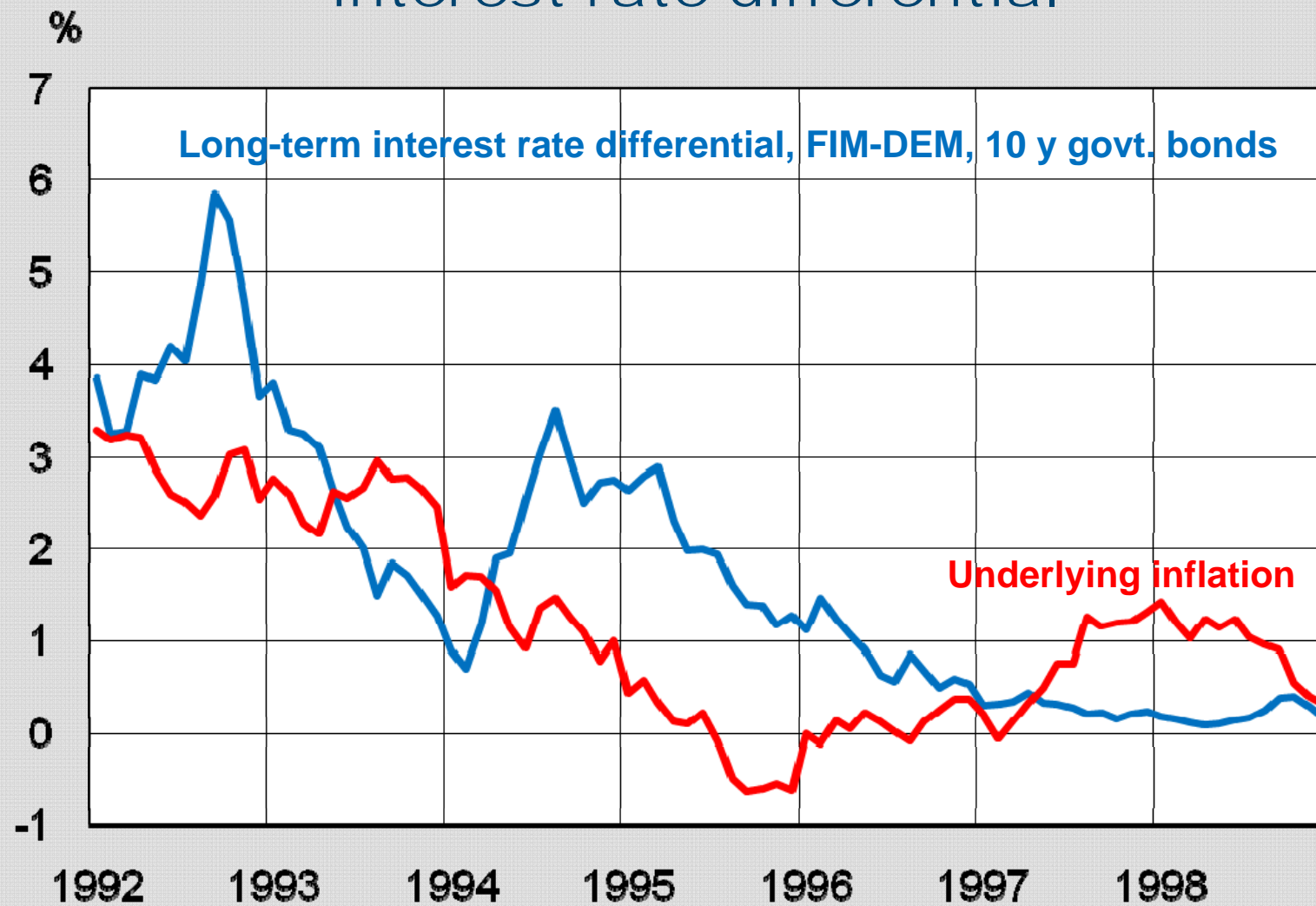


Source: European Commission, *EMU@10* (2008)

Growth performance

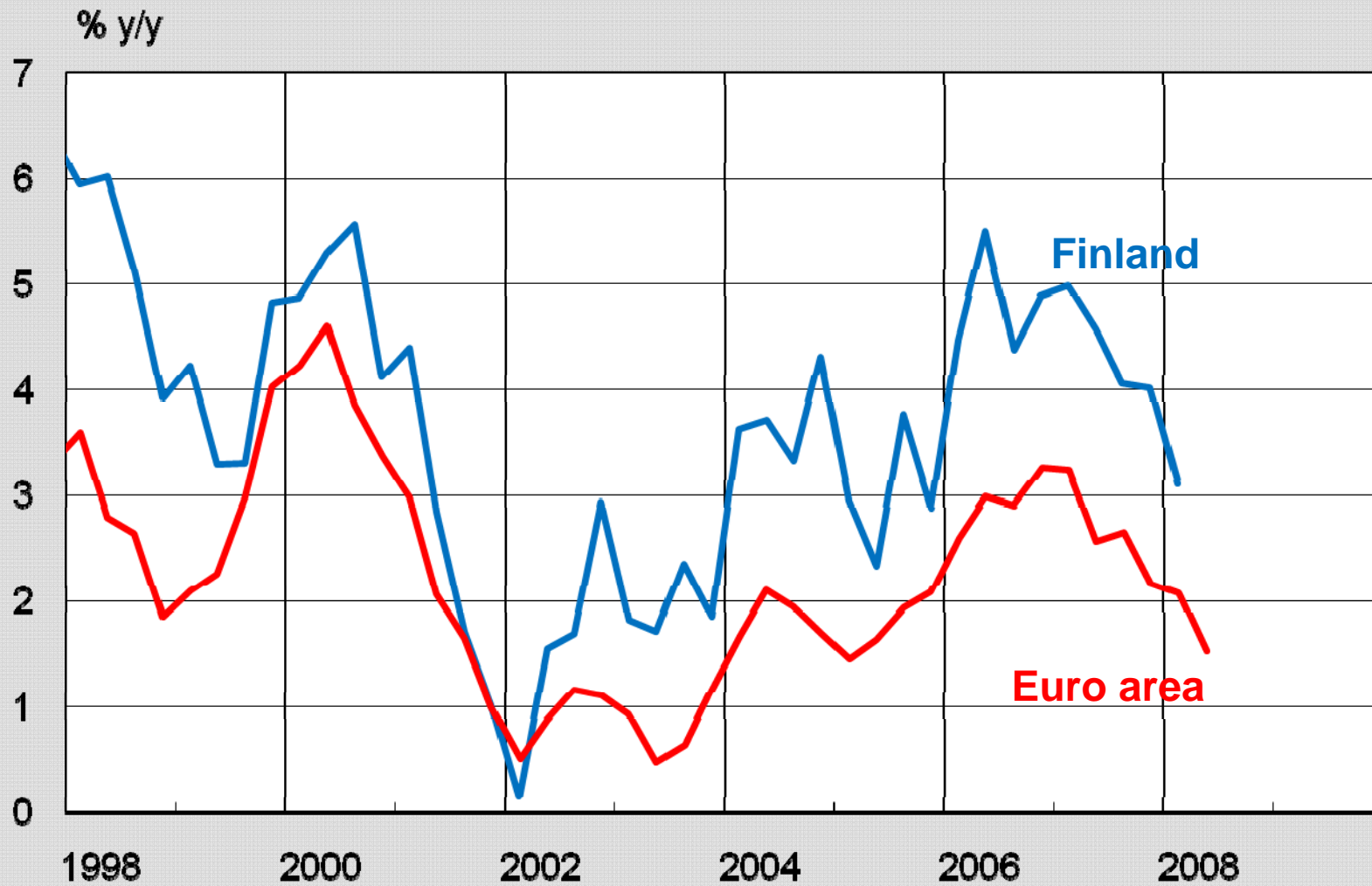


Finland's road to EMU: Inflation and long-term interest rate differential



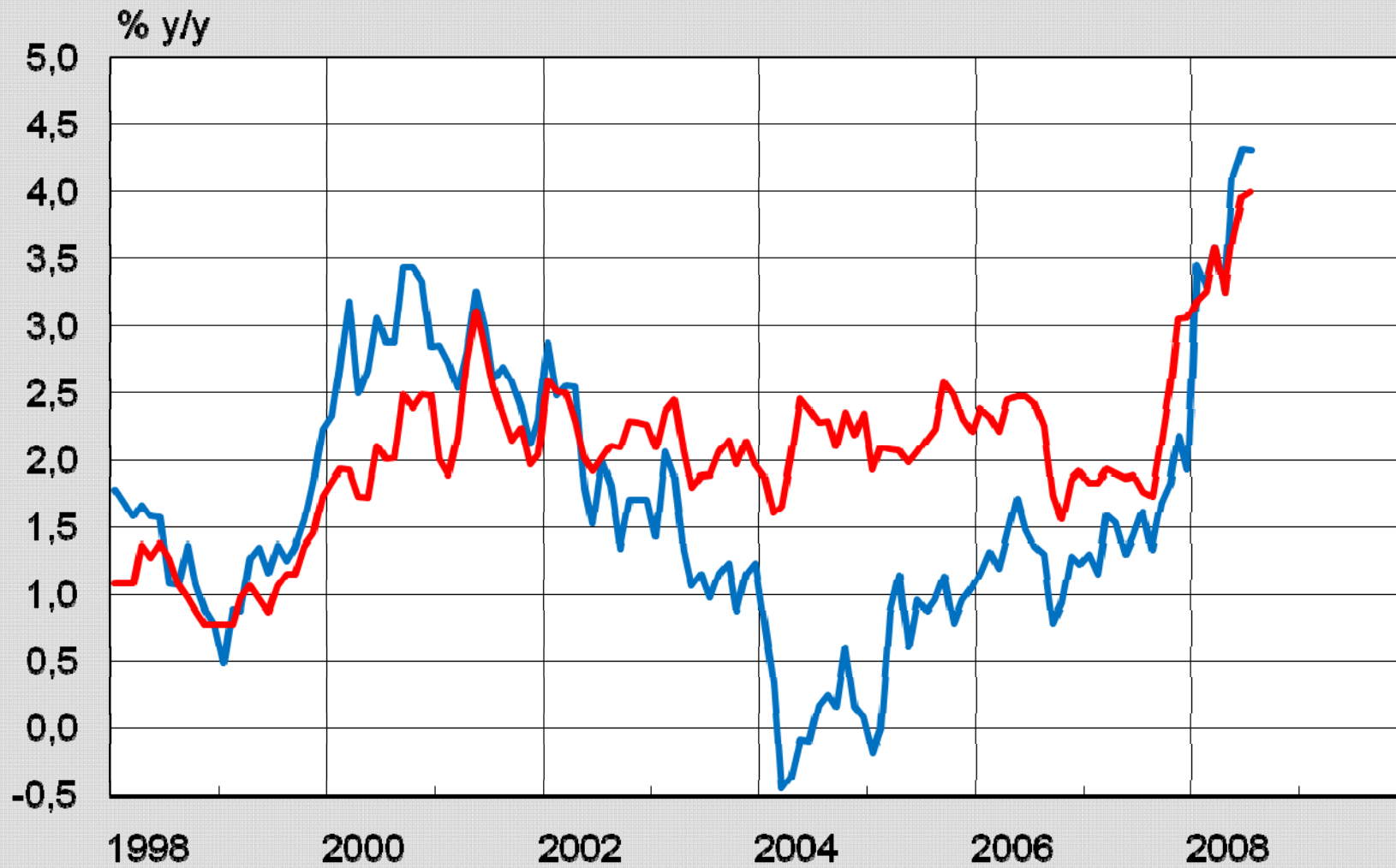
Sources: Statistics Finland, Bank of Finland and Reuters.

GDP growth: Finland and euro area



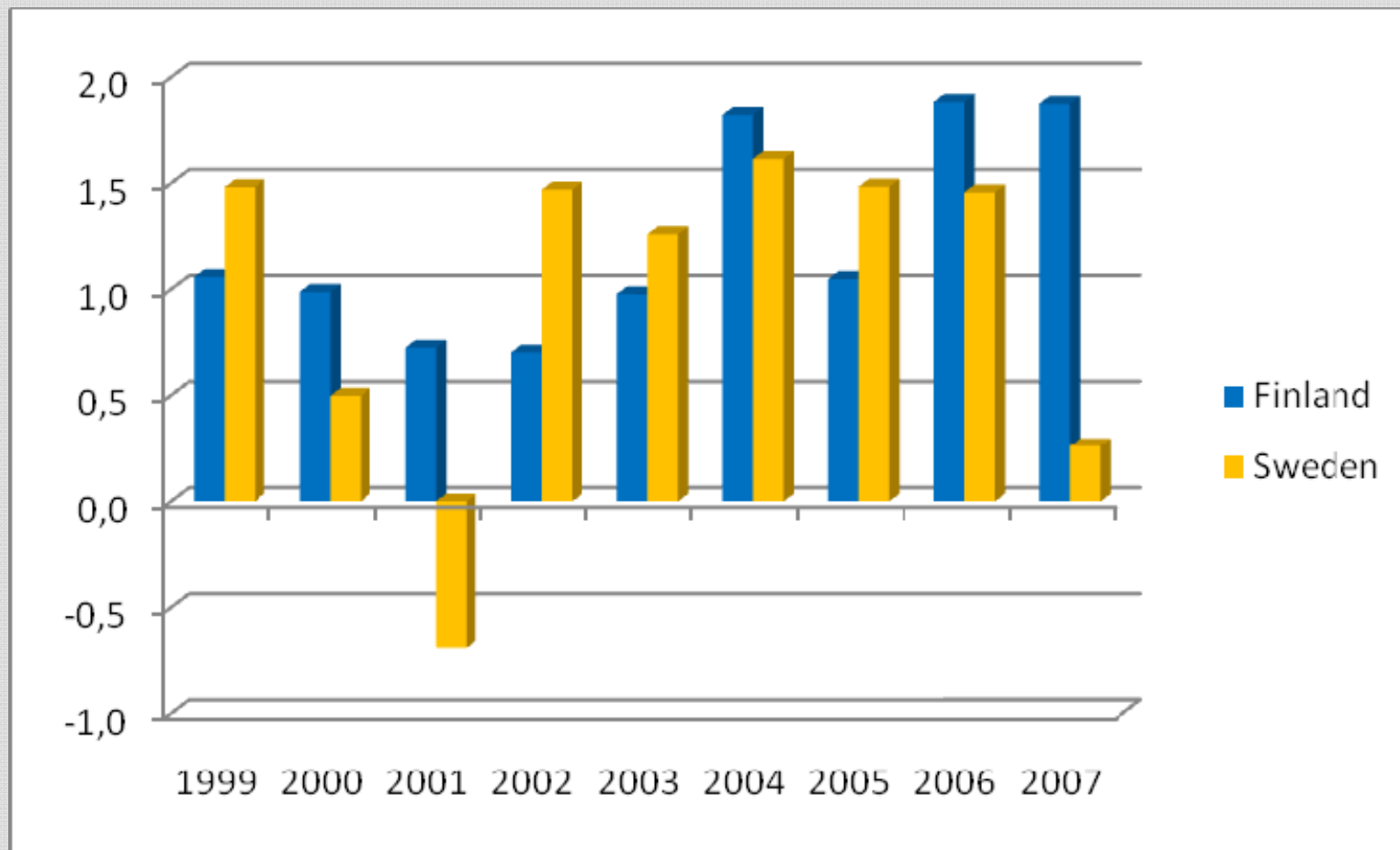
Sources: Statistics Finland and European Commission.

Inflation (HICP): Finland and euro area

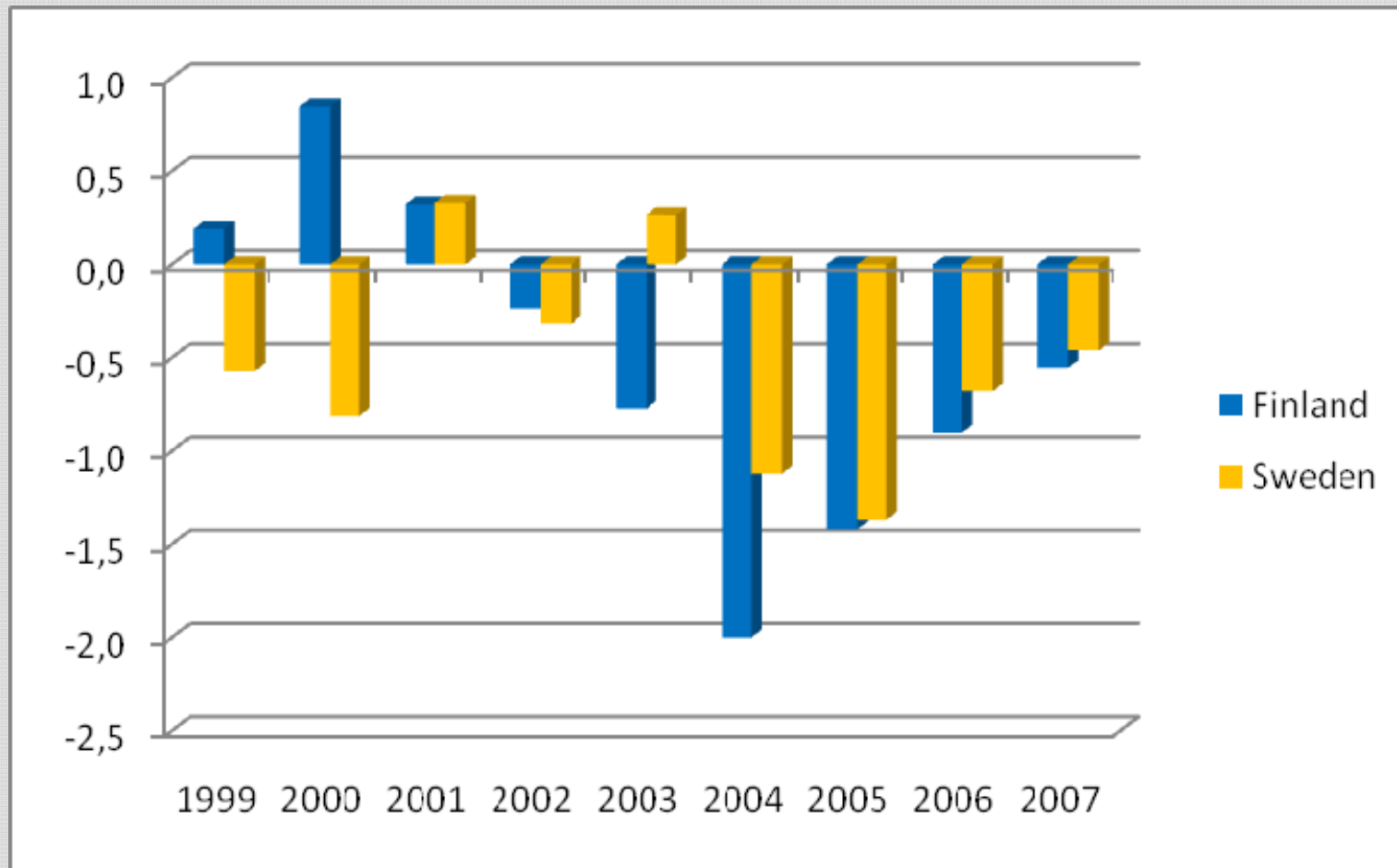


Sources: Eurostat and Statistics Finland.

GDP growth differentials vis-à-vis the euro area



Inflation differentials vis-à-vis the euro area



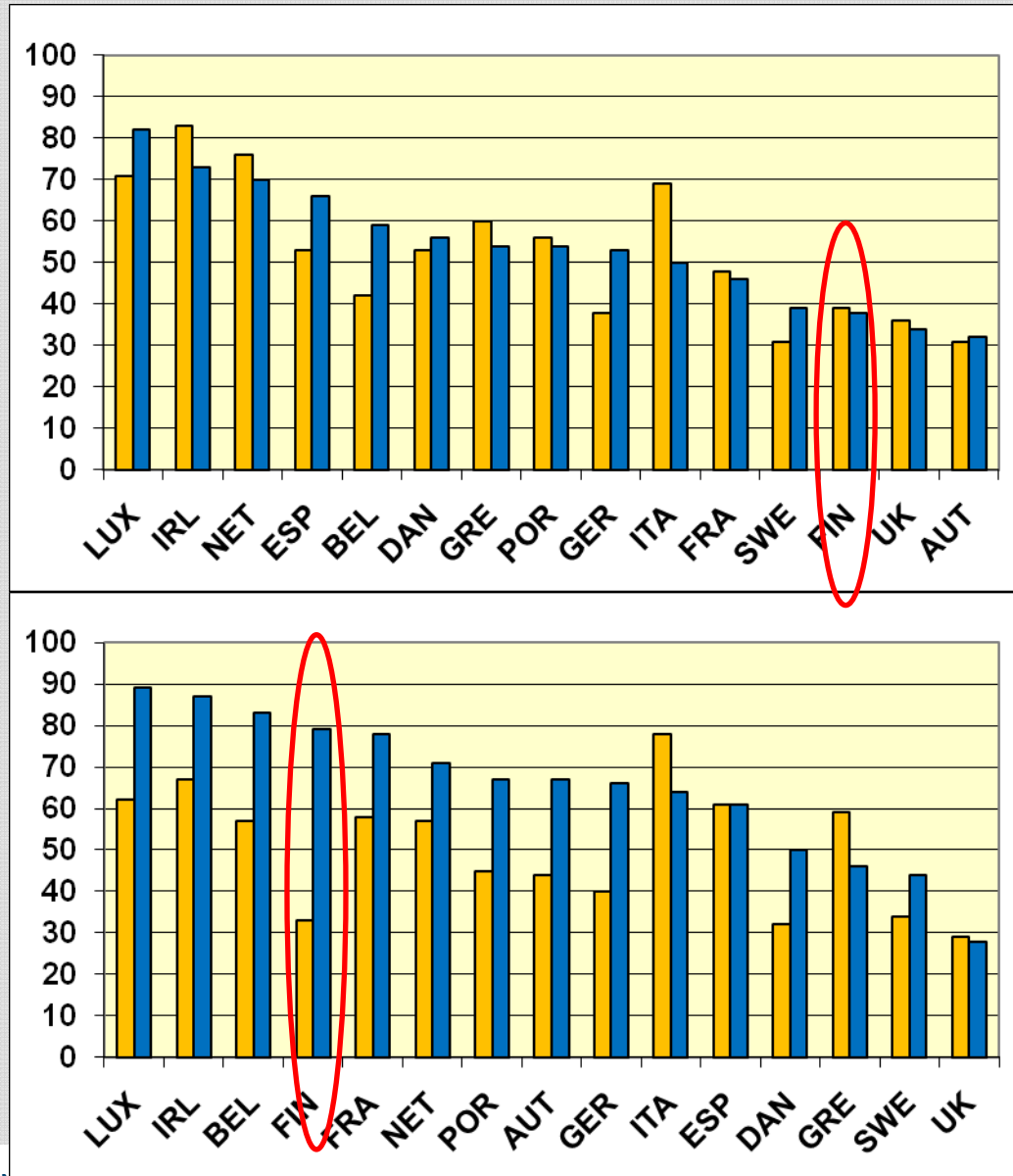
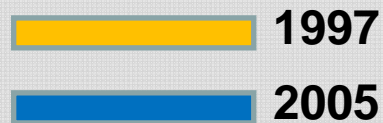
Popularity of EU and the euro

The EU is a good thing

Finns have remained sceptical on the EU

The euro is a good thing

The Finns were euro-sceptical in 1997, but now are one of the most pro-euro in Europe!



Thank you

Macroeconomic performance indicators

		Euro area		UK, Sweden and Denmark		USA	
		1989-98	1999-08	1989-98	1999-08	1989-98	1999-08
Real GDP	% p.a.	2.2	2.1	2.0	2.7	3.0	2.6
Employment	% p.a.	0.6	1.3	0.1	0.9	1.5	1.0
Productivity	% p.a.	1.6	0.8	1.9	1.8	1.5	1.6
Unemployment	% of labour force	9.3	8.3	7.9	5.2	5.8	5.0
Employment rate	%						
Inflation	% p.a.	3.3	2.2	3.4	1.7	3.3	2.8
Fiscal balance	% of GDP	-4.3	-1.7	-3.6	-0.9	-3.3	-2.5
Public debt	% of GDP	68.6	68.6	48.7	43.0	67.8	60.7
Real long-term interest rate	% p.a.	4.7	2.4	4.2	3.3	4.3	2.4

Source: European Commission (2008)

Inflation performance by decade

	Average inflation	Standard deviation	Maximum inflation		Average inflation	Standard deviation	Maximum inflation
		Euro area				Sweden	
1960s	3.7	0.9	5.1		3.7	1.3	6.3
1970s	9.3	2.8	13.6		8.6	1.8	11.4
1980s	7.5	3.8	12.8		7.9	3.1	13.6
1990s	2.8	1.2	5.0		3.5	3.6	10.5
2000s	2.0	0.3	2.4		1.4	0.7	2.7
		USA				UK	
1960s	2.4	1.5	5.4		3.8	1.0	5.4
1970s	7.1	2.5	11.3		12.5	5.3	24.2
1980s	5.5	3.6	13.5		7.4	4.5	18.0
1990s	3.1	1.1	5.4		3.9	2.6	9.5
2000s	2.6	0.6	3.4		2.7	0.5	2.4