
Have a say in the ECB's strategy review

(13073)

Age (181832)

Type: (!/list-dropdown)

A3 - 25-34

Gender (183574)

Type: (!/list-dropdown)

A2 - Female

Sector (181905)

Type: (!/list-dropdown)

A1 - Academia and education

Country of residence (181998)

Type: (list-dropdown)

A26 - Spain

What does price stability mean for you? (13076)

How do changes in general price levels affect you/your organisation and your members?

(181906)

Type: (T/text-long)

N/A

Are you concerned about either deflation or inflation being too high? (183724)

Type: (T/text-long)

N/A

For which types of goods and services do you feel the effects of price changes most?

(183725)

Type: (T/text-long)

N/A

When you think about inflation, how relevant do you find the increase in the cost of housing?

(183726)

Type: (T/text-long)

N/A

What are your economic expectations and concerns? (13197)

What economic concerns are you/your organisation and your members facing? (183729)

Type: (T/text-long)

N/A

How have changing economic conditions affected you in the last decade (for example, how have they affected your prospects of finding a job)? (183728)

Type: (T/text-long)

N/A

How do low interest rates and monetary policy in general affect you/your organisation, your members and the overall economy? (183727)

Type: (T/text-long)

N/A

What other topics matter to you? (13198)

Do you think the ECB should give more or less attention to these other considerations and why? (183730)

Type: (T/text-long)

The ECB should broaden its perspective where a too narrow focus on price stability may impede the achievement of other aims of the EU, like climate change mitigation and adaptation. Art. 11 TFEU imposes a procedural obligation on the Eurosystem to take into account environmental objectives in the process of designing and implementing monetary policy -and the ECB has the tools to reduce the negative climate impact of its policies, and the mandate to do so (Javier Solana, 'The Power of the Eurosystem to Promote Environmental Protection' (2019), <http://eprints.gla.ac.uk/168312/>). Under the CSPP the Eurosystem has been purchasing bonds issued by corporations in carbon intensive industries since June 2016. Mr Mario Draghi confirmed that the ECB was not complying with Art. 11

TFEU(https://www.europarl.europa.eu/cmsdata/151460/Monetary%20dialogue%2009.07.2018_EN.pdf, p. 19). A reply from the Bundesbank to a recent access to information confirms that the Eurosystem continues to fall short of discharging its obligation under Art. TFEU (Finance and Social Justice Project, 'EU Treaties require Eurozone monetary policy to take environmental objectives into account' (2020) https://www.gla.ac.uk/schools/law/research/groups/corporate-and-financial/news/headline_723289_en.html).

The presence of green bonds in the CSPP portfolio is the result of the "market neutrality approach". The green bonds purchased fall within the universe of eligible assets that can be purchased under the CSPP, not because of their potential contribution to mitigating climate change. The ECB should actively engage with the impact of its monetary policy measures on climate change. Otherwise, the ECB is to be exposed to a considerable legal risk.

This obligation could be easily fulfilled integrating (1) environmental impact assessments into the design of future monetary policy programmes, and (2) an environmental "watch group" established within the ECB's decision-making process.

Are there other issues not mentioned above that you think the ECB should be concerned with when setting its policies? (183731)

Type: (T/text-long)

The ECB should enhance transparency in its decision making processes and better explain why certain side effects are accepted as a consequence to achieving price stability. More elaborate reasons would improve the possibility for a court to review what the ECB took into account in its decision-making and also enhance the ECB's political accountability (Javier Solana, 'A reminder from the courts for the European Central Bank to take climate change seriously' (2020) GRI <http://www.lse.ac.uk/GranthamInstitute/news/a-reminder-from-the-courts-for-the-european-central-bank-to-take-climate-change-seriously/>). In light of the recent debate sparked by the German Federal Constitutional Court's judgement on the PSPP, more transparency would also facilitate a clear articulation of reasons for why the ECB considered its measures to be proportional. If the ECB decides to promote climate breakdown mitigation alongside maintaining price stability, it must determine why this is proportionate to its primary mandate, in order to prevent a challenge against the measures for them allegedly being ultra vires (Agostini, Cerrato, Jaberg, 'Why a Recent Judgment by the German Bundesverfassungsgericht Might Introduce Climate Change Considerations into Monetary Policy' (2020) OBLB <https://www.law.ox.ac.uk/business-law-blog/blog/2020/06/why-recent-judgment-german-bundesverfassungsgericht-might-int>). In sum, the ECB should:(1)constantly conduct/update climate impact assessments of its monetary policy programmes and balance monetary policy objectives against effects on environmental policy; (2)make it ascertainable balancing exercise has taken place and that the ECB considered its consequences; (3)when the ECB decides to extend a monetary policy measure it should give appropriate reasons for why prolonging potentially negative effects on environmental policy is warranted.

How will climate change have an impact on you/your organisation, your members and the economy? (183732)

Type: (T/text-long)

Climate change will not just have an individual impact, its consequences in nature and harvest may initiate a domino effect that could potentially lead to devastating consequences. The economic and social impact climate change has is undeniable. Global warming and increasingly frequent natural disasters have the potential to destroy harvests and entire cities, leading to rising prices of basic foodstuff and consumer goods and an increase in poverty. If the ECB's monetary policy disregards longer term effects of climate change on other factors, this can have a considerable impact in economic and social terms, which, in turn, will affect price stability in the future.

Climate change is a systemic risk. However the ECB has expressly declared that they do not consider environmental matters in their decision-making. Evidence shows that parts of the Eurosystem's monetary policy have a negative effect on the environment (over 50% of the CSPP's portfolio is composed of 'brown' assets; 4% of green bonds, whose issuance is concentrated in carbon/intensive sectors). Providing cheap finance to 'brown' companies facilitates their business activity which causes CO₂ emissions. These have a detrimental effect on the climate, air quality, health. This "cheap finance" is provided, for example, through the CSPP programme. Most of the companies that have been benefitting from the CSPP program were closely related to the gas, petrol or automotive industries, which considerably pollute the environment.

How can we best communicate with you? (13199)

To what extent do you feel well informed about the ECB/your national central bank? (183733)

Type: (T/text-long)

While the ECB's internet presence and the amount of information available (also understandable for a larger audience through the explainers <https://www.ecb.europa.eu/explainers/topic/html/index.en.html>) is remarkable, there are certain issues that leave room for improvement. These are transparency with respect to the ECB's decision making and access to documents. The ECB/national central banks do not make available to the public important information in relation to what extent environmental considerations are taken into account during the design and implementation of the ECB's policies. Likewise, the difficulties to access to the documentation (e.g. Governing Council meetings or internal documents that evidence that the ECB complies with its obligations under the EU treaties) make it harder for the public to understand the decisions the ECB is taking. Furthermore, it would be helpful to understand which aspects and (economic and scientific) materials the Governing Council considered when reaching its monetary policy decisions.

How could the ECB/the Eurosystem improve the way it explains the benefits of price stability and the risks of inflation being too high or too low? (183734)

Type: (T/text-long)

Please see the answer to the previous question.

What could we do to improve your understanding of the decisions we take and how they affect you? (183735)

Type: (T/text-long)

This obligation could be easily fulfilled by taking the measures we suggested in our response to question III.1. In that way, the Eurosystem would be able to demonstrate an active engagement with the environmental impact of its monetary policy and discharge its obligation under Article 11 TFEU. Those measures could also help to address any potential coordination problems between the ECB and NCBs in the implementation of monetary policy measures. In addition, it could support existing efforts that aim at deepening our understanding of climate-related financial risks such as those of the TCFD's and the NGFS. For example, it could lead and facilitate dialogue with stakeholders such as issuers, banks, other central banks, and civil society organisations. The idea of material or recommendations given to the Governing Council could be extended to other areas of the ECB's work and concerning the side effects on other policy areas. That way, the public could get an understanding on what grounds the Governing Council bases its decisions.