

# The ECB's Mandate: Does it Need to Be Modified to Be Fit for the Future?

**Professor Dr. Dr. h.c. Helmut Siekmann**

Institute for Monetary and Financial Stability - IMFS

# Syllabus

- I. The present-day understanding of the ECB's mandate as starting point
- II. How much leeway for the Eurosystem in defining its tasks and competences?
- III. The applicable yardstick
- IV. New goals and competences

# I. The present-day understanding of the ECB's mandate as starting point

- The concrete substance of the tasks, objectives, and competences of the ESCB
- The Public Sector Purchase Programme (PSPP) as a twofold violation of the primary law of the EU?
  - Transgression of competences
  - Failure of judicial control

## II. How much leeway for the Eurosystem in defining its tasks and competences?

- The vagueness of the term “mandate”
- An oscillating interpretation by the CJEU
- The wide understanding of “price stability”
- The margin of discretion conceded to the ESCB

### III. The applicable yardstick

## Necessity of a modification

- Understanding of the term “mandate“
- A normative evaluation of central bank’s tasks and powers
- Forecast of future needs

## IV. New goals and competences

1. Average inflation targeting
2. Monetary financing of sovereign debt in a nominal and real negative interest environment

## 1. Average inflation targeting

- Concerns from the democratic principle
- Anticipation by the economic actors
- Loss of measurement function of money

## 2. Monetary financing of sovereigns

- i. Fiscal domination of monetary policy and loss of central bank independence
- ii. The little convincing role model of the Bank of Japan
- iii. The high social and economic costs in a medium range
- iv. Distributionary effects



# **Professor Dr. Dr. h.c. Helmut Siekmann**

Distinguished Professor of Money-, Currency and Central bank law

Institute for Monetary and Financial Stability

Johann-Wolfgang-Goethe-Universität

60323 Frankfurt am Main

+49 (0) 69 798-34014

+49 (0) 151 2042 9660