

DG INTERNAL POLICIES OF THE UNION
- Directorate A -
ECONOMIC AND SCIENTIFIC POLICY
POLICY DEPARTMENT

Monetary Dialogue – 2 December 2019

Questions proposed by the Monetary Expert Panel

(also available at <http://www.europarl.europa.eu/committees/en/econ/monetary-dialogue.html>)

1. TASK AHEAD: REVIEW OF THE ECB'S MONETARY POLICY STRATEGY

- Should inflation and price stability be measured using a different price index; for example, wages, the GDP deflator and, possibly asset price inflation?
- The ECB aims at inflation 'below, but close to 2 %'. Such a narrow target is difficult to reach when inflation reacts so sluggishly to monetary policy measures. Should the target range be widened?
- Ever more negative rates, or further asset purchases might, according to many experts, now be counter-productive. Should the ECB consider just leaving its very expansionary stance where it is, even if inflation remains below target?
- The Bank of Canada and the Federal Reserve System are considering strategies that make up for past inflation misses during sustained periods of below-target inflation. Should the ECB review consider such "make-up" strategies?
- The Fed has ruled out raising its inflation target in the current review but the Bank of Canada and the Swedish Riksbank have not. Should the ECB review consider changing the level of its inflation objective?
- The ECB has more scope than most central banks to introduce new instruments. Should the strategy review explore a new set of unconventional policy tools that might be needed to fight the next recession? Should these tools include purchases of risky assets such as equity and real estate?
- Should the ECB consider outright transfers to households or what is often referred to as helicopter money as a possible new instrument that could be introduced?
- In 2000, the Fed chose to discontinue setting targets for broad monetary aggregates in view of their poor leading properties with respect to price developments. Should the ECB retain its two-pillar strategy with an elevated status for monetary aggregates among the set of key indicators that it monitors?

2. THE FUTURE OF MONEY

- How does the ECB assess the euro area's position in terms of evolution towards a cashless society? Does she actively promote progress in terms of digitalization of transactions and, if so, by which measures?
- What is the ECB's stance with respect to the introduction private digital currencies with the potential to actually replace national currencies in a substantial way? What would be minimum regulatory requirements to allow a construct like Libra to become fully operative in the euro area?
- Does the ECB actively investigate the prospects of a central bank digital currency? Do you already consider specific technical solutions to implement it?
- The report issued by London School of Economics shows the demand and supply of currency has increased since 00's, both in the Euro Area and the US. Why are then central banks considering issuing digital currency if preference for liquid money, such as notes and coins, has increased in recent times, including during the Great Recession?
- Do you consider cryptocurrency (or digital money) a monetary or financial claim (or asset), and thus a concern for either monetary- or financial stability?
- Do you believe that issuance and trade of cryptocurrency should be decentralised, or through a single point market?