

# **Central bank independence and unconventional monetary policy: Challenges for the ECB**

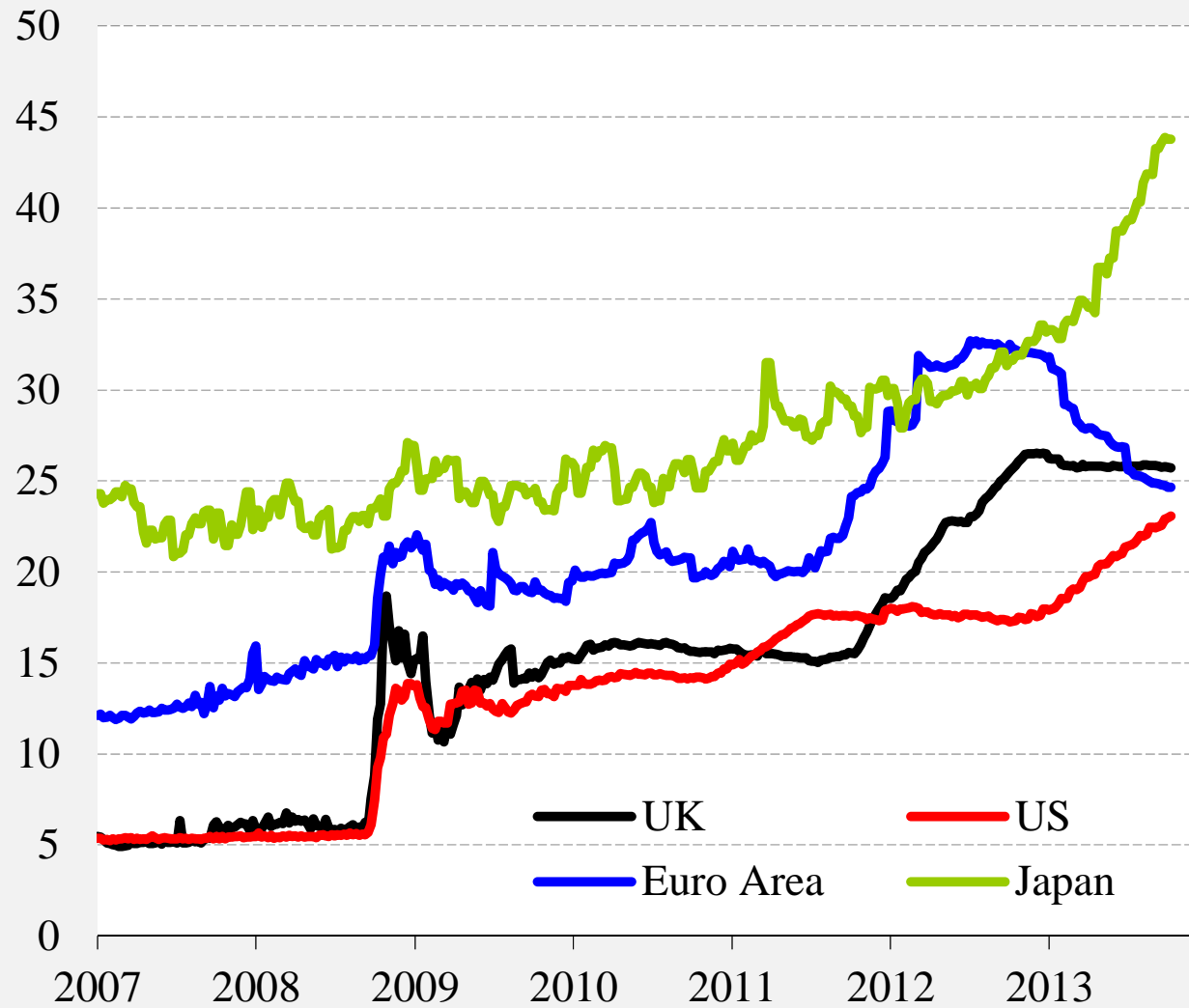
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President, De Nederlandsche Bank  
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# David Ricardo (1824)

“It is said that Government could not be safely entrusted with the power of issuing paper money; that it would most certainly abuse it; and that, on any occasion when it was pressed for money to carry on a war, it would cease to pay coin, on demand, for its notes; and from that moment the currency would become a forced Government paper. There would, I confess, be great dangers of this, if Government – that is to say, the Ministers – were themselves be entrusted with the power of issuing paper money”

# Central banks assets

As a percentage of GDP

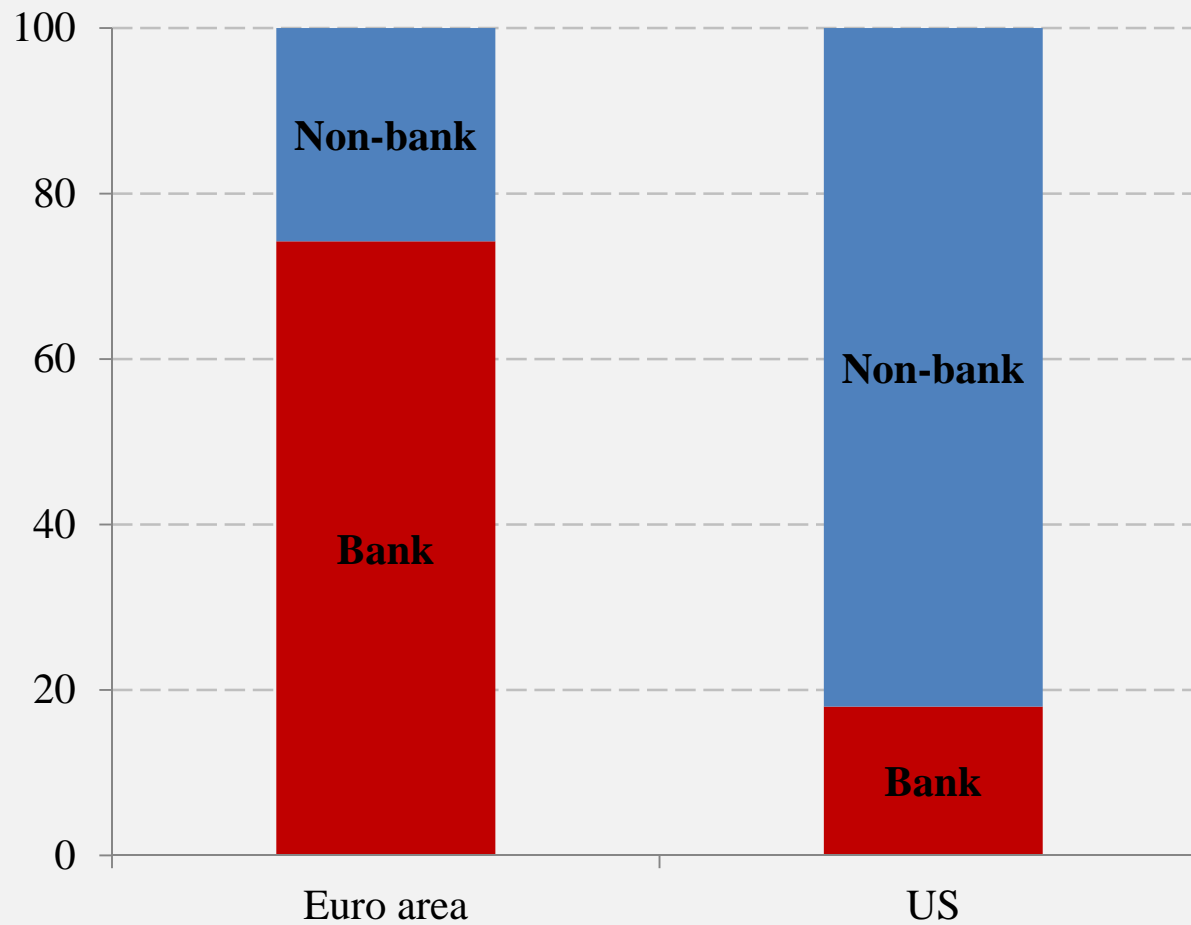


# Safeguarding ECB's independence

- ✓ Stick to mandate
- ✓ Explain the rationale of UMP
- ✓ ...

# Funding of NFCs

Shares in accumulated debt transactions,  
2002-2012Q1



# Safeguarding ECB's independence

- ✓ Stick to mandate
- ✓ Explain the rationale of UMP
- ✓ Specific modalities of UMP
- ✓ Clarity about the limits
- ✓ Provide the right incentives: conditionality
- ✓ Further improve transparency and accountability

**Thank you for your attention!**