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Sir, Madam,

The contribution by Bundesbank President Jens Weidmann on climate change and central banks is welcome ([How central banks should address climate change](#), FT, 19 November 2020). Yet, two observations are in order. The first concerns the reference to elected politicians who are, indeed, the policymakers primarily responsible for addressing climate change. Independent central banks are not to take their place but ... the ECB and the national central banks are to support the economic policies in the EU with a view to contributing to the [Union's objectives](#), several of which clearly relate to sustainability issues, including: sustainable development, a high level of protection and improvement of the quality of the environment, solidarity between generations. With the Union's politicians ([European Council](#), [Commission](#) and [Parliament](#)) clearly choosing an active pro-climate stance, the [Eurosystem](#) is Treaty-bound to support these preferences so long as this can be matched with providing price stability, its primary objective. The second point is the reference to the principle of "market neutrality" which is appropriately cited in inverted commas as *there is no such principle* in the EU treaties. The "principle of an open market economy with free competition, favouring an efficient allocation of resources" [is](#). Acting in accordance with [this principle](#), an injunction of EU law, requires positive action towards all three elements: open markets, free competition and an efficient source allocation. It is clear that the current economic system provides none of the three in terms of sustainable finance. Hence the need for pro-active measures by the ECB, including some of those boldly advocated by Mr. Weidmann, like greening collateral and asset purchases.

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