



EUROPEAN CENTRAL BANK  
EUROSYSTEM



# Report

on the national listening event  
organised by the NBB

## I. Event overview

At the NBB we organised 4 listening events.

The main event took place online on Friday 22 January 2021 and was attended by 28 Belgian civil society organisations (who could actively give feedback) and had 286 live online viewers (who could participate in 4 poll questions). The civil society organisations represented the interests of e.g. the environment, social profit, business, employees, consumers, students, teachers, and retirees. The 3-hour event was split into 4 sessions, based on the 4 themes proposed by the ECB (prices, economic concerns, other considerations, and communication). Two professional moderators facilitated the event; the NBB Governor (Pierre Wunsch) and DNB President (Klaas Knot) interacted with the moderators and the civil society organisations. The main event was recorded and can be watched via the following link: [Évènement "La BNB à votre écoute" | nbb.be](https://www.nbb.be/fr/evenements/evenement-la-bnb-a-votre-ecoute)<sup>1</sup>

Smaller listening events were organised with the Belgian Parliament (3 March 2020, 2h physical meeting), the NBB's Council of Regency (6 January 2021, 1,5h online meeting) and the NBB's employees (29 January 2021, 1h online meeting). They were all structured according to the 4 themes and were facilitated by the NBB Governor and two members of the NBB's monetary policy unit.

## II. Key themes in discussions

### 1. What does price stability mean for you?

Overall, stable and predictable prices were highlighted as being important. It was mentioned that they help preserve the purchasing power of people with limited budgets (students, pensioners and people in poverty), they contribute to low and stable interest rates helping businesses to finance themselves and invest, they help keep growth in housing rents in check (given possibility of annual rent indexation in Belgium) and they help keep wage growth under control (given automatic wage indexation in Belgium) and thus help preserve the competitiveness of Belgian firms.

More specific concerns, though, centered exclusively on too high inflation, rather than too low inflation. Strong price increases in certain services and basic necessities (e.g. health care, banking, telecom, housing rents, transport, energy, water and food) were mentioned as being particularly worrisome, as they can have a big impact on the budget of poorer households. In addition, the COVID-19 crisis has tended to worsen the financial situation of vulnerable households, implying that even small price increases could already significantly reduce their purchasing power. Therefore, instead of looking at the inflation rate of the average euro area household, it was suggested that the ECB could also take into account inflation rates of different types of households (including the less well-off) or look at a "basic needs" inflation index which would more accurately capture the inflation experienced by poorer households.

There were also concerns about rising house prices, but they were not the key focus in the debates. In addition, with interest rates low and below inflation, several people also worried about the erosion of (retirement) savings.

<sup>1</sup> <https://www.nbb.be/fr/evenements/evenement-la-bnb-votre-ecoute>.

## 2. What are your economic expectations and concerns?

Pessimism seemed to prevail. This reflected the severe consequences of the COVID-19 crisis (deteriorating financial situation of (especially vulnerable) households and firms, rising unemployment, uncertainty about the future, muted wage growth expectations, concerns about high public debt levels) which came on top of other challenges (again not directly related to monetary policy) like competitiveness, climate change, digitalisation, ageing and the fragility of the economic model.

Monetary policy was in general expected to be a stabilising force in the economy, financial markets, and society as a whole.

Views on the monetary stimulus of the last years tended to be mixed (see also poll results in annex). Business representatives confirmed that the low interest rates should stimulate investment, but currently other factors were more decisive (e.g. uncertainty about the future). Several people raised concerns mentioning the possible distributional consequences of monetary policy, associated financial stability risks (asset price bubbles and “zombie” firms), complications with negative real returns, and the lack of a “green” focus in asset purchases and TLTRO’s. It was also argued that the reflationary policy mainly benefits governments (large debtors) and not the middle class (the engine of the economy). Some felt that monetary policy’s impact had abated; unconventional instruments were deemed to be less powerful than the instrument of steering the policy rate had been in the past.

The monetary policy response to the COVID-19 crisis was generally seen as positive though with e.g. firms maintaining easy access to credit, although smaller corporations and self-employed faced tight bank lending conditions.

Several people also raised concerns about the exit from easy monetary policy. In this respect, it was recommended that monetary and fiscal policy should closely coordinate, e.g. with fiscal stimulus remaining in place while monetary policy tightens. One voice also suggested to cancel government debt purchased under PEPP.

## 3. What other topics matter to you?

Both social and ecological considerations were highlighted as needing more attention in the monetary policy framework. It was often argued that they should be as important as the price stability objective. Moreover, greater attention to both topics could help achieve price stability as well as financial stability.

Climate was considered a priority, especially given the associated financial and transition risks. To combat climate change, it was suggested that the central bank should deploy its monetary instruments (e.g. green QE, green TLTROs and direct financing of green public investment) as well as its regulatory instruments (e.g. green stress tests for banks, extra buffers for banks with polluting investments on their balance sheets and measures promoting the development of green asset markets). In addition, transparent reporting on the central bank’s green initiatives was recommended. In contrast, others opined that climate considerations are more a fiscal than a monetary issue, and they might raise issues with regard to the ECB’s political independence.

The old paradigm of money neutrality was put into question with several voices stressing that the central bank should give more weight to maximum employment and better support the demand-side of the economy. Someone asked to pay more attention to poverty and inequality. Overall, the focus on price stability was considered too narrow to contribute to overall economic stability and social progress.

The importance of financial stability was touched upon, as was the need to closely monitor side effects of monetary policy. One voice called for greater democratic legitimacy of the central bank.

#### 4. How can we best communicate with you?

There was considerably less feedback on this topic; messages converged emphasising the need for more and clearer communication through a variety of channels (see also poll results in annex).

The NBB plays a crucial role in informing the Belgian public on monetary policy (again see poll results) but its communication should be more accessible. Every initiative that would open the black box of monetary policy was encouraged and would be beneficial for experts and non-experts. More specifically, clear communication about negative interest rates was deemed important, as these are not always well understood among the public at large. In addition, better explaining the benefits of monetary policy on people's daily life was deemed necessary. Related to this, central bank research focusing on households and firms was highly appreciated and useful. More specifically, the NBB studies and communication on the Belgian economy were generally praised for their expertise and independence. One voice remarked, though, that sometimes due to its neutral political tone, the NBB missed the opportunity to be a more important voice in social debates.

With respect to the ECB's and NBB's data transparency, it was mentioned that their definition and methodology could be clearer. Databases could be more interactive and accessible, facilitating their use by a broader audience.

Regarding communication channels, the NBB's increased use of webinars was welcomed and judged effective in reaching a larger public (also post-COVID 19). Some organisations even offered their aid in transmitting the information to the Belgian society.

#### 5. NCB specific question

### III. Summary of main recommendations, questions and concerns

The feedback tended to be very comprehensive representing the diverse background of the speakers. Interestingly, more often than not, different interest groups seemed to express similar concerns. In addition, while some people are well aware that monetary policy is not a panacea (stressing the role and importance of other government policies), expectations about monetary policy's role and action radius are, in general, very high.

A main takeaway was therefore the need for clearer communication on what monetary policy can do and how it already contributes to a wide range of considerations that the public has identified, but also to explain what it cannot do or where its power is limited (given its mandate and the instruments at its disposal). Another important recommendation entailed the creation and use of additional indicators to better monitor the heterogenous impact of monetary policy (e.g. constructing inflation indices for different types of households).

With respect to the event itself, the Belgian public really appreciated the outreach initiatives and appeared to be looking forward to maintaining a dialogue: receiving relevant and clear information from the NBB as well as giving feedback on specific topics.

## IV. Annex

### Organisations participating in the NBB's Listening event (22 January 2021)

- Algemeen Christelijk Vakverbond (ACV)
- Algemene Centrale der Liberale Vakbonden van België (ACLVB)
- Association des Professeurs de Sciences Economiques (APSE)
- Bond Beter Leefmilieu (BBL)
- Capitant Liège
- Centre national de coopération au développement (Cncd-11.11.11)
- Conseil de l' Egalité des Chances entre les Hommes et les Femmes (CEC)
- Conseil des Femmes Francophones de Belgique
- Croix Rouge de Belgique
- Fédération Wallonne de L'Agriculture (FWA)
- Fédération Des Services Sociaux (FDSS)
- Fediplus
- Financité
- Fondation Roi Baudouin
- JUMP
- Kringwinkel Antwerpen
- Ligue des Familles
- Réseau Wallon de Lutte Contre la Pauvreté (RWLCP)
- Test-Achats
- Union des Classes Moyennes (UCM)
- Union des Villes et Communes de Wallonie
- Unie van Zelfstandige Ondernemers (UNIZO)
- Verbond van Belgische Ondernemingen (VBO)
- Vereniging voor Social Profit Ondernemingen (VERSO)
- Vlaamse Economische Kring (VEK)
- Vlaamse Federatie van Beleggers (VFB)
- Vlaams Netwerk van Ondernemingen (VOKA)
- WWF Belgium

### Programme of the NBB's Listening event (22 January 2021)

#### 9h: Start of the NBB's online live event

- Welcome by moderators, Valerie Bauwens (Kanaal Z) and Maxime Paquay (RTBF), and by Governors, Pierre Wunsch (NBB) and Klaas Knot (DNB).
- Session 1: Prices and price changes (feedback from organisations + poll for live followers)
- Session 2: Economic concerns and expectations
- 5-minute break
- Session 3: Other considerations
- Session 4: Communication
- Conclusions

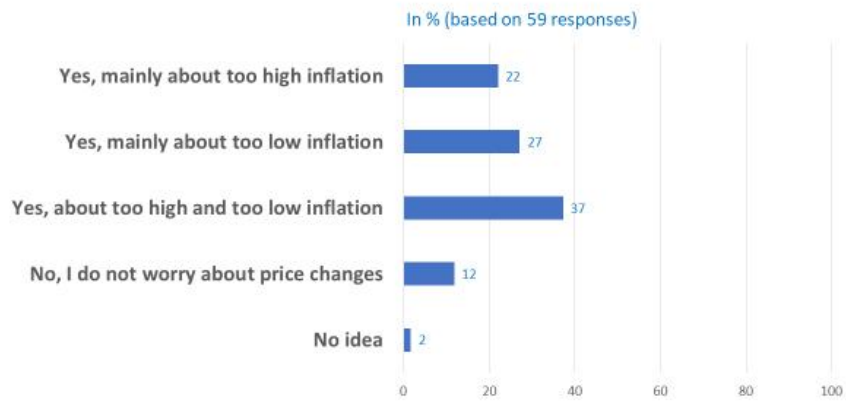
#### 12h: end of the event

A recording of the event is available on the NBB's website:  
<https://www.nbb.be/fr/evenements/evenement-la-bnb-votre-ecoute>.

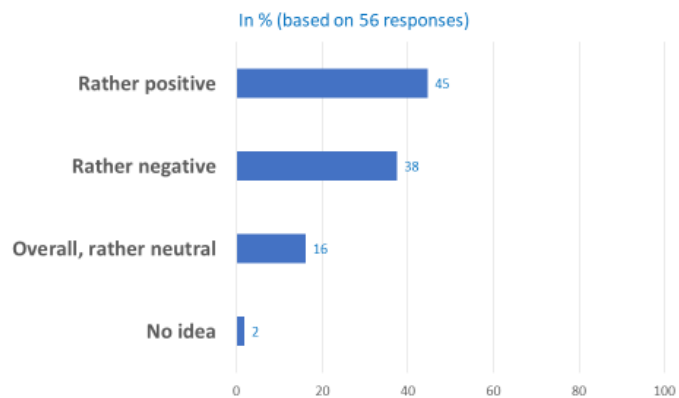
Poll questions and results from the NBB's Listening event (22 January 2021)

Note the samples are very small and probably biased.

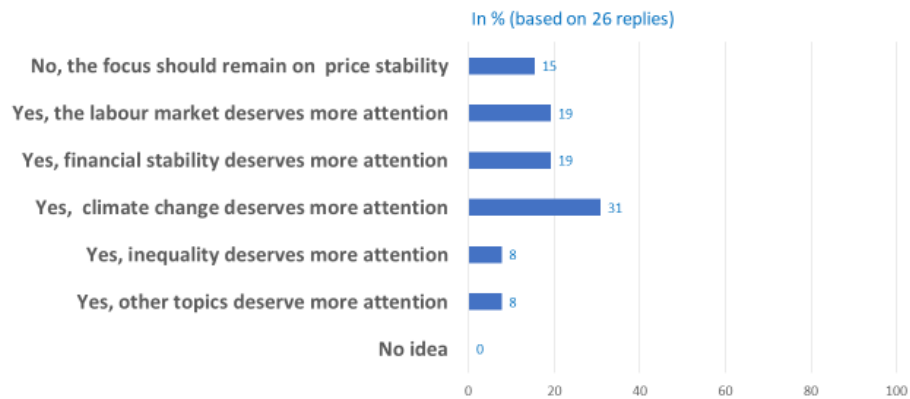
1. Are you concerned about inflation?



2. How have low interest rates affected you?



### 3. When conducting monetary policy, do we need to take other considerations more into account?



### 4. How do you prefer to receive information on monetary policy?

