

Prof Kerber Requests “Freedom for the Bundesbank”

Request for an injunction to allow the Bundesbank’s withdrawal from the APP-Programme

1. Despite the fact that the Eurozone economy is thriving and the price stability target of 2% has been reached, the ECB and the Eurosystem have continued to purchase bonds at a monthly rate of 60 bn Euros. This procedure poses unbearable risks: not only would 12 % of the PSPP/CSPP bonds be subject to default risk. The bonds purchased by the National Central Bank on behalf of the ECB would also be at risk.
2. In accordance with the European Court of Justice’s OMT verdict, the Federal Constitutional Court ruled that the Bundesbank’s functional capacity must be upheld at any rate. Therefore the Eurosystem’s open market operation not only endangers this functionality but can also be considered *ultra vires*. This must prompt the Bundesbank to no longer participate in such a programme.

Thus the attorney *Prof. Kerber* has lodged a request to the Federal Constitutional Court for an injunction dispensing the Bundesbank from the implementation of the APP-Programme. This request further aims to protect the Federal Parliament’s budgetary prerogative as it would have to recapitalise the Bundesbank in case of a default risk in bonds.

3. Not only does the APP-Programme distort competition within the bond market. The acquisition of the National Central Bank’s bonds leads to a hike in target balances to the disadvantage of the Bundesbank. As a consequence of implementing this programme, the Bundesbank has unhedged claims amounting up to more than 800 bn Euros against the ECB. *Kerber*: „One cannot simply wait for a shift in the ECB’s policy and expect that risk to be eliminated. Now the Bundesbank must have the freedom to withdraw from the APP-Programme.“

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