Analyses OSW

CENTRE FOR EASTERN STUDIES 16.02.2011 www.osw.waw.pl

Axel Weber will not be the president of the European Central Bank

On 11 February the president of the Bundesbank, Axel Weber announced that he will not stand for another term in office. This decision also means that he will not apply for the position of the president of the European Central Bank (ECB). When justifying his decision Weber pointed out that he had no support for his vision of monetary policy in the eurozone. Weber's withdrawal may thwart the plans of the federal government which wanted to gain more control over monetary policy in the eurozone by means of its representative in the position of the ECB.

Axel Weber was believed, along with Mario Draghi, the head of Italy's central bank, to be among the favourites for the position of president of ECB. The fact that a German would hold a managing position in the institution responsible for monetary policy and setting interest rates in the eurozone was seen by the German government as a guarantee of a stable monetary policy and a low inflation rate. Weber's official withdrawal from standing for a second term in the position of the head of the Bundesbank (another candidate should be appointed by the end of April) constitutes a blow to the image of Chancellor Angela Merkel who promoted his candidacy in Brussels. When justifying his decision Weber pointed to a likely lack of support for his monetary policy from the ECB – Weber was opposed to the ECB buying bonds from the most indebted countries of the eurozone. Jens Weidmann, Chancellor Merkel's economic aide, will replace Weber as the head of the Bundesbank. Germany can still seek to promote its new candidate for the position of the head of the ECB and could count on France's support according to the media. An ECB economist Jürgen Stark and the head of the European Financial Stability Facility, Klaus Regling have been mentioned among possible candidates. <pop>