

The ECB Song Contest?

Choosing the next president of the European Central Bank should not be like picking the winner of the Eurovision Song Contest. Instead, Europe should ask which criteria candidates must satisfy to be an effective ECB president, and then search for the person who best meets them, **writes Stefan Gerlach**



Source: Shutterstock

One can't help feeling that the race to succeed Mario Draghi as president of the European Central Bank has taken on the flavor of the upcoming final round of the Eurovision Song Contest. Governments want a candidate from their country to win because it makes them look good, not because the candidate would necessarily improve ECB policymaking. Bloc voting, which could pit the European Union's northern and southern members against each other, is almost certain to be a feature of the appointment process. And, absurdly, some commentators argue that it is their country's turn to win.

This is clearly the wrong approach. Instead, EU member states should ask which criteria candidates must satisfy to be an effective ECB president, and then search for the person who best meets them. Three requirements stand out.

Team player

First, the president must be a team player. Journalists and commentators who have disagreed with the bank's unconventional stance under Draghi often forget that the ECB president does not set policy, but rather chairs the Governing Council meetings at which policy decisions are taken.

Although these critics would no doubt like the new president to take a wrecking ball to the past decade of ECB decisions, there is nothing to suggest that the other Governing Council members will let that happen. On the contrary, they have good reason to view their previous decisions as having been surprisingly effective, considering the awful problems the ECB has had to confront. Future monetary historians will most likely agree.

Moreover, appointing a president who has disagreed sharply with the ECB's previous decisions could make it much harder to forge the broad agreements in the Governing Council that are the hallmark of good policymaking. Risking a dysfunctional ECB does not seem like a wise decision at the moment.

2 Solid economics background

Second, the ECB president needs a solid economics background. True, US Federal Reserve Chair Jerome Powell does not hold a doctorate in the dismal science, and privately the Fed's staff routinely praise his thorough understanding of economics. But Powell is a rare exception to the rule that a formal grounding in the subject is essential for central-bank presidents.

Some may argue that, much like flying a passenger aircraft, setting monetary policy is not difficult. That may be true in ordinary times, when relying on simple quantitative guidelines such as the Taylor rule will result in broadly appropriate policy decisions. Likewise, a co-pilot with relatively little experience will be fine flying a plane most of the time.

But things are different in a crisis, when prevailing economic concepts, such as the inverse relationship between inflation and unemployment posited by the Phillips curve, often break down and textbook solutions no longer apply. And, because uncertainty typically skyrockets, central banks need to act quickly and decisively to prevent problems from becoming entrenched by expectations.

Of course, central bankers always seek help from their advisers. In a crisis, however, policy advice is frequently contradictory. Furthermore, lawyers will often advise that any innovative policy idea may trigger legal challenges and is therefore best avoided. It is hardly surprising, therefore, that central banks are often criticized for doing too little too late.

Much as passengers want an experienced captain in charge when their aircraft develops a problem, an economic or financial crisis calls for a central banker with a clear view of what needs to be done and the confidence to take decisive action. That, in turn, requires him or her to have a first-hand understanding of the problems that could arise. One reason the Fed responded so promptly and effectively after the collapse of Lehman Brothers in September 2008 was that its chair, Ben Bernanke, had spent much of his career as an economics professor studying monetary policy mistakes made during the Great Depression.

Best person for the job

Third, the new ECB president must reflect the diversity of the eurozone. The best person should be appointed, and no EU member state has a monopoly on good candidates. For reasons of legitimacy, the presidency should ideally alternate between large and small countries, and between northern and southern Europe. In that regard, one would expect the choice of the next ECB president to be influenced by the selection of a southern European from a large country as the bank's vice president last year.

Finally, one would hope to see several women among the main contenders for the position. But unless IMF Managing Director Christine Lagarde throws her hat in the ring, there may be no leading female candidates. That would be deeply regrettable, and out of tune with the tenor of the times.

Author

Alissa Lefebvre

Economist

alissa.lefebvre@ing.com**Deepali Bhargava**

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com**Ruben Dewitte**

Economist

+32495364780

ruben.dewitte@ing.com**Kinga Havasi**

Economic research trainee

kinga.havasi@ing.com**Marten van Garderen**

Consumer Economist, Netherlands

marten.van.garderen@ing.com**David Havrlant**

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com**Sander Burgers**

Senior Economist, Dutch Housing

sander.burgers@ing.com**Lynn Song**

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland
piotr.poplawski@ing.pl

Paolo Pizzoli
Senior Economist, Italy, Greece
paolo.pizzoli@ing.com

Marieke Blom
Chief Economist and Global Head of Research
marieke.blom@ing.com

Raoul Leering
Senior Macro Economist
raoul.leering@ing.com

Maarten Leen
Head of Global IFRS9 ME Scenarios
maarten.leen@ing.com

Maureen Schuller
Head of Financials Sector Strategy
Maureen.Schuller@ing.com

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

Rafal Benecki
Chief Economist, Poland
rafal.benecki@ing.pl

Philippe Ledent
Senior Economist, Belgium, Luxembourg
philippe.ledent@ing.com

Peter Virovacz
Senior Economist, Hungary
peter.virovacz@ing.com

Inga Fechner
Senior Economist, Germany, Global Trade
inga.fechner@ing.de

Dimitry Fleming
Senior Data Analyst, Netherlands
Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania
+40 31 406 8990
ciprian.dascalu@ing.com

Muhammet Mercan
Chief Economist, Turkey
muhammet.mercan@ingbank.com.tr

Iris Pang
Chief Economist, Greater China
iris.pang@asia.ing.com

Sophie Freeman
Writer, Group Research
+44 20 7767 6209
Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA
Regional Head of Research, Americas
padhraic.garvey@ing.com

James Knightley
Chief International Economist, US
james.knightley@ing.com

Tim Condon
Asia Chief Economist
+65 6232-6020

Martin van Vliet
Senior Interest Rate Strategist
+31 20 563 8801
martin.van.vliet@ing.com

Robert Carnell
Regional Head of Research, Asia-Pacific
robert.carnell@asia.ing.com

Karol Pogorzelski
Senior Economist, Poland
Karol.Pogorzelski@ing.pl

Carsten Brzeski
Global Head of Macro
carsten.brzeski@ing.de

Viraj Patel
Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com