

ECB: Arrivederci, Mario

With masterly matter-of-factness. Mario Draghi leaves the ECB with his well-known style... and a Prussian helmet



Mario Draghi at his last ECB news conference

For financial markets, today's ECB meeting was as uneventful as expected. There were no changes to the monetary policy stance and no changes to the macro-economic assessment. If anything, it seemed as if the hawks did not want to spoil Mario Draghi's last meeting as ECB president, illustrated by the fact that today's decisions were taken unanimously. According to Draghi, economic developments since the September meeting have given additional justification for the Governing Council's determination to act.

Some interesting smaller details regarding the next months of monetary policy emerged during the Q&A session when Draghi mentioned that there were problems with the self-imposed limits to asset purchases. Differences with private sector estimates were, according to him, the result of different hypotheses. There had been no discussion on changes to the capital key or issuer limits so far.

Draghi's final words

For ECB watchers, today's ECB meeting was packed with expectations about how Draghi would assess his legacy and react to the heated criticism of the September package, both from within and outside the ECB. That press conference session showed once again Mario Draghi's masterly matter-of-factness. Pleasantly laid-back, unpretentious, analytical and factual. This is how Draghi

has performed over the last eight years and this is how he today answered the expected questions. Just some examples:

- On the rift within the Governing Council. He simply laughed it away, saying that disagreement was normal and that today there had been the common sense that “bygones are bygones”. One of the dissidents had also called for unity today.
- On the German media: He used the German saying “geschenkt ist geschenkt”, stating that he wouldn't return the Prussian helmet the German newspaper Bild once gave him and now wants to get back. It seems as if the Prussian helmet will go into Draghi's moving boxes next week.
- On the ECB's 'committees': It was not the first time that the Governing Council diverted from the technical committees' advice.
- On advice for his successor Christina Lagarde: None. Lagarde participated at today's meeting but it was up to her to make her own experiences and decisions.
- On adverse effects of unconventional measures: The ECB was well aware of adverse side effects and was monitoring those. Up to now, the positive impact on the economy outweighed the adverse side-effects.
- On his future: “Ask my wife”.

What to expect from Lagarde

Looking ahead, the main tasks for Christine Lagarde will be to repair the rift between the hawks and the doves at the Governing Council, to start the strategic review which could eventually lead to some recalibration of the price stability definition, and assess whether the pro-active monetary policy of the last few months is still effective at the lower bound of (negative) interest rates.

Arrivederci, Mario

With today's meeting, Mario Draghi's era in the eurozone will come to an end. There have been sufficient reviews and assessments of his legacy and the fact is that over the years, assessments of the legacies of governments and also central bankers can change. Whether the assessment that the positive effects of all measures really outweighed the adverse effects only time can tell.

For the time being, Draghi will be the president who brought the ECB to new professional levels, in terms of communication, institutional set-up and toolkit of monetary policy instruments. And the ECB president who saved the eurozone from falling apart, only with words. Arrivederci, Mario.

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