

ECB: The good German

German media report that Isabel Schnabel will be brought forward as the government's candidate to succeed Sabine Lautenschläger at the ECB



Isabel Schnabel

According to only German newspapers, the German government will tomorrow officially propose Isabel Schnabel as candidate for the succession of ECB Executive Board member Sabine Lautenschläger. Lautenschläger will resign from office at the end of the month, before the end of her official term.

Obviously, other Eurozone governments could also bring candidates forward but no one will seriously doubt that there will be a break of the unwritten law that there is always a German national in the Executive Board of the ECB.

A more constructive German influence on the ECB

Isabel Schnabel is an economics professor at the university of Bonn and has been member of the German Council of Economic Experts since 2014.

In our view, if appointed, the nomination of Isabel Schnabel could change Germany's influence on the ECB in a more constructive way. The ECB's Executive Board is running out of economic skills and know-how once Mario Draghi (end of October) and Benoit Coeuré (end of the year) have left.

With Schnabel, Germany would have an excellent economist on the Board, who has been rather supportive of the ECB's monetary policy decisions of the last years. It looks likely that Christine Lagarde will shift or restructure portfolios and responsibilities between the (new) Executive Board members in the coming months. Philip Lane will remain Chief Economist but it should not be excluded that Schnabel will get a more economic portfolio than Lautenschläger, hence being able to influence monetary policy decisions. Schnabel could also emerge as a Lagarde whisperer, giving Germany a much better and much more constructive influence on ECB decisions than the traditional "nein".

All in all, a remarkable decision which could be a small step on the long road to get a more balanced and less emotional discussion on the ECB in Germany than currently.

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