

Bundesbank's Wise Man at the top

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The president of Germany's central bank is winning plaudits as a pragmatist and a political independent

Name the president of the Deutsche Bundesbank? Whereas a decade ago, the head of Germany's central bank was arguably the most important figure in European finance, today his hand is just one among 18 raised when the European Central Bank governing council votes on eurozone interest rates.

This anonymity is unlikely to bother Axel Weber. The little-known economics professor stepped into the role last April after Ernst Weiteke resigned following a scandal surrounding a stay in Berlin's Adlon Hotel, paid for by Dresdner Bank.

Since Weiteke's high-profile departure, Weber has done his best to stay out of the headlines. Beyond Germany, he has become the personification of the faceless Bundesbank – a once-mighty institution reduced to a local branch of the ECB.

Weber may lack the public profile cultivated by his more illustrious predecessors, but he has proved an accomplished head of the Bundesbank, leading it through a turbulent period with the minimum of fuss.

Weber's surprise nomination as president last year was widely welcomed. He was seen as a political independent – someone who would not bow to pressure from German chancellor Gerhard Schröder.

Observers say Weber has lived up to his billing. He has resisted political pressures to push for lower rates, and has criticised the government for its spending habits. Weber led the bank's board in pointedly refusing to sell Bundesbank gold reserves to help the government with its budget difficulties.

Weber has also managed not to raise hackles in Berlin. While Weiteke was a controversial figure in government circles – and alluded to political meddling in Bundesbank decisions when he quit – Weber has avoided personal antagonism.

Allian Saunderson, of Eurozone Advisors in Frankfurt, said: "Axel is a gentleman. He has great integrity and is neutral in political terms. You can't say that about many others at his level."

Before arriving at the Bundesbank, Weber was a professor of economics for 10 years. From 2002 to 2004, he was also a member of the German Council of Economic Experts, known as the Five Wise Men, which advises the government on economic matters.

As one of the Wise Men, Weber arrived with a reputation as someone focused on practical policies rather than just academic theory. Pragmatism may be just the thing for managing the Bundesbank's transition from its former perch at the top of Europe's monetary system.

Volker Wieland, economics professor at Goethe University in Frankfurt and director of the Center for Financial Studies, a think-tank, said: "The Bundesbank may not be as important as it was, but it still stands for the largest economy of the eurozone. What matters now is how active you are in policy debates, not only at the ECB but also at eurozone forums at the national central bank level."

It is here that Weber is widely perceived to have an advantage over his predecessor. Saunderson said: "Weber is fundamentally an economist with political competence, whereas Weiteke was a politician with some economic competence."

Charles Wyplosz, economics professor at the Graduate Institute of International Studies in Geneva, said: "The weight that any one person carries in convincing the others at the ECB is not based on their passport, but on their arguments."

Weber's views are generally in agreement with the traditional inflation-fighting direction of the Bundesbank. However, Saunderson said: "Weber is less doctrinaire on the question of money-supply targeting than some of his predecessors."

The Bundesbank could be seen as a microcosm of Germany's banking sector: an unwieldy public sector institution, it needs dragging into the 21st century. However, like the banks it supervises, the Bundesbank is moving at a sluggish pace.

The bank employs more than 13,000 people across Germany. Weber, at 47 the youngest ever Bundesbank president, has continued to slim down the bureaucracy at the bank. Staffing policy is closely guarded, but the bank said it wanted to