

## DRAGHI PITCHES LAGARDE INTO ECB'S WORST FEUD YET

*From OMFIF Chairman David Marsh in the Financial Times on 23 October 2019*

Mario Draghi deserves praise for having given the European Central Bank additional tools to make ECB monetary policy more effective ([“Draghi legacy: Euro saved but inflation target missed”](#), October 22). But, by deploying them all at once in his final September salvo despite the opposition of a substantial portion of his governing council, the ECB president risks a further loss of the bank’s credibility.

The additional asset purchases opposed by some leading figures in the eurozone are unlikely to have the required effect in boosting Europe’s inflation rate. The move could lead to other outcomes likely to hinder European recovery and cohesion. If Mr Draghi intended to smooth the way for his successor Christine Lagarde, then the attempt was ill-considered. Ms Lagarde is no lightweight who cannot fight her own battles. Rather than rescue the new president from awkward debates while she finds her feet, Mr Draghi has pitched the former IMF managing director into the ECB’s worst internal feud — all the more serious since the ECB is the central bank not of a single polity but of 19 disparate nation states.

If the eurozone outlook brightens after an end-October Brexit deal, for which we must hope, then the council under Ms Lagarde next year should reconsider the resumption of bond purchases. Whatever happens, she will have to revamp the way the ECB takes decisions, introduce a more collegiate style and recalibrate its communication policies. Europe cannot afford further splits on the ECB.

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