

Governing council

Bank of Italy chief urges transparency at ECB on policy votes

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The European Central Bank should find a better way to handle dissent in its top ranks, including by holding votes on monetary policy more regularly and publishing the results, according to the head of Italy's central bank.

Ignazio Visco told the Financial Times that the ECB's upcoming strategic review needed to come up with a plan to avoid the kind of internecine feud that marred the end of Mario Draghi's time as its president.

In September the heads of the German, French, Dutch and Austrian central banks — representing more than half of the eurozone by population and economic output — all publicly criticised the ECB's newly launched monetary easing package.

As well as cutting its deposit rate to minus 0.5 per cent, the central bank restarted its €2.6tn bond purchase programme.

Christine Lagarde, who took over from Mr Draghi at the start of November, has pledged to rebuild consensus on the ECB's governing council.

"In this strategic review we also have to decide how we should try to accept dissent," said Mr Visco, who replaced Mr Draghi as head of the Italian central bank in 2011. "We have to learn how to manifest it."

The ECB governing council includes the 19 central bank heads from each eurozone country and six executive board members, including Ms Lagarde. But it rarely votes on monetary policy and the public minutes of its meetings do not reveal the positions taken by individual members; during Mr Draghi's time as president, the council generally reached its decisions by consensus.

Some of the council's members have suggested holding regular votes on monetary policy — like the US Federal Reserve and Bank of England — and publishing the results. But others fear

this could expose members of the governing council to unwelcome pressures in their home nations.

Mr Visco dismissed these fears even though he and the institution he leads have been the subject of regular attacks by populist politicians in Italy.

He said: "I think we should aim for transparency as much as possible and if that means making clear the dissent or different positions of the members, personally I don't have much to say against it. We had a discussion on this in the past."

The main downside of such a move, he said, was that disagreements would be more likely in the ECB's 25-person governing council because it is more than double the size of its equivalents at the US Fed or the Bank of England.

"This may add to the noise and this may add to uncertainty," he said. "We have to be very careful about this."

Mr Visco has over the past year and a half had to hold his nerve as the Bank of Italy's independence from political interference was threatened by attacks from lawmakers from Matteo Salvini's anti-immigration League party, and the anti-establishment Five Star Movement, which together ruled the country in coalition until this summer.

But in spite of the two parties' charged rhetoric, the Bank of Italy has managed to remain above the fray of the country's domestic politics.

Earlier this year when still in government, Mr Salvini said the leadership of the Bank of Italy should be "reduced to zero" for its failure to protect small savers who lost money in the country's banking crisis.

Lawmakers from the League later floated the possibility of seizing control of the Bank of Italy's gold reserves to ensure they were recognised as the sovereign property of the Italian state.

Mr Visco said these calls were "wrong in fact and wrong in law", pointing out that last year the central bank had paid out about €7bn in profits and taxes to the Italian government.



Ignazio Visco admits that more openness may add to uncertainty

