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*From:* Willem H. Buiter

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*To:* Letters to the editor, The Financial Times.

Sir,

To survive, the European Central Bank will have to gain legitimacy. Legitimacy in a democratic society requires accountability. There can be no accountability without openness. In the context of the ECB, one key dimension of openness is the speedy publication of the voting records of the individual members of its Council.

In yesterday's Financial Times, Dr. Otmar Issing asserts that the Maastricht treaty specifies that the ECB's Governing Council may decide to make public the outcome of its deliberations, but not the voting behaviour of its members.

In the Protocols annexed to the Maastricht treaty it is stated that (10.4) 'The proceedings of the meetings shall be confidential. The Governing Council may decide to make the outcome of its deliberations public'. This is perfectly consistent with publication of the individual voting records, provided the individual votes are defined to be part of the outcome of the deliberations, rather than as part of the proceedings. The legal fig-leaf for non-publication of the individual votes does not appear to be attached securely.

Dr. Issing points also states: "The real issue is whether making the votes known to the public effectively contributes to accountability". I agree. He goes on to say that "Making individual member's voting behaviour public would encourage undesirable scrutiny of members' voting patterns. This, in turn, would encourage external pressures on the Council members, arising from local interests. Independence, granted by the Treaty, would be at risk.'

I consider this argument, which has been made also by Mr. Duisenberg, to get it exactly backwards.

National political authorities and other interested parties will undoubtedly try to put pressure on `their' nationals serving on the ECB Board as well as on `their' national central bank governors. This is against the spirit and letter of the Treaty, but it will surely happen. The question is how the ECB Board members and national governors can be most effectively shielded from such pressures.

Whatever the formal confidentiality of the ECB Council meetings and votes, the national heads of government will know exactly who voted in favour of what, within five minutes of a vote being taken. Six Executive Board members, eleven national governors, countless staff and possibly a member of the Commission and the President of the Council, will be present at the ECB Council meetings. Leaks, and even open breaches of confidentiality arrangements will be the rule rather than the exception. Extensive selective leaking and competitive briefing of the media by individual Council members, behaviour characteristic of some influential continental European central banks in the past, are poor substitutes for proper accountability.

The information required to bring effective pressure to bear will be available, de facto, to the national political insiders. That information will not however, be formally available to the bodies charged with supervising the ECB (the European Parliament in the case of the ECB Board, and the national parliaments in the case of the national central bank governors of the Euro area). Council members will be able to hide behind the cloak of confidentiality, and to avoid having to justify or defend their yielding to local political pressures. The exercise of undue influence is not deterred by secrecy and confidentiality, but only by openness. Smoke-filled rooms and confidentiality are more likely to allow the ECB mandate and independence to be perverted by national political pressures than openness and the occasional short-term embarrassment that this entails.

There can be no effective accountability if the individual votes are not in the public domain.

Yours sincerely,

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