

Germany to pick Schnabel for ECB board seat: source



BERLIN (Reuters) – Germany will nominate university professor Isabel Schnabel to the European Central Bank’s executive board, a source familiar with the process told Reuters on Tuesday, giving Germany an expert voice on the bank’s top decision-making body.

Schnabel, who rushed to the ECB’s defense last month amid a fury of criticism over its most recent stimulus package, would become the second woman on the bank’s 25-member Governing Council after incoming president Christine Lagarde.

A member of the German Council of Economic Experts, the country’s “wise men”, Schnabel would replace Sabine Lautenschlaeger, another German, who resigned from the ECB board last month after having unsuccessfully opposed more ECB stimulus.

A German finance ministry spokesman declined to comment.

Although ECB board members are appointed by European leaders, Germany has a de-facto permanent seat on the ECB's board, so its nominee is virtually assured approval.

While Lautenschlaeger was a top bank supervisor, she lacked the expertise in monetary policy and her critics said she was not a powerful enough voice to defend German interests against more stimulus.

Schnabel, considered a conservative economist and monetary policy expert, argued last month that the ECB's most recent stimulus package was excessive it was within the mandate of the bank.

With Bundesbank chief Jens Weidmann openly criticizing the ECB decision, Schnabel also defended the bank, warning that too much criticism could undermine trust in the ECB.

"It's dangerous that politicians, journalists and bankers reinforce the narrative that the ECB steals the money of German savers," Schnabel told German newspaper Handelsblatt last month.

"The ECB, one of the most important European institutions, is constantly being made a scapegoat in Germany," she added.

Lautenschlaeger will leave the ECB board on Oct 31 but European officials are unlikely to approve her replacement before December, indicating that Schnabel could take up her new role in late December or early January.