

Lagarde Gets Breathing Space From ECB's Stimulus, Kazimir Says

2019-09-20 05:00:00.4 GMT

By Radoslav Tomek, Peter Laca and Piotr Skolimowski (Bloomberg) -- Mario Draghi's stimulus package buys some time for his incoming successor, Christine Lagarde, to settle in to her new role as European Central Bank president, according to one of her future colleagues.

With the set of measures now in place, including renewed bond purchases opposed by several officials, the new president will have the scope to focus on a review of the ECB's policies after she starts in November, said Peter Kazimir, the governor of Slovakia's central bank.

"It gives Lagarde a great deal of breathing space," Kazimir said in an interview on Thursday in Bratislava. "She can, once assuming her role as the ECB president, concentrate on the strategic review."

Kazimir backed Draghi when a bitter argument on quantitative easing this month sparked an unprecedented revolt that split the Governing Council along stark geographical lines. Governors from economies forming the heartland of the euro zone -- and more than half of it as measured by population and output -- were defeated by a coalition of officials mainly from southern Europe and small countries.

"The outcome was a package whose broad nature is designed to reach our target," Kazimir said. "The fact that someone isn't fully happy with it -- that's part of life."

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His colleague from neighboring Austria, Robert Holzmann, said on Friday that Lagarde is not "a weak person who'll say I'm locked in one way or the other." Kazimir insisted that the ECB is now committed to carrying through the decision on QE, and isn't likely to waver despite the strength of opposition.

"I don't see this as a sign that someone would wish to quickly reverse it," Kazimir said. "We don't think this package needs to be changed in any way now. We made our decision last week, and starting a debate about changing it so soon would make no sense."

Kazimir, 51, was Slovakian finance minister for seven years before he became governor, and came to be known as one of Germany's biggest supporters in its tough stance over Greece's bailout. A veteran of meetings with euro zone counterparts, he described the discussion with policy makers leading up to the stimulus decision as "very civilized."

"I consider this a natural debate and I fully respect the different opinion of my colleagues," he said. "There are wise people sitting around the table who aren't afraid to present their arguments. It's good to have an honest debate -- and this debate was very honest and to the point."

In the meantime, Kazimir says it's too soon to consider the

possibility of further expansions of bond purchases -- with the possibility of broaching the controversial matter of whether to scrap the ECB's self-imposed limits on government debt holdings, intended to safeguard against monetary financing. He also says the tool is "far from being exhausted."

"I would consider it irrational to try and calculate the endgame only a week after we decided on the package," he said. "We will have enough time to think about this in the future."