

Immediate challenges for the European Central Bank

[Get access >](#)

, ,

Economic Policy, Volume 13, Issue 26, 1 April 1998, Pages 16–64,

<https://doi.org/10.1111/1468-0327.00028>

Published: 21 July 2014

SUMMARY

Immediate challenges for the ECB

Issues in formulating a single monetary policy

This paper discusses a number of issues that the newly constituted board of the ECB will face early on. Conducting a European monetary policy will be very different from living under the protective umbrella of the Bundesbank. We discuss voting on the ECB board, and argue that the ability to communicate with the public will be critical for the success of the new institution. We also ask how a single monetary policy – a common change in the interest rate controlled by the ECB – is transmitted to the economy of each member country. We show that the monetary process differs significantly inside EMU: initially, at least, the cost of a disinflation episode could fall disproportionately on a few member countries, those with both a financial structure that spreads a monetary contraction widely and a wage-price structure that is relatively inflexible. This process, moreover, is sure to evolve, in part as a result of financial industry restructuring already under way, but in part accentuated by the common money. Furthermore, as the ‘Lucas principle’ suggests, the wage-price process itself will adapt to the changing focus of European monetary policy.

—Rudi Dornbusch, Carlo Favero and Francesco Giavazzi

This content is only available as a PDF.

© CEPR, CES, MSH, 1998

Issue Section: [Original Articles](#)

You do not currently have access to this article.

Sign in

 [Get help with access](#)


Personal account

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

[Sign in >](#)

[Register](#)

Institutional access

 [Sign in through your institution](#)

[Sign in through your institution](#)

[Sign in with a library card](#)

[Sign in with username/password](#)

[Recommend to your librarian](#)

Institutional account management

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

Immediate challenges for the European Central Bank - 24 Hours access

EUR €38.00

GBP £33.00

USD \$41.00

Rental



This article is also available for rental through DeepDyve.

