
Is the Bundesbank Ordoliberal? Notes on the relation between political economy and economic policy

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Résumé

Examining the Bundesbank is, in a sense, examining modern central banking. Not only was the Bundesbank called the "bank that rules Europe" (Marsh, 1992), but even after it officially delegated its power and control of the currency to the ECB with the creation of the EMU in 2001, it continued to play a crucial (if not, *the* most crucial) role of European central banks. The historical and institutional importance of the Bundesbank stems directly from two of its key aspects: first, it was one of the first central banks to be institutionally *independent* from the government, since its inception in 1957; second, it was one of the first central banks to adopt the monetary target of price stability (in contrast to price stability *and* full employment, that remains, for example, the official target of the Federal Reserve of the US) even before the "monetarist revolution" of the mid-1970s. The question of central bank *independence* relates to the commonly-accepted (but lately more controversial) question of how to insulate long-term economic stability from the short-term, "dynamically incoherent" incentive of the political class that aims to please its constituents. The question of price stability through monetary instruments such as interest rates reveals (especially so after the crisis of 2007-8) the latent ability of an institution in charge of *monetary* policy to essentially extend its control and regulation of *fiscal* policy. The main aim of this paper is to examine, compare and contrast the historical policy-making development of the Bundesbank with the intellectual project of Ordoliberalism, in order to assess the extent of Ordoliberal influence in the central bank of Germany.

Mots-Clés: Bundesbank, Ordoliberalism, Neoliberalism, Central Banking, Price stability

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