

16:30 27Sep2005 ECB should publish minutes, economists say

FRANKFURT, Sept 27 (Reuters) - The European Central Bank should publish minutes of its monthly monetary policy discussions, four economists who follow ECB affairs closely said on Tuesday, echoing a similar call by a former Bank of England official.

The ECB has resisted calls to publish minutes like the U.S. Federal Reserve and Bank of England do, saying this would damage its Governing Council meetings' collegiate atmosphere and pressurise national central bank chiefs to favour domestic rather than European interests.

But academics Ansgar Belke, Wim Koesters and Martin Leschke and Barclays Capital economist Thorsten Polleit said releasing minutes would boost transparency and give a better insight into central bank policy than just the ECB's monthly news conferences.

"It should help outsiders to better understand policy makers' rationale for interest rate decisions and ... discipline the Council itself to improve the quality of the monetary policy discussion," the economists said in their regular ECB Observer newsletter.

Charles Goodhart, a former member of the Bank of England's monetary policy committee, made a similar point in a journal article in August.

He said the current system made the ECB's Frankfurt-based Executive Board too strong at the expense of national central bank governors in the 12 euro zone countries.

The four Germany-based economists agreed with Goodhart's view that the ECB's practice of drafting a monetary policy statement before the rate-setting Governing Council meeting discouraged national central bank governors from dissent.

By contrast, minuting the Governing Council meeting -- albeit without identifying which comments came from which central banker -- would place a greater onus on policymakers to have a real discussion, the economists said.

ECB President Jean-Claude Trichet has previously argued that the ECB is at least as transparent as its international peers, as he holds a news conference straight after each interest rate decision.

The ECB has also said the public might focus excessively on splits in the Governing Council if minutes were published rather than the consensual monetary policy statement.

Executive Board member Jose Manuel Gonzalez-Paramo said in June he expected minutes would eventually be published, though it would be the wrong approach for now.

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