



Remembering the Late Karl Otto Pöhl

President of the Bundesbank, 1980–1991

My acquaintance with Karl Otto Pöhl goes back to the first months of 1980, when we both were heads of our respective central banks. Today I mourn the competent man guided by solid principles, and the loyal colleague. Frequent contacts, common concerns, and shared views contributed to shape a valuable, mutual understanding.

Among the two of us he was the “Latino.” He did not neglect any opportunity to note some Teutonic rigidity of mine, amusingly asking himself whether it was due to some distant German ancestor or to the influence of my stay in Leipzig where I studied philology.

A mutual sympathy brought about a sincere friendship that sometimes induced us to plan relieving pauses at the end of our commitments. I remember a visit to Venice, when, due to the failed performance of our boat, we ended up, our wives included, abundantly drenched. The incident threw the crew into consternation. Pöhl, amused by the unexpected event, softened their dismay and my irritation. A contagious better mood ensued, and we all laughed loudly while looking at our battered wet clothes. That good spirit continued, as if we were students on a trip, during a very tasty dinner.

—CARLO AZEGLIO CIAMPI

*Former Governor of the Bank of Italy
and former Prime Minister and President of Italy*

One day, we were having lunch together (probably in 1989 during the months of the “Delors Committee”). Pöhl said to me, “Jacques, have you realized that we both said, on some occasion in the mid-1970s (I think it was a G5 communiqué) something to the effect that ‘Inflation was the worst enemy of economic growth’?” He went on, “Fifteen years later, we are still repeating this.” He then asked me with his inimitable smile, “Are we just repeating the obvious or are we expressing one of the most important economic truths?” For a second I looked perplexed. He then jumped in and said, “It’s the latter, of course!”

—JACQUES DE LAROSIÈRE

Former Governor, Bank of France

In June 1990, the president of the Bundesbank, Karl Otto Pöhl, invited me to come to Frankfurt for a bilateral discussion on monetary policy issues. We started as promised, but after a while he revealed the true reason for this meeting. The Bundesbank was searching for a successor for Helmut Schlesinger, who has been its chief economist for almost two decades and was expected to retire in two years’ time. Schlesinger and Hans Tietmeyer had mentioned my name and Pöhl wanted to see me. At that time, I was professor of economics at the University of Würzburg.

Pöhl looked at me and said, “In principle, I don’t like professors.” I responded, “I think I know why—because they always know better.” Pöhl replied, “Exactly.” My rejoinder was, “And you think you know better?”

This was rather bold, but I was not applying for a new job and in the course of our discussion an open and fresh atmosphere had developed which was typical with him. We later enjoyed very good personal and professional cooperation which unfortunately ended early because of his retirement from the Bundesbank. Many years later I became his successor as president of the Center for Financial Studies, not least because of his recommendation.

—OTMAR ISSING

*Founding Member of the Executive Board
of the European Central Bank*

In my experience with Karl Otto Pöhl, he was much more than an awesome aloof professional counterpart of the 1980s. What strongly impressed me about him was that although he was one of the most powerful policymakers in Europe during his tenure at the Deutsche Bundesbank, he never seemed to take himself too seriously. In both our professional and private dealings, he was always personable and respectful. He had a way of making you feel special even in a room full of influential people. Also, he amazed me with how he managed to keep stressful current events in perspective and focus on the medium to long term. I have never seen anyone more relaxed under heavy pressure than Karl Otto. I learned these valuable traits from him and for that he will always be my mentor. But most of all, he will always be my friend.

—MANUEL JOHNSON

Former Vice Chairman, U.S. Federal Reserve

During mid-September 1985, San Francisco hosted a global conference of industrialists and bankers from all around the world. Thirty years ago there were few such occasions for CEOs to meet and discuss the world economy. Karl Otto Pöhl was invited to deliver a keynote address about currencies and an “overvalued” U.S. dollar.

As his chief of staff, I had the privilege of attending while also managing logistics in the absence of smart phones and the internet. When prompted, I pretended we would return nonstop from San Francisco back to Frankfurt. Hence, quite a number of participants were somewhat surprised to find us joining their flight to New York instead.

Unknown to the public, on September 22, 1985, Pöhl attended the historic G5 meeting at the Plaza Hotel to conclude a secret agreement to weaken the dollar *vis-à-vis* other currencies. This was the last time such a meeting could take place without the press knowing anything about venue or timing until a press communiqué emerged the next day. By then, Pöhl was already giving a public speech somewhere in Germany and I struggled to explain that he had actually physically taken part in the Plaza Meeting.

—GERD HÄUSLER

*Former Member of the Executive Board,
Deutsche Bundesbank*

Karl Otto Pöhl deserves his place in the pantheon of great central bankers, indeed of exemplary economic policymakers and advisors. After the Berlin Wall fell, President George H.W. Bush and Secretary of State James A. Baker III led an initiative to support Chancellor Helmut Kohl’s attempt to reunify Germany inside NATO while there was still a Warsaw Pact, ably assisted by a rising star on the National Security Council staff, Condoleezza Rice.

The President asked me to advise on the economics, particularly the plan by Kohl to exchange one deutsche mark for one ostmark. On the German side, Pöhl and his colleagues were not exactly enamored of that idea. I thought it was a major economic mistake, likely to haunt Germany for some time. It took far more courage for Karl Otto to say so than me and it exemplified his great integrity. We both got the same reply from Kohl: “I have to do this for history.” In the end, the exchange was (mostly, some exceptions) one-to-one, and a drag that delayed adjustment. But perhaps historians will judge the Chancellor more favorably on the matter than economists do, in light of his well-deserved great praise for the overall reunification.

—MICHAEL J. BOSKIN

Former Chair, President’s Council of Economic Advisors

I first met Karl Otto Pöhl in 1977. We stayed in touch at every stage of his career. I am greatly in his debt. He was immensely generous, and hugely helpful in my research. He could weather the knocks, but he enjoyed the accolades. He kindly attended and spoke memorably at great parties in London to launch books I wrote on the Bundesbank (1992) and the euro (2009). Even when ill, in 2013, he wrote—partly because of his wonderful wife Ulrike’s prodding—a marvellous, thoughtful preface for another book.

He could be stubborn; Pöhl knew his mind. He finished with the hard-worn distinction of falling out with the two German chancellors, Helmut Schmidt and Helmut Kohl, who appointed him for his 1980 and 1988 terms—a badge of honor. We often say of people who die: “We will not see their like again.” For Karl Otto, it’s true.

—DAVID MARSH

*Managing Director and Co-Founder,
Official Monetary and Financial Institutions Forum,
and former journalist, Financial Times*

Only twice did Karl Otto Pöhl mention the term “loyalty” to me. The first time was when I was hired as personal assistant when he joined the Bundesbank. Loyalty was a *sine qua non* for a long-term and successful working relation. The second was when I left the central bank. He said, “Rudi, you stood by my side all these fascinating years with full loyalty, even when you were running a high risk.”

His currency as reimbursement for these nine years was confidence and trust. Even in the very rare case of a mistake, he remained extremely calm and full of understanding. “I should have informed you better. Well, making mistakes means gaining experience.” This approach became a guideline for all my professional life. Many thanks, Karl Otto.

—RÜDIGER VON ROSEN

*President, Frankfurt Society of Trade, Industry
and Sciences, and Assistant
to Mr. Pöhl, 1977–1986*

The year was 1986. I sat on a large leather sofa in the office of Karl Otto Pöhl, then Bundesbank president. Feeling a bit trepidatious, I mentioned that I was thinking about starting up a Washington-based policy magazine on international economics, finance, and trade called *The International Economy*. “Would such a publication find a welcoming reception in the international community?” I asked. Without missing a beat, Karl Otto shot back, “I like the idea. Feel free to turn me down, but if you’d like me to head up your policy advisory board, I’d be more than willing.” Before I could respond, Karl Otto added, “It’ll be based in Washington, right? The last thing we need is another journalistic outlet for the London crowd.”

—DAVID M. SMICK

Founder and Publisher, TIE