

Central Bank Independence and the Legacy of the German Past

The 2008 financial crisis led to an increasing number of political attacks on central banks. The recent spotlight on central bank independence is reminiscent of the fiery debates amongst Germany's political elites in 1949 on the same issue, debates that were sparked by the establishment of West Germany in that year. Simon Mee shows how, with the establishment of West Germany's central bank – today's Deutsche Bundesbank – the country's monetary history became a political football, as central bankers, politicians, industrialists and trade unionists all vied for influence over the legal provisions that set out the remit of the future monetary authority. The author reveals how a specific version of inter-war history, one that stresses the lessons learned from Germany's periods of inflation, was weaponised and attached to a political, contemporary argument for an independent central bank. The book challenges assumptions around the evolution of central bank independence, a topic of continued relevance today.

SIMON MEE is a former Theodor Heuss Research Fellow of the University of Oxford and Alexander von Humboldt-Stiftung. He studied at the universities of Dublin, Cambridge and Oxford. His Oxford doctoral research on the Bundesbank went on to win the 2017 PhD Prize of the German Historical Institute London.

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For my father, Frank

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This book's development can be measured in years of my life – years of research at the University of Oxford and in historical archives scattered across Germany. But the book's own story is, in part, also related to the history of Europe in recent times. I first stumbled upon the idea for the project while on the Nico Colchester Fellowship of the *Financial Times* back in 2011. From the perch of the newspaper's Brussels bureau, one could observe the eurozone crisis engulfing the continent. I kept noticing politically charged narratives in the media about how Germans were psychologically scarred by the trauma of the 1922–3 hyperinflation, and how it was inevitable that such an experience underlined their country's need for *Stabilitätspolitik* – or politics of stability – to be applied not only at home, but across the European continent. I was sceptical about the use of such narratives. I wanted to trace their roots. When did they first take shape, and who shaped them? Gently encouraged at the time by the *Financial Times* journalists Peter Spiegel and Stanley Pignal, I submitted a DPhil application to Oxford. To my surprise, I was not only accepted but received a full scholarship package from the university and the UK-based Economic and Social Research Council. Without such funding, this book would not be here today.

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Abbreviations

ABC	Allied Banking Commission
AdsD	Archiv der sozialen Demokratie, Friedrich-Ebert-Stiftung, Bonn
ARC	Allied Reparation Commission
BAB	Bundesarchiv, Berlin-Lichterfelde
BAK	Bundesarchiv, Koblenz
BDI	Bundesverband der Deutschen Industrie
BdL	Bank deutscher Länder
BIS	Bank for International Settlements
CDU	Christian Democratic Union
CSU	Christian Social Union
DBHA	Deutsche Bundesbank Historisches Archiv, Frankfurt
DBP	Deutscher Bundestag Parlamentsarchiv, Berlin
DBPA	Deutsche Bundesbank Pressearchiv, Frankfurt
DGB	Deutscher Gewerkschaftsbund
ECB	European Central Bank
EMS	European Monetary System
EPU	European Payments Union
FDP	Free Democratic Party
IfZ	Institut für Zeitgeschichte, Munich
OMT	Outright Monetary Transactions
SPD	Social Democratic Party
SS	<i>Schutzstaffel</i>

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