



Pöhl is greeted by John Major, then Chancellor of the Exchequer, during a visit to Britain in the summer of 1990. Times Newspapers Ltd.

Unflappable head of the Bundesbank who was involved in early plans for a single European currency

Presiding over the German central bank, the Bundesbank, was always much more than a technical financial job. Postwar West Germans saw the deutschmark as one of the few symbols of national power they could take pride in — and the head of the Bundesbank was there to defend it against the kind of inflation that had brought such ruin in the 1920s.

Karl Otto Pöhl relished the role he took on in 1980 at the age of 50, becoming known as “Mr D-Mark”. A perma-tanned, confident and witty figure, fond of golf and skiing but who had been born into poverty, he symbolised the kind of miraculous economic progress that many Germans had enjoyed.

Having had spells as a sports writer and economics journalist, he enjoyed his role as the public face of the Bundesbank, lecturing and reassuring the people with homely statements such as: “Inflation is like toothpaste. Once it’s out, you can hardly get it back in again.”

Succinct and unflappable, he knew how to harness the media, giving rare but frank interviews over a lunch of sausage and cabbage in the dining room next to his office. It was not unusual for him to disappear from formal banking dinners to be found at a local joint with journalists. He contrasted himself with the stuffer Bundesbank officials. When people mistakenly prefixed his name with the doctorate gained by most German technocrats, he corrected them flatly: “It is only Mr Pöhl.”

As Germany faced political as well as economic convulsions, ending in the reunification of Germany and bold moves towards the abolition of currencies, including the deutschmark in favour of a single European currency, Pöhl increasingly found his warnings of the monetary consequences of swift political initiatives brushed aside by the chancellor, Helmut Kohl, whom he often antagonised.

Karl Otto Pöhl was born in Hanover in 1929, too late to witness Weimar Germany’s hyperinflation, but not to miss the depression that followed. His father spent long periods out of work, while his mother died when he was young. As the war ended in 1945, his first job was sorting mail for the British army of occupation. He finished his secondary education supported by a traineeship at the local Hannoversche Presse. The paper was owned by the Social Democrat Party, which guided him into the SPD’s ranks.

Pöhl worked as a freelance sports reporter to help finance an economics degree at Göttingen University and, after a period at the Ifo Research Institute, an influential economic think-tank, he worked as an economics journalist. Making useful political contacts along the way, he began a steady climb through financial and civil service institutions. By 1970 he had joined the economics ministry, and was soon advising Willy Brandt, the chancellor, becoming state secretary in the finance ministry. He arrived at the Bundesbank in Frankfurt as its vice-president in 1977 and became president three years later.

Sometimes criticised as too flippant, he once quipped that the central bank only took its monetary targets seriously when it needed additional excuses to put up interest rates. He encouraged debate in a country much more used to caution and consensus. Yet the currency remained stable and inflation was kept under control, which were always seen as the key tests of Germany’s top banker. Rarely at work before 9am and not adverse to leaving at 4.30pm for a round of golf, he remained a bon vivant. He once said: “In this country you must give the impression you are overworked to be taken seriously. But I never bothered.”

He enjoyed mocking modern architecture, including the Bundesbank’s own structure in the Frankfurt suburbs. Visitors to his office on the 12th floor would admire the view of Frankfurt, and he would reply that the great advantage of the view was that you couldn’t see the Bundesbank itself.

His international reputation grew swiftly. He helped co-ordinate the Plaza and Louvre international accords that steadied global currency markets, and was seen as unofficial dean of the world’s central banking elite, but he did not always match the stereotype. Once, arriving in Washington and anticipating a change in temperature, he removed his socks on the plane and appeared without his usual red tie, much to the surprise of officials.

In Britain he built up a reputation among successive prime ministers as a formidable operator. Margaret Thatcher was said to admire him more than any other German. After having lunch with her, he said: “I started off the conversation and then she asked in her high voice: ‘What do you mean by monetary union?’ Then she started to give the answers herself.”

Thatcher was alluding to Pöhl’s involvement in early plans for a single European currency even though he remained a sceptic. He once remarked of the ecu, forerunner of the euro, that “you cannot turn *vin ordinaire* into Château Lafite by changing the label of the bottle”. Serving in a preparatory committee for monetary union under Jacques Delors, the European Commission president, Pöhl was noted by other committee members for reading newspapers rather than official documents.

On a more serious note, he said in 1989 that he expected “considerable resistance” from the German people once they realised that monetary union “centres on their money”, meaning giving up the beloved deutschmark.

Once the Berlin Wall was down in 1989, millions of East Germans threatened to migrate westwards in search of jobs and hard currency. Helmut Kohl, full of the euphoria and fearful of such migration, promised German monetary union within weeks — a promise Pöhl initially described as “very fantastic” given the “poverty and backwardness” in the East German economy. He made his misgivings public, accurately forecasting that many East German businesses would go bust and that huge transfer payments would be needed from west to east. In the end the plan went ahead and the Bundesbank played its part, but tensions with Kohl came to a head when Pöhl told an audience in Brussels that German monetary union had been a “disaster”, warning Europe to take heed before embracing its own monetary union. Reprimanded by the chancellor, Pöhl decided to leave his post in 1991.

After the death of his first wife in a car crash, he married Ulrike Pesch, a vivacious political scientist 30 years his junior in 1974. They lived in the hills outside Frankfurt with their two children and two children by his first wife, but he was protective about family life.

The mark fell sharply as he moved into private banking, and his new career had turbulent moments too, but from his new home in Zurich he remained an interested observer of the eurozone. The “Eurofed”, he said, must be at least as good as the Bundesbank and a single European currency at least as strong as the mark.

Karl Otto Pöhl, head of the Bundesbank, was born on December 1, 1929. He died on December 9, 2014, aged 85