

How new Riksbank Governors are appointed

There is tremendous curiosity and speculations are rife every time the Riksbank is due to gain a new member of the Executive Board/Deputy Governor. The Chairman of the General Council of the Riksbank, Johan Gernandt (Moderate party) explains the procedure for appointing a new member to the Executive Board.

“There is no simple formula for what kind of person you should be – except that you should of course have long experience and have won respect in one of the Riksbank's fields. Otherwise it is a mixture of circumstances that is the deciding factor – not least being a good complement to the other members of the Board,” says Johan Gernandt.

He and the Vice Chairman of the General Council, Leif Pagrotsky (Social Democratic party), act as an informal nominations committee in the work on finding new members. They both ask for nominations from the General Council and from other parts of society.

“The suggestions we receive concern persons who appear regularly in the monetary policy debate, persons who have previously worked at the Riksbank or have become known in some other way,” says Johan Gernandt.

The recruitment process results in a list of 10-15 names with different experiences and backgrounds – an even distribution of women and men is important. On the basis of this we sort out three to four persons who are particularly interesting.

The discussion of potential names is a continuous process in the General Council. The Governor of the Riksbank is also given the opportunity to express an opinion on the candidates and to say what additional competence he feels the Executive Board needs.

“The Governor of course has no power of veto, but his views are valuable. It is important that the Executive Board has a broad composition and works well together as a group.”

The aim is for the whole General Council to unanimously agree on the chosen candidate.

“We don't try to achieve consensus at any price, but it is of course desirable both for the new member and for the Riksbank if the Council is unanimous in its decision.”

Johan Gernandt has been on the General Council since 1983 and has been involved in the appointment of all of the Executive Board members since the Riksbank reform of 1999. In his opinion, this year's selection procedure was more exhaustive than previous ones.

The work began back in December in connection with the consultation response the General Council were working on regarding the Giavazzi/Mishkin report. Professors Giavazzi and Mishkin evaluated the Riksbank and Swedish monetary policy between 1995 and 2005.

“During the work on the consultation response we discussed in detail the role of the Swedish central bank and its main duties. In connection with this it also became clearer what additional competence we needed to add to the Executive Board.”

A new element on this occasion was that the General Council held interviews with the candidates before appointing them. Johan Gernandt has difficulty in concealing how pleased he is with the appointment of Barbro Wickman-Parak and Lars E O Svensson.

"We have managed to get an internationally renowned professor and a nationally very experienced analyst, a man and a woman, a theorist and a practitioner. Moreover, they are both good communicators. Of course I am satisfied!"

Gernandt also says that it may soon be time for an internal recruitment to the Executive Board. The Bank's employees should not be excluded from this opportunity for promotion.

"The Riksbank has a very high quality at present and many employees are so well qualified that they could certainly do a good job on the Executive Board. We actually discussed some internal candidates even on this occasion."

Hans Hellberg
Citat/Journalistgruppen

Six qualities required to become a member of the Executive Board

- 1) Knowledge and long experience within one or more of the Riksbank's fields
- 2) Gained considerable respect within one's field of knowledge
- 3) Good communicator and good spokesperson for the Riksbank
- 4) Good complement to the other Board members
- 5) Ability to work in a group
- 6) Accepted by all parties in the General Council of the Riksbank