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An agreement on the appointment of Mario Draghi, center, had been delayed because of concerns in Paris that France would lose its most powerful voice in Frankfurt when Jean-Claude Trichet, the current president of the E.C.B., leaves this autumn. In exchange for its support, France wanted to appoint an official to the E.C.B.'s executive board.

European leaders sign off on Draghi for E.C.B.

BRUSSELS

BY STEPHEN CASTLE
AND JACK EWING

European leaders on Friday endorsed Mario Draghi as the next president of the European Central Bank after resolving a dispute between France and Italy over representation on the bank's executive board.

In the communiqué of their two-day ımmit meeting, which ended Friday, e 27 member states formally named r. Draghi, the 63-year-old governor of e Bank of Italy, to succeed Jean-aude Trichet as Europe's most power-l central banker.

The agreement had been delayed beause of concerns in Paris that it would se its most powerful voice in Frankrt when Mr. Trichet leaves this aumn unless another French official uld be appointed to the E.C.B.'s executive board.

To do so, a vacancy had to be created, d because Mr. Draghi is Italian, the vious candidate to go, in France's ew, was Lorenzo Bini Smaghi, an Italiwho is currently on the six-member ard.

Since board members cannot be fired, . Bini Smaghi had to be persuaded to ve voluntarily before his term exs in 2013. But the Italian prime minr, Silvio Berlusconi, has refused so to provide one possible incentive: ng Mr. Bini Smaghi the job at the k of Italy currently occupied by Mr. ghi.

But after speaking Friday with Herman A. Van Rompuy, who chaired the summit meeting as president of the European Council, Mr. Bini Smaghi called the French president, Nicolas Sarkozy, to say that he would step down. This would happen by the end of the year, Mr. Berlusconi added.

Aside from straining relations between Rome and Paris, the dispute had also been seen by some as a test of the independence of the E.C.B. At one point, Mr. Bini Smaghi had appeared to compare his predicament with that of Thomas More, who was sentenced to death in 1535 in Britain for defying King Henry VIII.

Mr. Draghi has not signaled plans to make any major policy shift in the job, which he is set to assume on Nov. 1.

On the contrary, Mr. Draghi has kept a low profile since he emerged as the default candidate this year. During an interview in February, he stuck to the E.C.B. hymn sheet, refusing to talk about himself and emphasizing his credentials as a crusader against inflation.

Monetary policy should "first and foremost be geared toward price stability," Mr. Draghi said.

Mr. Draghi is already an influential member of the E.C.B.'s broader governing council, and is well known in international policy-making circles as chairman of the Financial Stability Board, an E.U. panel that is formulating banking rules designed to prevent future financial crises. He is expected to retain that post.

He will ta over the E.C.B. as it navigates the worst crisis since the euro was introduced in 1999. Because the 17-nation euro area lacks a strong central government, the E.C.B. has had to act as crisis manager, providing emergency funds to stricken banks, buying government bonds to try to stabilize markets, and often clashing with political leaders on policy.

So far, Mr. Draghi seems to have many of the same qualities as Mr. Trichet, including discretion born of years of government service and an ability to stand up to political pressure.

Mr. Draghi has many of Jean-Claude Trichet's qualities, including discretion born of years of government service.

Once in office he could forge his own path, but it would be a surprise if he made any striking changes. At the Bank of Italy, Mr. Draghi has been known for being cautious and deliberate, to the point where some said he was too slow to make decisions.

Germany had been expected to name the next E.C.B. president, but the selection process was thrown open in February after Axel A. Weber, then the president of the Bundesbank, unexpectedly announced he would resign and took himself out of the running.

Unlike Mr. Weber, who now teaches at the University of Chicago, Mr. Draghi has not dissented publicly on the B.'s response to the sovereign debt crisis.

Analysts regard Mr. Draghi as a hard-liner on inflation, though less so than Mr. Weber would have been.

Mr. Draghi, who holds a doctorate degree in economics from the Massachusetts Institute of Technology, was the consensus choice of economists for the job but had to overcome political resistance because he is from a country that many associate with fiscal irresponsibility.

Mr. Draghi also overcame questions from the European Parliament about his stint from 2002 to 2005 as vice chairman and managing director of Goldman Sachs.

The U.S. investment bank was the lead manager for a 2001 derivatives transaction that allowed Greece to dress up its books in a way that brought it into the euro club.

"I joined Goldman after these operations had been undertaken, and that's it," Mr. Draghi said in February. "I was never involved in this."

Before joining Goldman, Mr. Draghi spent a decade as the top bureaucrat in the Italian treasury, where he was known for deftly navigating the minefield of Italian power politics. He became governor of the Bank of Italy at the end of 2005, and since then has sometimes annoyed Italian leaders by pushing them to do more to make the economy competitive and reduce public debt.

Jack Ewing reported from Frankfurt. Matthew Saltmarsh contributed reporting from Paris.