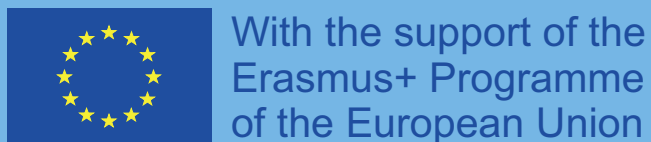


# Módulo Jean Monnet

## “Economic Policy in the European Union”

Session 5.2. The impact of the new economic governance model and the EU democratic legitimacy

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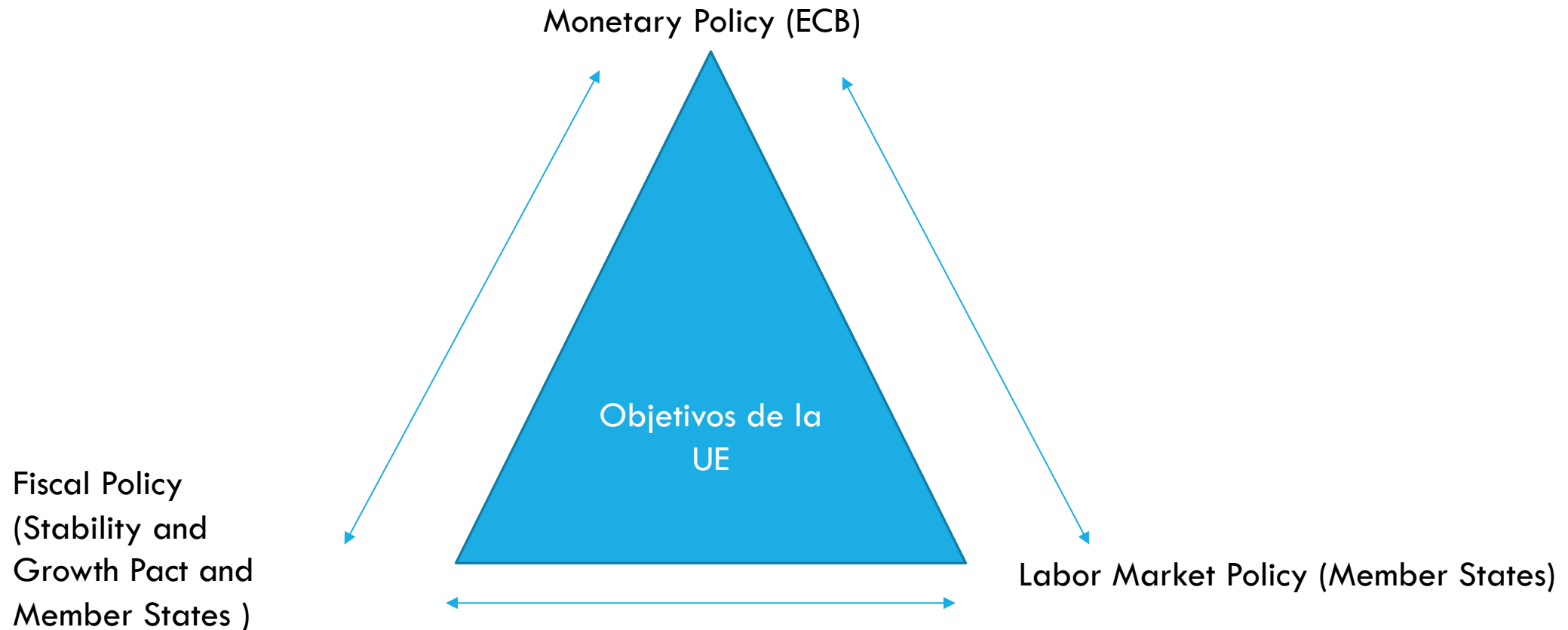
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# INTRODUCTION

## EU institutions and bodies



## 2- ECONOMIC GOVERNANCE MODEL IN THE EU



# 3- ECB FEATURES IN THE ECONOMIC GOVERNANCE MODEL IN THE EU.

## **BASIC FEATURES OF THE ECB:**

- Organization ( Statutes of the ESCB and the ECB)
  - **Monetary policy management of the Euro Zone:**
  - Governing Councils:
    - Government Council
    - Executive Committee
    - General Council
  - **Monitory function:**
  - Supervisory Board
- ECB mandate (Articles 3 and 13 del TUE)
  - Priority mandate: inflation control
  - Other secondary mandates

# 3- ECB FEATURES IN THE ECONOMIC GOVERNANCE MODEL IN THE EU.

## **BASIC FEATURES OF THE ECB:**

- Political Independence of the ECB:
  - Instrument to guarantee the political independence of the ECB:
    - Institutional independence
    - Legal independence
    - Functional and operational independence
    - Financial and organizational independence
- Legitimacy of the ECB:
  - Institutional legitimacy
  - Legitimacy of result
- Accountability:
  - The role of the European Parliament

# 4- LEGITIMACY PROBLEMS OF THE ECB

**European Central Bank**

POLITICAL INDEPENDENCE



LEGITIMACY

# 4- LEGITIMACY PROBLEMS OF THE ECB

- **Principal Agent Theory**
- **The legitimacy of ECB and Principal Agent Theory**



**European Central Bank**

**Who is the principal?**

**Who is the agent?**



# 4- LEGITIMACY PROBLEMS OF THE ECB



**EUROPEAN CENTRAL BANK**

**Legitimacy / Democratic legitimacy**

**Political independence**

**Accountability**

# 5- THE DEFICIT OF THE DEMOCRATIC LEGITIMACY OF THE ECB AND ITS IMPACT IN THE DEMOCRATIC LEGITIMACY OF THE EU PROJECT

**Is there a problem of democratic legitimacy in EU?** The positions of Majore or Moravcsik.

**EU institutions have legitimacy problems:**

- European Parliament
- EU Council
- EU Comision
- ECB (supranacional instituion, political Independence with a limited accountability) Doubts about its democratic legitimacy.

# CONCLUSIONS

- ECB democratic legitimacy is conditioned by its institutional design.
- ECB was created in 1998 as a bank with a unique mandate, political independence with Statutes that govern its operation and with a limit in its accountability system conditioned by its political independence.
- There are many doubts about democratic legitimacy of the ECB but a reform of ECB Statutes needs Member States agreement.
- The institution's lack of democratic legitimacy raises questions about the rest of EU institutions and the EU Project.
- Democratic legitimacy in EU is limited.

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