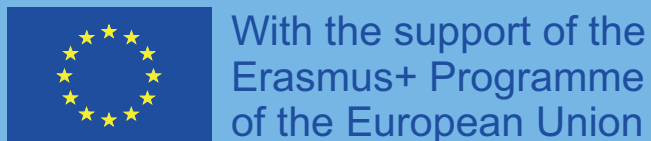


Jean Monnet Module

“Economic Policy in the European Union”

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

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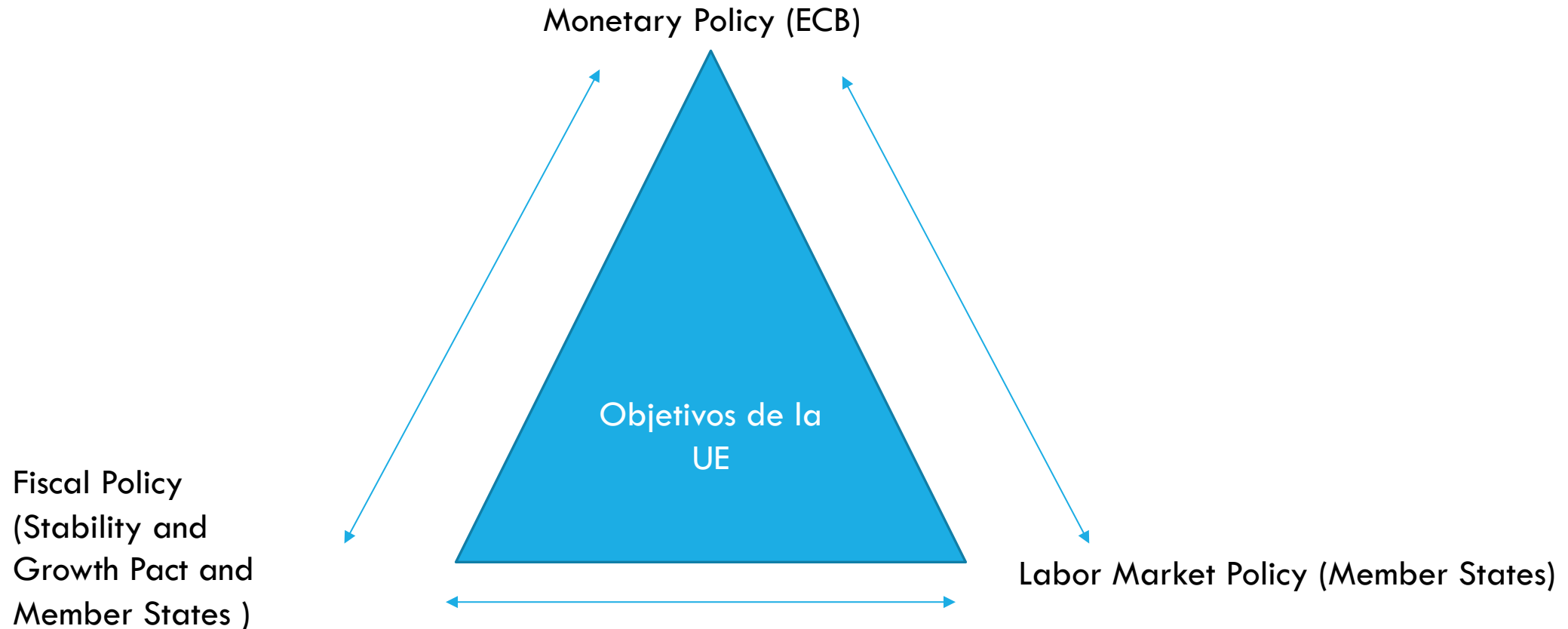
5- The deficit of the democratic legitimacy of the ECB and its impact in the democratic legitimacy of the EU project.

6- Conclusions.

INTRODUCTION

- 1- How we define economic governance model?
- 2-. Why was there a turning point in the economic governance model in the European Union in 2009?
- 3- What relevant does a ECB have within the economic governance model?
- 4- Why does the ECB pose problems of democratic deficit?
- 5- What implications can this fact have in the European integration problem?

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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