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EDITORIAL

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Maastricht Overcome: An Evolving Disconnect Between the ECB's Power and Independence

Anna-Lena Högenauer [1] and Joana Mendes [2]

[1] Department of Social Sciences, University of Luxembourg, Luxembourg
[2] Department of Law, University of Luxembourg, Luxembourg

Correspondence: Anna-Lena Högenauer (anna-lena.hoegenauer@uni.lu)

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Abstract

In the course of the last two decades, the legitimacy of the European Central Bank (ECB) has withered as monetary policy has become more politicized. This editorial places these debates in the context of the literature on central bank independence. Many critical voices warned—long before the crisis—that the ideal of highly independent central banks with narrow technocratic mandates would not work in the long term and would come under particular pressure during periods of instability. Indeed, after over a decade of ongoing crisis, the ECB's functions have expanded considerably, which in turn altered its relationship with other institutions and its role in the economic and political system of the European Union. In particular, the ECB's activities during the eurozone crisis, new debates on whether the ECB should support political goals like the fight against climate change, and its participation in geopolitical stand-offs have brought its political role clearly to the fore. Crucially, this evolution challenges the ECB's high degree of independence, as decisions that are closely related to political debate also require stronger political (democratic) legitimacy and legal accountability.

Keywords

accountability; European Central Bank; European Parliament; eurozone crisis; independence; inflation; judicial review; mandate

1. Introduction

In 2022, the European Central Bank (ECB) lagged behind the central banks of the North Atlantic in increasing interest rates and, from the second half of 2022 onwards, faced ramping inflation that it long played down as a mere medium-term trend. Price stability again became the main concern of central banking. Quantitative easing, the progressive empowerment of central banks that ensued, and their much-debated legitimacy, already seemed themes of the past. And yet, the conundrum that central bank independence (CBI) poses to democracy remains. We cannot, arguably, return to the pre-financial crisis, pre-Covid years, where the exceptionality of monetary policy was widely accepted (Fernández-Albertos, 2015). The credibility of the claim that monetary policy follows the same transparent goal has been shaken—at least in the politically complex transnational EU context. The independence of central banks, disputed in the period of monetary expansion (Tooze, 2020), continues to be queried in a period of monetary contraction to fight rocketing inflation (Sandbu, 2022). The 1990s consensus that led to the creation of the most independent central bank no longer holds (McNamara, 2002).

The questioning of independence and ancillary institutional frameworks is not exclusive to the ECB. However, this reckoning of the blurred distinction between fiscal and monetary policy—through inter alia monetary financing (Bateman, 2021)—is particularly challenging in the European Monetary Union (EMU), given the ECB's singular status of institutional and legal independence, the constitutional intricacy of competence allocation in the EMU, and the ancillary democratic difficulties.

Against this background, this editorial aims to frame the thematic issue by arguing that independent CBs are not—and never were—apolitical. What changed? The tensions between CBI, the interpretation of their mandates, and accountability have become more visible in a context of political polarisation and salience of monetary policy. These reflections raise three core questions surrounding the evolution of the ECB in the past decade that the thematic issue addresses: (a) As the ECB's interpretation of its mandate changed and its role expanded, what were the drivers of this expansion? (b) How far have the accountability mechanisms evolved in parallel to the growing range of the ECB's powers? And, (c) what impact does this evolution have on the perceived legitimacy of the ECB?

2. The Inherent Limitations of CBI

CBI became a widely accepted model from 1989 onwards. Studies arguing that CBI was associated with lower inflation (e.g., Alesina & Summers, 1993; Cukierman et al., 1992) sustained a broad consensus that monetary policy should be insulated from politicians, who might wish to manipulate interest rates in the short term for electoral gains (Forder, 2005). That mostly meant recognizing *operational* independence—i.e., that the central bank can decide freely how to achieve the politically defined mandate, on the assumption that "the goals of the central bank are the prerogative of the political establishment" (Wachtel & Blejer, 2020, p.19). This combination of politically determined goals and operational independence is illustrated by the reform of the Reserve Bank of New Zealand in 1989, which kicked off the shift towards CBI (Walsh, 2011).

How CBI is defined has important implications for its impact on democracy. Thus, Walsh (2011) argued that the UK, Australia, Canada, and New Zealand do not have a problem with CBI because the concrete goals of the CB are either defined by politicians or negotiated by the CB and the elected government. Their CBs are thus not free to decide what they want to do and can only decide how they want to achieve a democratically legitimate target. The general exclusion of goal definition from the scope of CBI does not exclude, of course, that CBs have a degree of discretion over the purposes of their action. The mandates of the CB can contain multiple goals, which can create a lack of clear priorities, and the leeway this gives to CBs blurs accountability (Goodhart & Lastra, 2018). But, normally, the political institutions could redefine the mandate, something that is mostly out of reach in the case of the ECB with its treaty-based mandate. This problem is compounded by the ECB's wide discretion in interpreting this mandate and by weak accountability mechanisms. Through institutional practice and legal interpretation, the ECB has de facto carved out a degree of goal independence.

Despite the near consensus on the desirability of CBI, there have been critical voices. One of the first authors to define and discuss CBI was Friedman in 1962, but without losing sight of the need for cooperation between monetary and fiscal policy in the case of upheavals. Also, in the event of a conflict between the CB and the fiscal authority, the CB should give in (Friedman, 1962).

Wachtel and Blejer (2020) argue that the spread of CBI was tied to a narrowing of CB mandates. They remind us that central banks were originally meant to carry out government policy, e.g., the Bank of Japan, the Bank of England, or the Netherlands' Bank. The US Fed is one example of a central bank that was set up to act as a lender of last resort. During the late 20th century, however, the predominance of the goal of price stability went hand in hand with CBI and a technocratic view of CBs. Clear targets could be set, and the performance of CBs could be monitored relatively easily, which facilitated accountability. Distributive effects were limited, and the work of CBs was perceived as relatively apolitical. The financial crisis was a turning point, as financial stability and economic growth took hold of monetary policy in the period after 2007.

The most recent crises suggest that CBs do not—and probably cannot—comply with this technocratic vision in periods of instability. The political nature of CB policies then undermines the justification of CBI in a number of ways (cf. Wachtel & Blejer, 2020). Firstly, the distributional consequences of the crisis measures are larger and more long-lasting, e.g., the impact on savers or young people in the housing market. Secondly, as a result, the public became more aware of the distributional consequences of CB choices. Thirdly, there is a contradiction between the expansion of CB competences to include providing financial stability, serving as a lender of last resort role, and other crisis functions, alongside the continued claim of CBs that their mandates are still narrow (Goodhart & Lastra, 2018). Walsh (2011) goes one step further and questions whether CBI was ever really possible because of the inherent need for cooperation between CBs and fiscal authorities. In particular, it will not be possible for a central bank to control prices in the long run, if the fiscal authorities do not cooperate. A recent example of conflicting responses would be the high inflation of 2022, where CBs raised interest rates to secure price stability while many governments implemented sweeping spending plans, often without limiting assistance to those in need.

Structurally, Forder (2005) pointed out the theoretical inconsistency between claims that politicians are opportunistic and benefit-maximising based on rational choice theory and simultaneous claims that central bankers are virtuous and abstain from such calculations. Canova (2011) discussed the risk of agency capture by private interests. He points towards the close relationship between financial institutions and CBs, as well as the transfers of staff between them. A number of studies have shown how central bankers have tried to expand their own powers (e.g., Forder, 2005; Stockdale, 1999; Werner, 2003). In turn, McNamara stressed the high risk of agency slippage in the context of highly independent CBs (McNamara, 2002).

Overall, it is highly questionable whether CBI can be retained by more powerful CBs with broader mandates and politically sensitive tasks. The view that the expansion of responsibilities requires a rethinking of accountability and CBI is widely shared in the literature (cf. Balls et al., 2016; Goodhart & Lastra, 2018; Khan, 2017). Tucker (2017), for instance, urges CBs not to become too powerful, as the increase in power will call into question CBI. Yet, CBs often have either seized the opportunity or been faced with the need to expand their instruments and powers (Goodhart & Lastra, 2018; Issing, 2017). In the EU, that was, in part at least, the result of a lack of fiscal capacity at the EMU level.

In the EU context, where respect for attributed competences is one of the foundations of the EU institutions and where re-adjustments stemming from institutional practice can weaken the scope of national democratic institutions, re-interpretations of the ECB's role (ECB, 2021) raise additional questions of legality and may meet with resistance from national governments, parliaments, and courts.

3. A Democratically Untenable Status Quo: High Independence, Flexible Mandates, and Limited Accountability

The articles in this thematic issue analyze the problematic combination of high independence, expanding mandates, and limited accountability of the ECB. The first set of articles illustrates the extent and origins of the transformation of the ECB's mandate. Quaglia and Verdun (2025) use an ideational approach to show that a fundamental paradigm shift has taken place away from a narrow focus on price stability and towards a multidimensional stability paradigm that emphasizes financial and economic stability. Donnelly (2025) confirms these findings through an analysis of several cases where the ECB has used discretion to expand beyond standard rules towards emergency rules and a role in industrial policy. Matos Rosa (2025) shows from a comparative perspective that the ECB is just one of many CBs that have accepted a role in climate change policies and situates this within the debate on whether central banks venture too far into public policy. Spielberger (2025) also points out a new geopolitical dimension given, inter alia, the ECB's role in sanctions against Russia. Diessner and Genschel (2025) explain these developments from a theoretical perspective: through the notions of de-commitment and re-commitment, they analyze how the ECB can bind member states to certain commitments, but also untie them from outdated policy commitments.

The evolving mandate of the ECB has challenged the assumption that CBI is acceptable because it is constrained by a narrow and politically defined mandate. The second set of articles, thus, examines to what extent the ECB's interpretation of its role is subject to legal and political accountability, i.e., whether there are actors that can (and do) counterbalance the growing role of the ECB. Dawson and Bobić (2025) analyze legal accountability, including all three aspects of accountability to the law (to legal norms and standards), accountability through law (e.g., through courts), and accountability of law (i.e., the accountability of legal institutions to the public and each other). They conclude that legal accountability is not effective in the case of the monetary policy of the ECB. Dermine and Markakis (2025) argues that the growing centralization of the European System of Central Banks also insulates national central banks from domestic pressures, thereby weakening accountability at the national level. Vermeiren (2025) agrees that the ECB's own legitimization strategy was—in the early years—based on a narrow interpretation of price stability combined with strict performance criteria. This legitimization strategy crumbled when that interpretation was overcome. Argyroulis and Vagdoutis (2025) agree with this assessment by confronting the assumption of technocratic legitimacy with the choices that the Governing Council of the ECB has to make. Kreppel and

Tomasi (2025) focus on whether and how the European Parliament holds the ECB accountable through the political dialogue; they find some improvements insofar as parliamentarians increasingly ask why the ECB makes certain decisions and what effects those decisions have. Rehm and Ulrich (2025) look at public trust in the ECB. Interestingly, they find that the unemployment rate and public debt have a stronger influence on trust in the ECB than its performance on inflation (its primary mandate). Finally, de Haan (2025) argues that the use of forward guidance as a tool to create trust in ECB policies is problematic, as forecasts that are widely off the mark due to a volatile geopolitical and or economic context can lower trust in the ECB's expertise and policies.

4. Conclusion

Combined, these contributions show that the balance between "power" and "independence" that underpinned the creation of the ECB has been upset by the broadening of its mandate without a corresponding expansion of accountability. While the ECB voluntarily engages more actively in dialogue with the citizens, markets, and parliaments of the EU, this does not compensate for the fact that the ECB can interpret objectives that are traditionally seen as political (such as climate change) into a mandate which was originally interpreted as being narrow and technocratic, in tune with its high independence. This change could be compensated for by treaty revision that would empower the European Council or Council of the European Union to regularly revise the mandate of the ECB. This would allow the political institutions to revise the—arguably outdated—mandate from the 1990s, and to legitimize ECB policies that affect political objectives such as social inequality or climate change. In the absence of such change, the EU is faced with a growing legitimacy gap.

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About the Authors

Anna-Lena Högenauer is an associate professor at the University of Luxembourg and director of the Master's in European governance. She works on questions of legitimacy, democracy, and parliamentarism in EU politics. Her research on the ECB has been funded by the Institute of Advanced Studies of the University of Luxembourg as part of the EMULEG project.

Joana Mendes is a professor of comparative and administrative law at the University of Luxembourg and head of the Doctoral School in Law. She works on questions of authority and discretion in EU law. Her research on the ECB has been funded by the Institute of Advanced Studies of the University of Luxembourg as part of the EMULEG project.