The European Central Bank during the sovereign debt crisis: Revisiting the independence-accountability nexus

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ABSTRACT

During the euro area crisis, the role of the European Central Bank (ECB) as a political actor raised concerns about its independence, accountability and legitimacy. Against this background, this paper investigates whether the ECB reacted to these accountability concerns during and following the sovereign debt crisis. We revisit the independence-accountability nexus, adding three qualifications to the conventional wisdom that independence and accountability do not go together. First, we argue that a fiduciary relation characterized by a high level of independence with weakly developed accountability components represents a significant challenge for the ECB's role as a political actor. Second, when several of the accountability dimensions are weakly developed, the formal bases of ECB authority are more likely to be questioned. Third, when supranational institutions isolate themselves and resist attempts to render them accountable to the outside world, they are more likely to undermine their authority in the long term. The findings contribute to the literature on accountability and the causes and consequences of delegating power to supranational institutions.

KEYWORDS European Central Bank; accountability; legitimacy; independence

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Introduction

Existing research indicates that the European Central Bank (ECB) emerged from the euro area crisis as one of the most powerful supranational organizations (Curtin 2017: 48; Schimmelfennig 2018). This empowerment – in terms of material resources (enormous increase in budget and personnel) and competences (power to supervise European banks and its participation in the troika framework) – together with its new role as a political actor triggered massive public criticism and raised concerns about its independence, accountability, and legitimacy (Braun 2017; McNamara 2012).[1]

Accountability – defined as processes by which actors answer for their conduct to those who entrust them with power – is not a concept that we usually associate with central banks. This is because independence is the cornerstone of the ECB, and monetary policy is a technical domain that requires expert knowledge. With the ECB's adoption of political measures reaching beyond its mandate – e.g. the Outright Monetary Transactions (OMT) programme – there has been some discussion that these new activities might require enhanced accountability. As Curtin (2017) puts it: "The ECB has struggled since its creation with the perceived tension between the need for greater openness or transparency on the one hand and the need to preserve its secrets on the other." Zilioli (2016), in turn, argues that "accountability can and must complement" a high level of independence.

Against this background, this article examines the nexus between independence-accountability. Our argument is threefold. *First*, we maintain that a fiduciary relation characterized by a highly level of independence with weakly developed accountability components – including transparency, controllability, liability, responsibility, and responsiveness – represents a significant challenge for the ECB's new role as a political actor. *Second*, when several of these accountability dimensions are weakly developed, the formal bases of ECB authority are more likely to be questioned. *Third*, when supranational organizations isolate themselves and resist attempts to render them accountable to the outside world, this poses a significant challenge for the ECB and may lead to a loss of an organization's legitimacy in the long term. This study shows that a constellation of high independence with weakly developed accountability mechanisms is more likely to undermine the trust of beneficiaries in the ECB.

[1] For example, in April 2015 a protester wearing a t-shirt emblazoned with the slogan "End ECB 'dick-tatorship" stormed a press conference held by ECB president Mario Draghi, and threw confetti at him. This incident was the climax of the contestation. Also, media reports on the power without control wielded by troika institutions bolstered criticism of the ECB's lack of transparency and secrecy in decision-making.

In making these arguments, we contribute to the literature in three ways. First, we conceptualize and operationalize accountability by moving the discussion away from transparency alone, which most students of accountability equate with the concept. Second, we draw on a range of empirical sources to capture the accountability of the ECB in practice. Third, and more broadly, this study contributes to a growing body of literature that seeks to explain the accountability of supranational institutions in general and the role played by the ECB during the euro area crisis in particular (Bovens 2010; Braun 2017; Curtin 2017; De Haan and Eijfinger 2000; Hall 2018; Howarth and Quaglia 2016; Lombardi and Moschella 2015; Olsen 2017; Schelkle 2017). For example, Olsen (2017: 45) suggests that studying how different components of accountability work, interact, and change is a challenge for future research. We make a modest contribution to this research by investigating how weakly developed accountability components shape the ECB's authority.

We draw on two sets of empirical data. First, we gathered primary sources – including documents from the ECB, treaties, statutes of the ECB, European Parliament (EP), national parliaments, and from civil society organizations, e.g. Transparency International. Second, we used information available on the ECB website about accountability issues, including the most recent efforts by ECB president Mario Draghi in the new Youth Dialogue initiative, where he answers questions sent in by Twitter and Facebook to increase the bank's responsiveness to the public.

We begin by examining the different logics of accountability in European governance and by disentangling the concept of accountability by looking at its five dimensions. We go on to investigate the implications of existing accountability mechanisms in terms of increasing or decreasing the ECB's authority. In the third section we then investigate whether the ECB reacted to these accountability concerns by looking at the five components of accountability during the euro area crisis. We conclude by considering the consequences of this new role of the ECB as a political actor in a context of high independence and weak developed accountability mechanisms.

1. Logics of Accountability in Delegation and Fiduciary Relations

The empowerment of European institutions over the past decades raised concerns about their lack of democratic feedback and accountability (Moravcsik 2002; Olsen 2017; Weiler *et al.* 1995). The intrusiveness of supranational organizations has since led to a number of legitimacy crises and to discussion about their governance structure, in particular on the questions of whom they are accountable to and what for (Bovens

2007; Grant and Keohane 2005; Koenig-Archibugi 2016; Olsen 2017). Legitimacy crises have led to the establishment of specific control mechanisms to render supranational institutions more accountable in achieving their mandates and thus to regain control of errant agents (Heldt 2017). This is particular true for the European Union (EU), which has been in crisis mode since the beginning of the euro area crisis.

An important debate addresses the question of whom European institutions are accountable to and what for. Majone (2001) makes a distinction between two logics of delegation in EU governance: agency and fiduciary relations. When the purpose of delegation is to reduce costs, Majone (2001: 103-4) argues that principals should choose agents who share their preferences. In contrast, when long-term credibility commitments are the reason for delegating, principals should choose agents whose preferences differ from their own to make the agent highly independent of interference from principals. The latter corresponds to what Majone calls a fiduciary relation, in which a trustee-beneficiary logic applies. In classical delegation relations, states are mainly concerned with not losing control of their agents (Hawkins *et al.* 2006). In fiduciary relations, by contrast, beneficiaries (member states) allow their trustee (in our case, the ECB) extensive discretion and independence, and there are few accountability mechanisms. Thus, the delegation of power to financial institutions is characterized by a high degree of trust in the technical expertise of these actors. By the same token, this also means that a high degree of specialization is required. With the delegation of power to the ECB, member states have transferred responsibility to an epistemic community consisting primarily of a group of professionals (economists) sharing the same ideas in the public good (common currency or stability of the global financial system) (Haas 1992). But does this logic still apply when central banks resort to political action in emergency situations and this is contested?

The distinction between delegation and fiduciary relations is a fruitful approach to investigating the accountability of the ECB in this new context. To understand the interplay between independence-accountability we use Koppell (2010) accountability components – transparency, liability, controllability, responsibility, and responsiveness. This allows us to map patterns of accountability, link them to independence, and thus explain why concerns about accountability concerns raised when the ECB acted as a political actor in the context of the euro area crisis.

2. Conceptualization of Accountability

Delegation of power to supranational institutions entails "a conditional grant of authority from a principal to an agent that empowers the latter to act on behalf of the former" (Hawkins *et al.* 2006: 7). Accountability, in turn, refers to the obligation of an actor to explain and justify its conduct to those whom it affects (see also Bovens 2007; Scholte 2011). In similar vein, Buchanan and Keohane (2006: 426) consider that accountability includes the following three elements:

"first, standards, that those who are held accountable are expected to meet; second, information available to accountability holders, who can then apply the standards in question to the performance of those who are held to account; and third, the ability of these accountability holders to impose sanctions – to attach costs to the failure to meet the standards."

Students of accountability focus on accountability as either a normative or a social mechanism (Bovens 2010; Brandsma 2013; Grant and Keohane 2005). Accountability as a normative concept includes a set of rules or standards for evaluating the performance of the agent. Accountability as a mechanism, by contrast, refers to institutional relations or arrangements between power-wielders and power-givers in which the first can be held accountable by other institutions (Bovens 2010: 947). Effective accountability accordingly depends on both power-givers' monitoring ability and – where dissatisfied with the performance of power-wielders – their capacity to impose sanctions (Buntaine 2015; Heldt 2017). In the case of central banks, sanctions are practically non-existent.

There is now broad agreement on the identification and classification of different forms and types of accountability mechanism (Bovens 2007; Ebrahim and Weisband 2007; Grant and Keohane 2005; Schedler 1999). Although these accountability typologies do not coincide exactly, they illustrate the dynamic evolution of the literature in this field. This piece contributes to the debate by using the five core components of accountability – transparency, controllability, liability, responsibility, and responsiveness – developed by Jonathan Koppell (2010) and applying them to the ECB. Even though these dimensions are broad and not mutually exclusive, they help us underpin accountability in all its aspects. Some dimensions might be underdeveloped and there might even be a degree of tension between some. The connection between accountability and independence is introduced following the description of the different notions of accountability.

3. Five Components of Accountability

Transparency

Transparency is the most developed dimension of accountability. A number of scholars even equate transparency with accountability (Braun 2017; Curtin 2017). Transparency conveys the idea of accountable actors (e.g. international bureaucrats) that have to explain or justify their actions. This means in practice that organizations – represented by their presidents, directors of units, or single officials – are reviewed and questioned on a regular basis. Transparent European institutions grant access to the public, the press, business groups, civil society organizations (CSOs), parliaments, and other parties interested in their work. Transparency requires the presentation of truthful information to beneficiaries and third actors in the form of reports, hearings, press conferences, etc. The questions pertaining to this first dimension of accountability include a) whether organizations reveal the facts of their performance and b) how this relates to central banks features such as high discretion and independence (Koppell 2010: 35). This presupposes that accountability requires a certain degree of transparency (Scholte 2011).

When a supranational institution is characterized by low transparency, meaning that the public is given only minimal access to information on the political action of the institution, this might raise concerns about the secrecy and limited accountability of this institution. The construction of barriers between supranational institutions and the outside world can take the form of ceremonialism (Johnson 2014; Meyer and Rowan 1991) superficial reporting of an organization's activities with the aim of satisfying beneficiaries without disclosing too much information. For example, supranational institutions can ceremonialize transparency by getting stakeholders to accept incomplete or even symbolic information or by making this accountability component purely formal and superficial (see also Hawkins and Jacoby 2006: 210).

Controllability

Controllability, the second dimension of accountability, goes back to the literature on delegation. The monitoring of supranational institutions is crucial in the delegation relationship with extensive control mechanisms of the police-patrol (internal committees) and fire-alarm (third party) type (Hawkins *et al.* 2006). In fiduciary relations, by contrast, controlling trustees is not an issue of central concern for member states. Power-wielders are expected to act independently of single beneficiaries, and one duty of trustees is to avoid enacting the will of those who empower them (Grant and Keohane 2005: 32). In the event of dissatisfaction with the performance of trustees, however, single beneficiaries lack the tools to regain control of their empowered trustees. Alter (2008) suggests that trustee-beneficiary relations are characterized by three factors. *First*, trustees are selected because beneficiaries expect them to act in accordance with their personal reputation and professional norms, which brings their own sources of authority and legitimacy into play. *Second*, unlike agents, trustees are granted independent authority to make decisions according to their best judgement. *Third*, trustees are empowered to act on behalf of their beneficiaries, who are different from principals. There are third parties, and trustees are supposed to serve them. In contrast to delegation relationships, the existence of third party beneficiaries means that beneficiaries' preferences are no longer hierarchically supreme (Alter 2008: 39-40).

Deviations of trustee action from beneficiaries' ideal outcomes are not necessarily considered abuses of power. The central question for the controllability dimension of accountability is whether the organization does what beneficiaries order. For example, power-wielders are expected to perform the duties of their office faithfully and are charged with a "duty of care" – e.g. the ECB's responsibility for the European currency.

A second type of barrier is constructed by supranational institutions in pursuit of a buffering strategy in what institutional sociologists describe as the attempt by an organization to resist demands from beneficiaries and citizens to accept monitoring or external accountability mechanisms (see also DiMaggio and Powell 1991).

Liability

The liability dimension of accountability attaches culpability to transparency. Organizations face consequences for their performance, including punishment for malfeasance and rewards for good performance. This applies for elected representatives who are said to be accountable, as they can be penalized at the next election by their voters. By contrast, central bankers are said to be unaccountable, as the classical democratic mechanisms do not apply. However, liability for non-elected officials can involve alternative forms of punishment. Bureaucrats or central bankers are criminally liable for the misappropriation of resources or abuse of authority (see Grant and Keohane 2005). This implies that consequences must be attached to performance in the form of professional rewards or setbacks, reduction of the budget of an organization, increased or diminished discretion in the fulfilment of a mandate, reduced or increased monitoring mechanisms (Heldt 2017; Koppell 2010). The central question in assessing the liability dimension of accountability is namely whether individual bureaucrats or an organization as a whole faces consequence for their performance in a fiduciary relation setting, characterized by a high degree of independence and absence of sanction mechanisms. Without much meaningful capacity for sanctions, the accountability of central banks is greatly narrowed. Accountability restricts itself to the provision and interpretation of information. This is why increasing emphasis on bank transparency has augmented over the past years (Best 2016).

Responsibility

Responsibility, the fourth dimension of accountability refers to the constraints imposed on organizations by laws, rules or norms. Responsibility can include formal and informal professional standards and behavioural norms (Koppell 2010). Nollkaemper (2018) study on the diffusion of responsibility gaps in cases of concerted action suggests that shared responsibility within organizations makes it difficult to trace back who is responsible for what. This has to do with the "problem of many hands": the more people are involved in a process, the more difficult it is to assign responsibility to a single individual within an organization.

The responsibility dimension of accountability is linked to the question whether supranational institutions follow the rules and act according to their mandate. This is related to issues such as mission creep and agency slack. Whilst mission creep is the systematic shifting of organizational activities away from original mandates (Einhorn 2001), agency slack defines a situation in which trustees act in a way unintended by beneficiaries (Heldt 2017). In the case of central banks with a high degree of discretion and independence, it is difficult to assess whether agency slack has occurred. This is particularly true when beneficiaries widely disagree on whether the trustee has simply used its discretion to fulfil its mandate or agency slack has occurred.

Responsiveness

In addition to the rather hierarchical controllability dimension of accountability, the responsiveness of an organization is more horizontal and does not require centralized oversight mechanisms. Responsiveness is defined as an organization's attention to the demands of the constituencies served. Organizations can attempt to satisfy this dimension of accountability, for example, by polling "customers" "to determine their preferences, solicit input through focus groups, or establish advisory councils with key constituent groups represented" (Koppell 2010).

While responsibility-type accountability elicits attention to normative demands, in the sense that supranational institutions must abide by process rules and remain a neutral, disinterested party to rule-making, this collides with responsiveness-type accountability, which pulls in exactly the opposite direction. Extrapolated to the common currency, responsiveness is related to the mantra on saving the euro and keeping the euro area countries together at any price. This fifth component of accountability is about whether the organization fulfils expectations.

How do these five dimensions of accountability relate to one another and how do they relate with legitimacy? For example, responsiveness is more consistent with responsibility than with control or transparency. To be sure, these dimensions presuppose that supranational institutions are able to make discretionary decisions, because if this is not the case, EU officials cannot be responsive or responsible as they are merely focused on satisfying beneficiaries. A clear distinction between dimensions is necessary to evaluate the level of any organization's accountability. In practice, some components overlap, and organizations are expected to provide considerable depth of accountability along these dimensions. This can be quite challenging for the organization itself and for beneficiaries. In some cases, satisfying all beneficiaries, behaving consistently along the mandate, norms and obligations, and responding to public demands is practically a mission impossible. When a supranational institution is expected to act in keeping with professional standards or contrary to the expectations of some beneficiaries, how can a supranational organization escape this accountability dilemma? This brings us to our proposition:

When supranational institutions are weakly controlled, responsible, and responsive, this may result in a gradual loss of an organization's authority.

In the next section, we turn to the ECB accountability dimensions in theory and in practice during the euro area crisis.

4. ECB Accountability Dimensions

One of the central challenges with respect to the failure of accountability – meaning that an organization falls short of expectations – is that what an organization should be accountable for and to whom is never really specified. The first component in Koppell (2010) dimensions of accountability is transparency. For the ECB, this means that the bank is expected to provide the relevant information about its actions and decisions to maintain financial stability. The second component of accountability is about the ability of beneficiaries to assess whether the trustee does what they expect them to do (controllability). The third component is about financial institutions being interrogated by a forum on the adequacy of and liability for its action and the possible consequences of its performance (the liability dimension). The fourth dimension is concerned with whether the organization followed the rules (responsibility) during the euro crisis. The fifth is about whether the organization fulfilled the expectations of beneficiaries (responsiveness). This section introduces the accountability dimensions of the ECB. We illustrate our claim that weakly developed accountability mechanisms might contribute to the low acceptance of ECB political decisions. Although weakly developed accountability dimensions may lead to a gradual loss of authority, the accountability gap can be surpassed while keeping the discretion and independence required or expected by central banks, which are embedded in fiduciary relations. The description of ECB accountability is not exhaustive. We highlight selected episodes to exemplify how these five accountability dimensions are developed at the central bank. We start with the origins of the ECB's accountability mechanisms that are laid down in the treaties before moving to its manifestations in the ECB's role within the troika.

The Origins of an Accountable ECB

When member states decided to create the ECB, they delegated power to an independent supranational institution (Elgie 2002) with the goal of insulating it from political pressure (Majone 2001). In contrast to a delegation relation, the Maastricht Treaty (and now Lisbon Treaty, Article 111) and the Statute of the ECB provide the ECB with high operational independence. Member states or other European institutions should refrain from influencing ECB decision-making bodies. In addition, the ECB is financially independent, since it has its own budget and its capital is subscribed to and held exclusively by national central banks. This institutionalized independence is also strengthened by long and limited terms of office for ECB officers, by secret and unanimous decision-making, and by restrictive removal procedures for ECB board members (Heisenberg and Richmond 2011: 209).

The accountability dimension, transparency, is weakly developed. The Treaty on the Functioning of the European Union (TFEU) requires EU institutions to "conduct their work as openly as possible" (Article 15.1). However, the legal framework applies to the ECB only in respect of administrative tasks (Article 15.3

TFEU). The central bank "provides the general public and the markets with all relevant information on its strategy, assessments and policy decisions as well as its procedures in an open, clear and timely manner" (European Central Bank 2018b). In so doing, the ECB has several reporting commitments to fulfil. For example, the bank has to provide an annual report on its activities to other European institutions (Article 284.3 TFEU). These reports are presented before the EP and include information on tasks, activities, monetary policy, accounts and staffing numbers. The Statute (Article 15.1) requires the ECB to publish at least quarterly "reports on the activities of the ESCB" and weekly "consolidated financial statement[s] of the ESCB". Moreover, members of the Executive Board may be subpoenaed by the EP to explain or justify ECB action in public hearings. In addition to the treaty requirements, the ECB chose to publish – eight times a year – the economic bulletin providing the "economic and monetary information which forms the basis for the Governing Council's decisions," weekly financial statements and monetary policy accounts. It also communicates with the public by means of press conferences, speeches and reports (European Central Bank 2018c). Moreover, the ECB provides a weekly schedule of public speaking engagements and other activities of Executive Board members. The institution is accountable to professional peers at the informal level in the form of regular reporting to the Eurogroup and to the EP, as the president of the ECB and the other members of the Executive Board report back to the Committee on Economic and Monetary Affairs.

On the controllability dimension, member states designed the ECB as an independent institution that "shall [not] seek or take instructions from Union institutions, bodies, offices or agencies, from any government of a Member State or from any other body" (Article 7 Statute). By granting such a high degree of independence when they created the central bank, member states renounced the establishment of effective control mechanisms. The Statute underlines that only the Court of Justice of the EU can review or interpret the acts or omissions of the ECB and "disputes between the ECB, on the one hand, and its creditors, debtors or any other person, on the other, shall be decided by the competent national courts, save where jurisdiction has been conferred upon the Court of Justice" (Article 35.2 Statute). Furthermore, the European Court of Auditors is empowered to examine the operational efficiency of the bank's management (Article 27.2 Statute) and the accounts of the ECB are "audited by independent external auditors recommended by the Governing Council and approved by the Council" (Article 27.1 Statute).

On the liability dimension, the ECB disposes of an ethics framework that regulates issues such as external activities, post-employment restrictions, and private financial transactions to ensure professional independence and the central bank's reputation (European Central Bank 2015). Only the Court of Justice of the EU has the authority to review actions of the ECB. In the event of suspected maladministration, the European Ombudsman may open an investigation on its behalf or, following a complaint by a European citizen, to clarify allegations. Furthermore, the court is also responsible when it comes to removing ECB officials. In case a member of the Executive Board or the Governing Council "has been guilty of serious misconduct, the Court may […] compulsorily retire him" (Article 11.4 Statute). Otherwise members of the Executive Board serve an eight-year, non-renewable term.

On the responsibility side, Article 282.2 TFEU states that the ECB is responsible for managing the monetary policy of the euro area and maintaining price stability by setting key interest rates and regulating the money supply. Other tasks include conducting foreign exchange operations, holding and managing the euro area's foreign currency reserves, promoting the smooth operation of payment systems, advising member states, collecting statistical information, such as monetary and financial statistics, as well as supporting general economic policies where possible (Article 3-5, Statute). Furthermore, the ECB is to be consulted on all proposed EU and national legislation that falls within the central bank's area of responsibilities (Article 282.5 TFEU). Given ECB independence in exercising its powers, only the Court of Justice can determine whether the central bank fulfils its responsibilities.

Turning to the responsiveness dimension, the ECB responds in various ways to the demands of its key constituents. For example, the EP, representing the citizens of Europe, since it is directly elected by them, holds quarterly monetary dialogues with the ECB. In these sessions of the Committee on Economic and Monetary Affairs, members of the Executive Board of the bank answer questions of committee members on "the ECB's reasoning and decisions on specific topics" (European Central Bank 2018c). By holding press conferences or making speeches, members of the ECB also respond to constituents to ensure that they serve demands such as defending the currency or price stability. For example, at the peak of the euro crisis, in a press conference, Draghi calmed financial markets down by announcing unlimited bond-buying under the "Outright Monetary Transactions" programme. Recently, the ECB implemented a new Youth Dialogue in which the ECB president answers Twitter and Facebook questions sent in by citizens under the hashtag "AskDraghi" to increase the bank's direct responsiveness to the public. Among the topics have been cryptocurrencies and blockchain (European Central Bank 2018a).

This section outlines the *de jure* ECB accountability, that is to say, accountability as laid down by the EU treaties and ECB internal rules of procedure. Accountability involves not only trustees giving account of their activities and outcomes; it also requires those to whom account is given (beneficiaries) to be able to monitor the action of their trustees, in the sense that beneficiaries must have enough information to be able to judge trustee performance. This means that a clear delegation mandate and the completest possible information about the activities of trustees are a *conditio sine qua non* for accountability. However, a high level of operational independence with the purpose of guaranteeing the central bank's credibility in pursuing its main objective of maintaining price stability (Majone 2001) begs the question: When states explicitly choose an institutional design with limited accountability components, how does this shape the legitimacy of a central bank in a crisis context?

Accountable to whom and what for in the troika constellation

We now turn to the five accountability components in action during ECB involvement in the troika constellation, which also included the European Commission, the International Monetary Fund (IMF). The ECB was responsible for negotiating and reviewing financial assistance programmes for crisis-hit countries such as Greece, Ireland, and Portugal. In exchange for financial assistance, programme countries had to implement structural reforms and adopt austerity measures. Acting in liaison with the Commission, the ECB's task was to provide advice and expertise (European Parliament 2014b). Nevertheless, ECB action has been extensively criticised and branded "undemocratic" (Chopra *et al.* 2016: 4).

With respect to transparency, the troika published reports and statements in the course of negotiations on evaluation of progress in financial assistance programmes. Reports were released quarterly and included overviews of economic development in the affected country and reforms in regard to financial stability and economic indicators (European Commission 2018). However, it is important to note that these documents were only separately published by the Commission and the IMF. The ECB itself only co-signed mission statements in liaison with the Commission but did not publish their own reports (Pisani-Ferry *et al.* 2013: 3,25).

The members of the Executive Board of the ECB were responsive to the EP. Members of EP missed transparency in the ECB's actions, declaring that it was not acceptable to "have decisions affecting the very heart of a nation made in a dark room in the depth of night with no one taking responsibility for the repercussions" (Bowles 2013). As a consequence of this lack of transparency, the EP launched an inquiry and issued a report investigating the role and operations of the troika and even recommended that the ECB "conduct and publish ex-post evaluations"(European Parliament 2014a: 23) of its troika actions.

The second dimension of accountability, controllability, presupposes in fiduciary relations that trustees are considered superior decision-makers with a high degree of independence and discretion. In the troika constellation, the ECB was accountable to the European Council and the Executive Board. In addition, the ECB was accountable to the EP and the Commission and informally to the public. The controllability dimension of accountability consisted in regular reports by ECB staff to the ECB Executive Board and the Governing Council (European Parliament 2014b). These police-patrol control forums exercised regular administrative scrutiny, but on the whole the ECB had broad discretion during the sovereign debt crisis. The role of the troika has been investigated to some extend by the EP, the European Court of Justice, and the European Court of Auditors (see also Braun 2017).

De jure controllability of the ECB in the troika constellation was ensured through the monetary dialogue between the Executive Board of the bank and members of the parliamentary economic committee in the form of oral hearings and written statements. Judicial control was carried out after Draghi's announcement in July 2012 that the central bank was "ready to do whatever it takes to preserve the euro" (Draghi 2012). Following this statement, the ECB decided to launch the OMT programme that would allow the central bank to buy unlimited government bonds from euro area countries on the secondary market. Although the OMT programme has not been used to this day, its legality has already been examined by the Court of Justice. In this context, the Advocate General of the European Court of Justice stated that, in his opinion, the ECB should "detach itself […] from all direct involvement in the monitoring of the financial assistance programme" (Villalón 2015: 35).

In line with Article 287(4) TFEU, the European Court of Auditors published a special report auditing the EC's management of financial assistance programmes. In this report, the ECB's mandate was described as "very broad" (European Court of Auditors 2015: 48) and the Commission noted in a reply that the central bank's role within the troika was "underplayed" (European Court of Auditors 2015: 87). The high level of independence of the central bank led to limited controllability of the ECB in the troika framework. Although the role of the ECB has to some extent been investigated, these control mechanisms were basically non-binding recommendations for reform. Finally, even though the ECB is not accountable to national parliaments, like Commission and IMF representatives, ECB officials met representatives of national parliaments on an *ad hoc* basis in all programme countries (European Parliament 2014b). This corresponds to the fire-alarm component of controllability.

In terms of liability, the euro crisis showed that, as an organization, the central bank is subject to public scrutiny, which can have enormous consequences for its authority. The ECB might have increased its power, saved the common currency and kept the euro area together. However, European monetary policy has been politicized and the ECB's legitimacy undermined. Brunnermeier *et al.* (2016: 372) even attested the central bank "significant collateral damage" and characterized the ECB as the "tragic hero" of the euro crisis. For example, crisis-affected member states and, in particular, the citizens of these countries see the troika (and therefore the ECB) as bureaucrats in dark suits that impose austerity programmes without democratic legitimacy.

On the responsibility side, the member states of the euro area explicitly demanded involvement of the ECB in the troika because they trusted in its technical expertise (Pisani-Ferry *et al.* 2013: 25). Therefore, the ECB's official troika mandate was to act "in liaison" with the Commission to negotiate and review conditions for financial assistance programmes. The ECB assessed economic policy conditions attached to the financial assistance and reviewed these conditions regularly on a quarterly basis to provide input for euro area finance ministers' decisions on continuation of aid to the four countries under the financial assistance programmes (European Parliament 2014b). According to Chopra (2015: 19), the formulation 'in liaison' is a "fiction" and "a myth as [the ECB] exercises substantial power and influence." Furthermore, the EP noted that the role of the ECB was "not sufficiently defined" and, being a technical advisor (member of the troika) and creditor (emergency liquidity assistance) at the same time, it created a "potential conflict of interest" for the central bank (Chopra 2015: 17). This was the case when the ECB send confidential letters to programme countries linking demands for structural reforms with the central bank's provision of emergency liquidity assistance. When the ECB was asked in the EP's committee report about these letters, the bank simply stated that "the ECB decides on its monetary policy in full independence [and] provides its view on economic and monetary developments" (European Parliament 2014b: 10). Moreover, the ECB refused to share internal information with the Commission on the grounds of its independence (European Court of Auditors 2015: 106).

Furthermore, when the EP report asked about the engagement of the troika with national parliaments, the ECB stated that the central bank was "not accountable to national parliaments" (European Parliament 2014b: 6). Therefore, the ECB interpreted its troika role as responsibility to fulfil its general mandate of guaranteeing price stability, emphasizing that the "ECB gives advice as part of the troika in full respect of its primary mandate to maintain price stability" (European Parliament 2014b: 10). The EP report concluded that the role of the ECB within the troika should be changed to that of "silent observer" (European Parliament 2014a: 26).

Although the ECB had repeatedly underlined that it was not accountable to national parliaments and made its decisions in full independence, the bank partially responded to its constituents. The Executive Board of the ECB explained its troika role in a number of hearings, public appearances, and written statements. For instance, in 2012, members of the German parliament had criticized the ECB for its crisis policy such as bond-buying programmes and low interest rate policy, as well as delays in troika negotiations with Greece. Moreover, concerns about the ECB's independence and reputation were expressed: "the Bundesbank's reputation in Germany is considerably higher than that of the ECB" (Weiland 2012). In an unusual move, the president of the ECB decided to address the German Bundestag, where he explained ECB policies before parliament and met with groups of parliamentarians in the hope of improving the bank's legitimacy.

As this section shows, the different components of accountability were weakly developed in the treaties and in practice during ECB participation in the troika. The ECB was strongly autonomous with minimal reporting requirements to member states. To be sure, the ECB reported regularly to the other supranational organizations and informed its peer counterparts and the public in press statements on the state of implementation of the financial assistance programmes. The staff of the ECB had a high degree of discretion and, of the five accountability dimensions, only transparency and controllability were strongly developed. The precise role of ECB participation in the troika and the information it gathered and brought into the overall decision-making process in the context of debt assistance remained largely unknown (Curtin 2017: 42). ECB participation took place outside in a context of weakly developed accountability mechanisms. As Curtin (2017: 42) puts it, the ECB was "more in control than under effective control."

Conclusion

In this paper, we open the black box of independence and operationalize accountability, showing how the absence of well-developed accountability mechanisms – transparency, liability, controllability, responsibility, and responsiveness – the new ECB role as a political actor can erode its independence and ultimately its authority. This is more likely to lead to a decline in the acceptance of ECB decisions in an emergency situation when the central bank takes political action. For example, the participation of the ECB in the troika constellation and several actions of the ECB, including the adoption of political measures raised concerns about its independence, accountability, and even legitimacy of its actions. This piece draws our attention to the trade-off between independence and accountability. When the priority is to have independent trustees which have been selected on the grounds of their superior expertise, accountability might take the back seat with all the implications this can have in the long term. European governance today takes place in a context of loss of confidence in institutions and political and epistemic elites. To hold supranational institutions accountable in formal and informal ways across multi-levels, even if their institutional design foresees a high degree of discretion and independence might be a first step towards more accountability of epistemic communities, such as those of central bankers.

What lessons can be drawn from the ECB case? No supranational institution can survive in the long term if it isolates itself from the outside world. An institution that strives to do so is likely to disappear. For their own survival and effectiveness, central bankers should open up to civil society organizations and strengthen the five different dimensions of accountability. This is the only way to secure acceptance for their decisions. Nowadays, democratic norms are almost universally accepted, the mere existence of an apparently non-accountable organization is an anomaly.

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