The evolution of the ECB’s hybrid role in the wake of the crisis

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The crisis as a watershed

prior to Lehman’s bankruptcy
- a „classic“ central bank, albeit on a higher level
- objective: price stability
- task: managing payments in the single currency area
- instruments: interest rates

starting with the Greek struggles
- A batch of new challenges
- defender of the common currency
- only European actor which is potent, thus credible enough
- evolution into a serious policymaker
- more exposure to public scrutiny
Emerging questions

What is the new role of the European Central Bank?
Where are new scopes of political influence?
How are the Bank’s actions received among finance, politics and the general public?
Who legitimises these actions and is that even possible?
Origins of multi-level governance

Landmark article by Marks, Hooghe and Blank: „European Integration from the 1980s: State-Centric v. Multi-level Governance“, 1996

- departure of a state-centric and intergovernmental view
- instead: focus on the emergence of a European polity, with shared authority and influence
- nation-states yield control to supranational institutions, collective decision-making diminishes national sovereignty
- Commission, Parliament and Court of Justice have an autonomous role; initially observed in the fields of regional and structural policy
Basic theoretical premises

Two types and three spheres

*as summarised by Piattoni 2010*

**types of MLG**

1. conventional federal system, stable division of labour among jurisdictions in defined areas, exclusive membership
2. anarchical, fluctuating overlapping of case-by-case jurisdictions

**spheres of MLG**

- domestic ⇔ international
- center ⇔ periphery
- state ⇔ society
Development of the single European currency

- origins and development of European political integration
- inception of the common currency
- the first decade of the euro
Assessing the ECB’s role

- introduction to the ECB’s mandate
- cooperation with new institutions (EFSF, ESM etc.)
- analysis of new instruments (Troika participation, bond purchases)
The crisis states as a case study

- overview of adjustment programmes for Greece, Spain, Cyprus, Ireland and Portugal
- assessment of results
- reactions to the programmes and their implementation within the countries and at the EU level
Shifts in the institutional landscape

- implications for democracy, transparency and accountability
- effects on the financial markets and the currency area
- effects on economies and societies
- addressing the appropriateness of output legitimacy