Is the European Central Bank a Case for Institutional Adaptation to the Challenges of Globalisation? Implications for European Union's Democratic Legitimacy

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ABSTRACT

The paper focus on the constitutional implications derived from the specific nature of the European Central Bank (ECB) for the would-be polity formation in the European Union (EU). The emphasis is placed on the alleged absence of democratic legitimacy and the intertwined weak pattern of accountability the ECB shows. My argument tries to challenge the reasoning supporting this conventional criticism. Maybe the ECB is not so undemocratic; maybe the institutional arrangements for its accountability are not to be so harshly criticised. The denial of the conventional criticism relies on the specific nature of the supranational polity that is emerging, for which Economic and Monetary Union (and the ECB by large) plays a prominent role. The reasons for this alternative interpretation are twofold. One depicts the specific nature of the European integration process, and the inherent changes to the traditional vision of sovereignty, democracy and accountability. The other challenges the way member states themselves are currently unable to satisfy the requirements of democratic legitimacy and accountability for reasons related to a decay of parliamentary democracies and for the diminished ability nation states have to be the central agents of decision-making in a world of increased economic interdependence. Therefore the ECB may be in possession of sufficient democratic legitimacy (and thus the claims of limited accountability fall apart) if one assess its performance as being the guarantee for price stability as the main political-economic outcome the supranational bank can afford to the European citizens.

1.INTRODUCTION

With the Treaty on the European Union (TEU) the process of European integration undergone a profound material transformation with the establishment of Economic and Monetary Union (EMU). An additional change was situated in the institutional arena, where a supranational central bank was created (from the beginning of EMU stage three onwards) to deal with monetary policy. The relationship of material with institutional arenas of transformation provided scholars on European integration with a rich terrain for discussion.

Economists focused on the macroeconomic implications associated with monetary union, concentrating on the political-economic model that was chosen for EMU and debating the feasibility of EMU's operational details for the future. Political scientists' centre of attention was more on the political connotations of EMU, notably on the issue of democratic legitimacy and the inherent consequences for the EU as an emerging polity, as well as for the structure of the nation-state in the EU. The debate is rich and the author's intention is to feed this debate with some inputs that depart from the conventional wisdom concerning how democratic the European Central Bank (ECB) is.

The next section raises the nature of the problem linked with EMU, the ECB as a powerful body and the main questions that arise in the face of such political-economy model underpinning monetary integration in Europe. These are the questions I will address in the fourth and final section, trying to bring useful insights from political science that cast some light on an alternative framework for assessing how democratic the ECB can be (if it can be democratic at all). In the third section the arguments laid down in the literature supporting the existing democratic legitimacy and accountability within the ECB will be highlighted.

2.THE PROBLEM AND THE MAIN QUESTIONS

There is a problem linked to the existence of the ECB when the critical literature is reviewed: the limited (for some absent) democratic legitimacy this new institution is associated with. Considering the ECB is the most visible institutional support of EMU, it is important to trace back to its origins and ask whether the decision to launch EMU was the main cause for the precise institutional characterisation of the ECB that is so deeply criticised by several scholars. That is, acknowledging the ECB possesses certain features that are subject of contention both for politicians and academics, it is unquestionable that *a problem* comes to the surface: *the ECB is not anchored to the traditional notion of democratic legitimacy*. As such, detractors raise several doubts on how the ECB is legitimate to produce a policy outcome that affects the public by large and for items that are relevant for their welfare. Let us drive the attention to the source of this problem, briefly reviewing the main characters that give the mask for EMU's political economic-model.

A careful look at EMU paves the way for two important conclusions on the impact of monetary union: the precise meaning EMU has, and its constitutional (from where derive important sequels for the whole process of European integration). EMU was created as an outstanding roadmap for a political-economic orthodoxy that is akin to the monetarist school (Begg and Hodson 2000: 1, and Dyson 2002a: 2). The main elements constituting the monetarist-led conception of EMU are price stability as the sacred macroeconomic goal attached to EMU (Taylor 2000: 185), the prominence monetary policy has to achieve such goal (Dyson 2000a: 27), a secondary role for fiscal policy, and a clear separation of competences between the monetary authority (the ECB) and fiscal authorities (national governments).

The latter aspect means that monetary policy is subject to a full centralisation process of policy-making, in the sense that the ECB is endowed with exclusive competences to act on monetary policy. On the fiscal policy terrain decentralisation is the keyword. National governments keep on being the sole authorities with competences to choose fiscal policy preferences and instruments. Nevertheless, this competence is somewhat blurred for the prominence attached to monetary policy and the high priority related to price stability: fiscal policy is subordinated to monetary policy and to the pursuit of price stability; furthermore, national competences on fiscal policy are limited by the subsequent implementation of the Stability and Growth Pact with its ceilings upon deficits that constraint national governments' ability to use fiscal policy instruments to alleviate certain macroeconomic problems that temporarily affect them.

The relation between monetary and fiscal policy in EMU is the instructive evidence of the philosophy underneath monetary integration in the EU. Not only exclusive competences on monetary policy were assigned to the ECB, a newly supranational body; but, importantly, the ECB was afforded with considerable independence vis-à-vis political authorities (both at national and supranational levels). The mentioned picture is instructive of the clear separation of functions that EMU brought to the forefront in macroeconomic policy, adding elements of uniqueness for the mixed framework of analysis and the implication that stems from it:

- On an unprecedented way, a supranational entity made a separation of responsibilities on two of the most important aspects of economic policy (monetary and fiscal policy, both being ascribed to different layers in economic policy-making, respectively the ECB and national governments);
- Moreover, the roadmap for price stability forced the architects of EMU to select monetary policy as the privileged instrument to achieve low levels of inflation, downgrading the importance of fiscal policy – indeed opening the window for receiving the influence of monetarism and rejecting the Keynesian-led economic policy (McKay 1996: 9-10, McNamara 1999: 456, Pollack 2000: 276, and Crouch 2002: 281);
- And, thirdly, as an innovation on the institutional domain the ECB was empowered with considerable independence.

The innovation is straightforward when the historical observation of member states' practice is illustrative of the absence of political independence, or at least of limited independence, enjoyed by central banks. The exception was Germany, where the Bundesbank indeed was afforded with considerable guarantees of independence. The innovation also rests on the supranational arena. Here again, imprinting the sense of uniqueness that goes hand in hand with European integration, the creation of the ECB was a mirror of unprecedented political independence (Dyson 2002b: 358-9). Considering the Federal Reserve of the United States and the Bundesbank as the reference points for independent central banking, the ECB is even most independent (Harden 1993: 153, and Dyson 1994: 150). In this context, the ECB went far beyond what was already stated as the reasonable confines of central bank independence, deepening the limits towards a new dimension that wasn't acknowledged anywhere.

The extended political independence the ECB was endowed with raises the main source of concern to those who voiced against how the supranational central bank is structured. Contrary to other examples of great central bank independence, the ECB is reported as having excessive independence and limited accountability and transparency. Critics argue the ECB is independent from elected politicians, thus being unaccountable. If national and supranational central bankers are unaccountable, they lack democratic legitimacy (Verdun 1998: 107-8, Begg and Green 1998: 7, Crowley and Rowley 1998: 24, and Moran 2002: 276). The reasoning standing on the conventional literature that urges against the existing EMU institutional set up leads me to raise the *first two research questions*:

i) *Is the ECB unaccountable to elected politicians?*

ii) If the ECB is held as unaccountable, another question is whether this is a source of an undemocratically legitimate supranational central bank. The source of the problem runs as follows: it is possible the ECB is unaccountable; what follows is whether this is enough to reach the conclusion that the ECB is not democratic. The alternative is to investigate whether the scarce accountability the ECB has prevented the institution from being democratically legitimate at all, or if it only puts in jeopardy its democratic legitimacy without saying the ECB is undemocratic at all? This second question raises a matter of degree – that is, *the ECB lacking democratic legitimacy, or the ECB not performing well in terms of democratic legitimacy?*

Apart from the conceptual meaning of EMU, now it is important to observe what implications emerge from EMU. The relevance attached to EMU for the overall process of European integration, notably for how deeply it was responsible for a redefinition of the European integration project, is already noticeable. EMU was constitutionalised through the Treaty of Maastricht, and further developed a deeply rooted constitutional dimension for European integration in what concerns the position of the EU regarding how economic policy is run.

In this sense, EMU had an intertwined effect of being subject to constitutionalisation and leaving more constitutional seeds that deepened European integration. EMU was conceptualised as a macroeconomic template for the EU and for its member states: a template geared towards price stability, thus leaving behind other macroeconomic objectives (growth and employment). There is no unanimity among the literature on how this constitutional effect is so steady: some argue price stability is indeed the only goal the ECB seeks through monetary policy (McNamara 2001: 169, and Amtenbrink 2002: 150), while others claim that albeit this is the guiding light that serves for the ECB to shape monetary policy other goals are secondary, but attainable (among them employment and sustainable growth) (Begg and Green 1998: 4, Cukierman 2001: 40-75, and Dyson 2002a: 22).

Aside this discussion, what is important is to reflect on the macroeconomic priority that was scheduled by the framers of monetary union in Europe. It is undisputable the fight against inflation is the central worry. The next step is to proceed to the implications coming from the option of price stability, and the noticeable neglect of other goals such as growth and employment. That substantial option can impact on citizens' daily welfare, as well as non-governmental and governmental institutions that face constraints in their preferences when they are presented with a political-economic roadmap for macroeconomic stability based on low inflation.

The relevance is accrued when one find important evidence, from recent past experience in the majority of EU member states, that inflation was not the highest priority in terms of macroeconomic policy. Instated, following a pro-Keynesian economic policy, the maintenance of a certain rate of unemployment, together with pre-defined targets of economic growth, were the yardsticks that inspired these member states' economic policies. Here again member states that run against this tendency were the minority, Germany being the outstanding and most successful example (Heisenberg 1998: 263-77).

Therefore a vast majority of member states (here encompassing both governmental authorities, non-governmental bodies, firms and individuals) was forced to change perceptions of how policy-making was adjusted to a new template for economic policy. Accordingly behaviours had also to adapt to the new reality. When I pay attention to the constitutional dimension anchored in this macroeconomic transformation, the purpose is to emphasise how a new perception of macroeconomic dynamics, being a reason for strong individual or collective adaptation, meant room for changing habits and reversed priorities about specific outcomes assigned to economic policy. *This behavioural change is equated to constitutional change*, in the sense that the structures member states were used to exploit were subject of substantial transformation, being replaced by other structures to which all the above-mentioned actors were invited to accommodate.

Another constitutional implication accruing from EMU was the recognition that *economics started reigning over politics*[1]. Several indications feed this conclusion. Firstly, as a structural dominant force, the recognition that price stability was assumed as the main objective for economic policy. What is at stake is the overall consequence for the decision-making process (both in the mere economic arena and the broad political decision-making sphere) that derives from the prioritisation of price stability. As it was previously highlighted, price stability was a reflection of monetarist dominance as a paradigm for macroeconomic policy.

Another crucial aspect of this school of economic thought was the prominence attached to monetary policy, and the awareness that officials responsible for monetary policy should be as much independent as possible. Here lies the crucial feature underpinning the divorce between economics and politics – to be accurate, *how macroeconomic policy greatly emancipated from the overall process of political decision-making* (Shapiro and Hacker-Córdon 1999: 3). This bestowed the general perception that politicians are insensitive to account for medium-to long-term objectives that are coherent and sustainable. Politicians run after short-term incentives associated with their re-election. As such politicians don't care for inflation and the overall stabilisation of the macroeconomic conditions, and can jeopardise these goals (Cukierman 2001: 40-75, and Baimbridge, Burkitt and Whyman 1999: 19).

The arguments presented give the intellectual case for transforming the essence of economic policy. Despite being a political phenomenon – in the sense that economic policy is a product of the state, or supranational, institutions – the fact is that economic policy was stripped out of politicians' influences. This happened at least in the most prominent sphere of overall economic policy (monetary policy). Now monetary policy was devoted to professionals, acting with absolute independence from elected officials. Considering:

- These professional networks (Peterson and O'Toole 2001: 302) are constituted by individuals showing strong interests in performing independently from politicians;
- These professionals are tied together by strong links that accrue from a common perception of how the issues they are entitled to solve should be decided;
- Central bankers are not elected and were afforded with enhanced political independence, being able to avoid pressures exercised by elected politicians.

[1] This is the diagnosis made by Stastny (2002), although this assessment is made in general terms, without looking specifically to EMU. In this sense there is some similarity with the claim that the state has evolved towards a category of 'market-state' (Bobbitt 2002: 213-43). Against this perception Boyer (2000: 26), asserting EMU is a political project, and Moran (2002: 259) viewing monetary union as a new system of governance that is emerging, thus imprinting a political connotation to the European integration process.

The overall picture standing from these considerations is *the new balance of power within the member states and even within the EU itself*. A threefold dimension has to be observed.

- Firstly, central bankers (national and supranational, both acting through the ECB Governing Council) are powerful enough to interfere with national governments' preferences for economic policy. Changes in interest rates, and the remaining instruments available to the ECB, can offset any plan of a national government to frustrate the inflation target previously defined by the ECB. The obvious implication is how a supranational sphere can impact on national governments' policies and options that have economic effects. *The supranational sphere grows in ascendancy over the national sphere*.
- Secondly, there is a political implication that cannot be underestimated: non-elected officials (central bankers) have the strength and the means to impose strong constraints to elected politicians that still possess some economic competences at the national level, and literally blown the outcomes desired by the latter. *At least apparently, some redistribution of power within the EU meant that formally a de-democratisation occurred*.
- Thirdly, another political implication closes this circular line of reasoning: indeed *economics reigns over politics*, since professional economists empowered with political-economic competences can constrain the freedom politicians still have (through fiscal policy) to define their own priorities and preferences in terms of available outcomes.

The picture presented also produces important consequences on the nature of the decision-making process related with economic policy. *Non-political bodies were substantially empowered vis-à-vis elected officials*. This is another way to express how economics grown in ascendancy over politics, notably for the reflection this phenomenon accounts. Since politicians acknowledged the powerful role played by international financial markets, even upon the freedom politicians themselves have to undertake the decisions they would like to implement without that market-led constraint, they were forced to realise how economic policy should be subject of enhanced expertise and thus de-politicised (Shapiro and Hacker-Córdon 1999: 3).

Professional economists, when acting in a truly independent supranational central bank, are well equipped to interpret the signals markets express and best suited to implement a monetary policy that matches markets' preferences. This is a clear indication of how powerful the forces operating in the environment of globalised markets are. Several authors provide persuasive accounts of how meaningless it would be an alternative scenario where national politicians would stubbornly insist in getting out of reach of the economic interdependence that affects the whole world (Underhill 2002: 37). Instead, globalisation forced national politicians to be aware of how impotent they are to go against the tide of economic interdependence. EMU is also seen in this context as an answer to the challenges from an increasingly globalised world where markets commanded politics, and politics react to markets. This can be seen as another expression of the dominance of economics over politics.

The tendency for economics' experts being empowered was spatially located on a twofold dimension: in the *supranational arena* with the creation of the ECB endowed with strong powers and a belt of independence preventing politicians' interferences; and in *the national sphere*, by granting the same belt of political independence to national central bankers, at the same time that finance ministers were empowered in the domestic correlation of powers among ministers (Dyson 2000b: 646). In a word, all the aspects that have been described amount to a *bureaucratisation of economic policy-making* – and to the extent that economics assumed a central role for the whole process of policy-making, the same conclusion infects the process used by public powers to undertake decisions. Here conventional notions of state-centric democratic legitimacy must come to the surface in order to evaluate whether the move towards bureaucratised politics is satisfactory.

So EMU is responsible for a deep constitutional change – both in the European integration process and in member states' domestic political structures. In the context of European integration, because it was responsible for deepening the ongoing process of supranational European integration (Cameron 1998: 189). Issues like the single currency, a supranational monetary policy, the subordination of national fiscal policies to the centralised monetary policy, the constitutional change determined by a different policy orthodoxy inherent to the firm commitment to price stability – all this suggests the steps taken for feeding the supranational texture of European integration.

Probably more important are the implications for statehood. Here the transformations member states were forced to accommodate to (the abdication of formal monetary sovereignty, the loss of national currencies, and the external constraint (Dyson 2002b: 658) embedded in the commitment for price stability, something akin to tying their own hands to externally induced discipline)[2] provide a lighthouse of how 'life changed' after EMU was launched. Not that changes meant a 'revolution', because in the ongoing process of macroeconomic convergence dictated by the imperative to follow German leadership in the years of the European Monetary System (EMS) the remaining member states were used to run after Germany's policy orientations. The change came in the formal sense, forcing member states to amend their own constitutions and, to a lower level, accommodating low politics procedures to the requirements inherent to the political-economic model dominating EMU.

Summing up, EMU heavily impacted on the daily life of individuals, corporations and decision-making bodies at the national level. EMU empowered non-elected officials on the supranational arena (and even on the national sphere, as it is shown by the enhanced role national central bankers have). The reason for inquiry is whether there is an imbalance that directs the EU (through EMU and its institutional settlement) towards a worrying scenario of limited – if not absent – democratic legitimacy. Indeed change in the process of European integration was sharp and thrilling. The launch of monetary union imprinted a challenge not least for conventional standards of national sovereignty;

[2] To a non-conventional approach, see McNamara (1999: 466): her suggestion is that EMU means a powerful external constraint to member states, since they were pushed to a necessary adaptation to the challenges stemming from globalisation. According to the author, this is instructive enough to reject the mere accommodation of member states to a neo-liberal agenda; something more powerful happened – the need to adjust to globalisation.

the means chosen to make such change operational, especially the characters of the institutional architecture of EMU, were far removed from traditional concerns of state-centric democratic legitimacy. The imbalance is striking: deep change without encompassing, in its outcome, the procedures of democratic legitimacy that citizens were used to observe at the national level. From this scenario two other questions must be addressed:

iii) *EMU accentuated the (alleged) democratic deficit of the EU?*

iv) *Should EMU be interpreted as a necessary answer to worldwide tensions from globalisation, thus accepting the underestimation of popular claims? Are markets more powerful than individuals?* Hence, are markets the alternative site for assessing the democratic legitimacy of those organisational answers to its challenges – and not anymore the individual as source of democratic legitimacy?

3.THE LITERATURE SUPPORTING ECB'S DEMOCRATIC LEGITIMACY AND ACCOUNTABILITY

It is important to critically reflect on the arguments that urge against the ECB for being scarcely accountably (if not unaccountable at all) and undemocratic. Firstly, to consider the ECB as a non-genuine supranational institution arguing with the over-representation of national central bankers (Welfens 1996: 37-8, Buiter 1999: 192, and Eijffinger and de Haan 2000: 33-4) misrepresents the reality and ignores the specific context of central banking. More important than the national affiliations within the Governing Council is to acknowledge how central bankers constitute a powerful epistemic community where supranational interests, and notably the objectives that match central bankers' own ideological creeds, are achieved (Verdun 1999: 323). Central bankers provided several manifestations of how national-independent they are: above their national interests central bankers have a sit on the Governing Council of the ECB to contribute for a monetary policy strategy that matches supranational interests and goes in line with their professional patterns of economic rationality. Accordingly, they are prepared to be immune to pressures bolstered by national governments.

To this purpose it is interesting to depict the distinction between electoral and non-electoral accountability (Keohane and Nye Jr. 2001: 12-4). The former comprises the conventional means of political control, referring back to transparency, domestic accountability, and legislative control; non-electoral accountability goes away from this standard and encompasses other means to provide non-political accountability – *through markets and through epistemic communities*. Concerning the latter, Keohane and Nye Jr. (2001: 13) argue the powerfulness associated to accountability made through epistemic communities derives from "*(...) professional ethic standards* (that) *can be used to hold adversaries accountable*".

The application of this conclusion to the context of European central banking provides straightforward results, since central bankers are expected to speak a language and behave according to certain professional standards that are commonsense to other experts outside the ECB. As such supranational and national central bankers become subjects of tight accountability on the face of the purposes they are committed to, the language they express, and the outcomes provided by monetary policy. Other experts can put under stress the way monetary policy is being run and such yardsticks will easily ascertain the results from it. Relying on Keohane and Nye Jr.'s conceptualisation, it is expected that a powerful seed of non-electoral accountability can be related with the ECB.

Secondly, when the critical literature stresses the ECB is not accountable enough and suggests it should be hold accountable to the European Parliament (Butt Phillip 2002: 43-4) they fall into a conceptual trap when the specific context of European integration is considered. Indeed some authors claim that empowering the European Parliament would be a mistake, especially when the constraints of European integration are acknowledged and the EU institutional balance is highlighted. Following one author's persuasive analysis (Schmidt 2001: 340), two powerful reasons prevent the European Parliament from being empowered in the overall EU institutional balance.

- Firstly, such solution would erode the salutary intergovernmental basis upon which the EU relies. For Schmidt this is not a corruption of the supranational template of European integration; on the contrary, to rely on this intergovernmental basis is to provide a strong linkage between the EU as polity and democratic legitimacy (Laffan 1998: 330-1). Supranational institutions are not able to provide such element; only the intergovernmental actors that intervene in the ongoing development of European integration are democratically legitimised to do it. And when they feed relevant changes to European integration they grant the democratic foundation for anchoring the EU and its institutions on democratic legitimacy.
- Secondly, the increasing belt of democratic legitimacy associated to the European Parliament does not compensate the possible erosion of the intergovernmental basis. This institution is absent in substantive democratic legitimacy for its inability to speak on behalf of the European people, just because there isn't such a thing (Weiler 1999, with his 'no-demos' thesis).

Turning specifically to the claims that the ECB is not either democratically legitimate nor accountable (Anderson 1997: 130, de Grauwe 1997: 181-2, and Underhill 2002: 46), some authors present a different approach rejecting the conventional criticism the supranational central bank faces. The starting point is the 'transmission belt theory'. According to this theoretical model, supranational institutions' legitimacy is derived from the democratic legitimacy owned by national institutions – the ones that created supranational institutions and empowered them with certain competences (Majone 2001: 260, and Menon and Weatherill 2002: 118). This constitutes an *indirect form of democratic legitimacy*, the only available instrument devised to accept a non-conventional, non state-centric notion of democratic legitimacy to supranational institutions, because these cannot be seen through the lens of statehood. Moreover, if the big moments that created and developed the process of European integration were intergovernmental in nature, why challenge the legitimacy of supranational institutions created by such processes (Scharpf 2001: 355)?

The argument based on the transmission belt theory offers a strong case for supporting an acceptable degree of democratic legitimacy and accountability to the ECB. As a by-product of the transmission belt theory two sorts of arguments claim how the ECB can be enough legitimate from the democratic viewpoint: arguments highlighting its *constitutional dimension*, and arguments relying on a *technocratic dimension of legitimacy*.

Starting with the constitutional dimension of ECB's legitimacy, some authors claim that the central bank's legitimacy comes from the treaty provisions that laid down the foundations for its creation and subsequent operation (Dyson 2000a: 17, and Issing 1999: 509). Since these treaty provisions received the consent of each and every member state through the vote delivered by each national leader, this is enough to award EMU as a whole, and the ECB in particular, with a mantle of democratic legitimacy. The mere constitutionalisation of EMU and its institutional settlement is the strong evidence of how democratic the central bank is. Furthermore, the fact that the process of ratification of the Maastricht treaty involved national parliaments (and in some cases even the citizens through referendum) is the clear-cut evidence of the democratic legitimacy owned by EMU (and the ECB). Accordingly, the ECB is accountable vis-à-vis the European peoples (Issing 1999: 509).

Others claim that EMU and the ECB have legitimacy backed on technocratic arguments. The general principle stands from the huge complexity of macroeconomic policy as the case for accepting ECB's current status of accountability. The justification comes from an extension of Dahl's reasoning that explains why international organisations remain closed to the public (Dahl 1999: 24): the outstanding example is foreign affairs, where issues are so complex and intricate that the general public necessarily has to remain outside of decision-making arenas and bargaining fora. The public is marginalised not for reasons of secrecy (as long as Dahl recognises that these are powerful enough to admit public's segregation, otherwise some results wouldn't be feasible) but for the lack of understanding about these issues. The same could easily be said of monetary policy. Thus the argument of accentuated expertise deemed necessary to interpret monetary policy is the main baseline to back up the concept of technocratic legitimacy associated to the ECB.

Within this conceptual framework, some scholars claim that technocratic legitimacy broadened the acceptance of the ECB as a legitimate institution, because the ECB had the positive input of opening monetary policy to the public. Prior to EMU monetary policy was more secret than now, and it was based on a complex and rather obscure complicity between national executives and central banks (Gowan 1997: 98, and Leino 2001: 27). An extension of this argument sees EMU as an enhanced site for democratic legitimacy because it was responsible for opening up financial markets that previously were closed to the general public's perception (Moran 2002: 275). For all these reasons, EMU (and the ECB) can be seen as being legitimised for the technocratic expertise associated to the issues they govern.

As complexity is so huge, more expertise is needed to deal with the challenges that arise. As more expertise is involved in monetary policy, the more citizens have difficult points of access to the overall framework that ends up in a monetary policy strategy (Dyson (2002a: 8). The expertise needed fuels the technocratic model of democratic legitimacy, going hand in hand with the contemporary tendency for delegating governance powers upon the shoulders of regulatory agencies (Verdun and Christiansen 2000: 167-8).

Extending the line of reasoning to encompass a parallel between the ECB and traditional regulatory agencies, Majone (2001: 262) adds an interesting question: if member states were a paradigm in feeding regulatory agencies, thus empowering non-elected officials without being worried with their genuine democratic legitimacy and accountability, why is there so much concern with the ECB? The point is that it seems unfair (and intellectually dishonest) to accept a certain characterisation at the national level and then urging against that same model at the supranational level.

As a result of this line of reasoning, another helpful argument is put forward to demonstrate how the current status of accountability afforded to the ECB is satisfactory (Winkler 2000: 8): more important than calling for an opened ECB is to battle for *clarity in the information the central bank releases* (Amtenbrink 2002: 151). The reasons are related with requests of information efficiency, a general principle the ECB should respect. As less clear and honest the information is, the less likely citizens are able to monitor monetary policy. The main goal associated to information efficiency by the ECB is to contribute for common understanding about monetary policy, adding the perception receivers have on how monetary policy is run by policy-makers, as well as the outcomes it provides.

As an application of the technocratic legitimacy argument, Cukierman (2001: 40-75) offers additional valuable arguments. The author makes a distinction between *narrow accountability* and *broad accountability*. The former refers to the objectives central bankers are committed to (in the ECB context, price stability), while the latter encompasses the scenario where elected officials are able to change central bank's objectives at any time. The concept of narrow accountability is crystallised in the ECB constitutional status. Furthermore, the author argues the ECB is transparent enough not to put in jeopardy its status of democratic legitimacy and accountability. He offers three powerful reasons: an high degree of independence, the ECB constitutional status can only be changed by treaty amendment requiring unanimity, and the Stability and Growth Pact preventing politicians' indirect interferences with monetary policy.

For Cukierman the concepts of transparency and accountability are intimately related, because he concludes there is as much transparency as the central bank is committed to a single objective. This is the case of the ECB, thus being possible to infer from the author's conceptualisation that the ECB is already enough transparent, accountable and democratic legitimate. Issing reaches a similar conclusion, asserting that the ECB is one of the most accountable and transparent central banks in the world, despite its infancy. The claims for more transparency are dismissed because elsewhere central banks don't rank on such high degree of transparency, and because in the specific context of central banking activity it is an absurd to envisage a system of absolute transparency (Issing (1999: 505-7).

4.THE SOLUTION PROPOSED

Let's get back to the crucial questions addressed in the paper:

i) *Is the ECB accountable?*

ii) *Is the ECB lacking democratic legitimacy? Or, worse, it is just undemocratic?*

iii) *Did EMU deepen the democratic deficit that allegedly affects the European integration process?*

iv) *And finally, is EMU a mirror of pressures stemming from globalisation, thus opening the window for a differentiated concept of democratic legitimacy that comes in line with markets' requests and not so much with a traditional anchoring point upon the citizenry?*

An attempt to provide answers leads to the previous knowledge of the specific context within which European integration moves on. Indeed it is not unsurprising to claim *uniqueness* is the crucial feature of the European integration process (Laffan 1998: 236, Wiener 2000: 319, and Stone Sweet, Fligstein and Sandholtz 2001: 3). Starting from this assumption, an important proposition is suggested: *the nature of the EU as an emerging polity, a non-state type of polity* (Eriksen and Fossum 2000: 6, and Shaw and Wiener 2000: 67). Thus when critics of ECB's record of democratic legitimacy and accountability present their arguments they fall on a conceptual trap: their mistake is to address European integration, and monetary union in special, as resulting on a state-like entity.

The conceptual mistake they run into is to look at EMU as a mere replication of existing monetary unions within nation-states, notably because they address the evolution of European integration in close connection with existing federal states (McKay 1999: 5-6, and Dyson 2000a: 155). In a single word, the problem with the critical literature is their methodological shortcoming of assessing the most prominent events of European integration in the light of state-centric concepts. The danger in this methodological approach is to bear in mind that *it is difficult to compare the incomparable*. The EU is a specific, unique polity that cannot be easily compared with any other form of political organisation. A persuasive account of this line of reasoning stands on the perception that the EU is more than a regime and less than a nation-state (Wallace 1983).

The opposite argument that the process of monetary integration in Europe served to 'rescue the nation-state' (Milward (1992) can be reversed when its practical effects are carefully examined. Looking back to the ideas processed by this line of reasoning, their proponents claim EMU was the scapegoat to prevent the annihilation of the European nation-state(s) by the powerful, influential forces working in international markets. For those who advocate the 'rescue of the nation-state' argument, EMU is devised as an attempt to domesticate the so-far uncontrolled forces of globalisation that undermined national governments' ability to independently pursue their own macroeconomic policy objectives (Dyson 2000b: 651, and Rhodes 2002: 310).

But, ironically, this argument serves to reveal the fallacy of conventional criticisms directed to the ECB and to the political-economic model underneath EMU. For one side, because the recognition that EMU was created to tame international markets amounts to the awareness that EMU acts as an externality, as something that pictures a powerful influence from aboard undermining national governments' ability to autonomously run macroeconomic policy. Thus, EMU didn't rescue the nation-state at all. On the contrary, the transition towards monetary union had the straightforward significance of clearly showing how fragile and dependent upon external, uncontrolled events member states are. They were forced to proceed to EMU just because they recognised this was the best solution to match the demands of powerful international markets, as a means envisaged to react collectively to the challenges from accentuated economic interdependence (Peterson and Bomberg 2000: 20-1). Habermas (2000: 30) argues globalisation forces states to be thinner because they are compelled to enforce restrictive policies at home. Habermas (1997: 261) furthermore suggests that through European integration the outstanding evidence is that the nation-state is undergoing a process of erosion. According to this reasoning, nation-states are the dependent variable within the process that lead to monetary union in Europe, and not the independent variable as defended by the proponents of the 'rescuing the nation-state' argument.

Secondly, and as a consequence of the preceding reason, it is important to acknowledge the motivations that contributed to EMU's specific institutional architecture, notably the ECB-centric model (Dyson 2000a: 11). Even if one relies on state-centric accounts of monetary union in the EU it is instructive to conclude that the final institutional outcome member states influenced was pervasive for the specific purposes they allegedly run after – the rescuing of nation-states against the dictatorship of international finance markets, or the creation of monetary union as a mere reflection of the most powerful member states' interests.

In fact EMU rests on the prominence of the monetary authority, and invested the ECB with strong, independent powers. Therefore the supranational central bank is immune form political pressures that eventually national governments exert. The single recognition of the ECB's independence status would be enough for finding the conceptual incoherence of those who see EMU as a mirror of member states' interests (acting as a mere instrument for praising member states' goals), or as an evidence of a life-belt to which member states anchor themselves. Moreover, the ECB was empowered with strong powers as the factual recognition that the central bank was well equipped to deal with powerful financial markets in the international arena (Pollack 2000: 267). More than national governments, with low skills to interpret the challenges coming from those markets, a general feeling emerged that central bankers possessed more qualifications to provide optimal policies that don't go against markets.

The aforementioned three arguments aim to provide an answer to the fourth question that constitutes a core aspect of this paper. Indeed *it is plausible that EMU was a reaction to globalisation and its challenges*. It is wrong to suppose this reaction was akin to a rejection of the overall climate of intense economic interdependence that dominates world economics and politics. On the contrary, EMU must be correctly interpreted as the satisfactory answer found at the European level to the challenges globalisation posed. In this context, the partial answer to the fourth question is that yes, *EMU mirrored globalisation and matched its demands*. The other parcel that remains to be answered – whether this amounts to a process of de-democratisation – will be addressed now.

The final (and third) reason that must be emphasised is linked with one important question: *who decided to anchor EMU to this peculiar political-economic model of monetary integration? Who contributed for EMU with this particular ECB-centric institutional apparatus?* The literature suggests a mixed perception: national politicians were decisive in giving their acquiescence to a monetary union that resembled the proposals made by the Delors Committee (Verdun 2000: 102), but on the backstage EMU was mainly influenced by the work done by central bankers within that Committee

(Verdun 1999: 323). Without going deep into this discussion, it is important to show up how member states (be it national politicians or national central bankers) were the most enthusiastic supporters of monetary union approved in the Maastricht intergovernmental conference. The crucial aspect to be retained is the final approval by the highest national representatives in the European Council.

True, politicians ended up by giving their consent to the previous work undertaken by central bankers within the Delors Committee. Nonetheless this evidence, it is important to be acquainted that *national representatives sanctioned EMU*. They agreed with the institutional details, with the overarching theoretical model behind EMU. They gave their consent, not only contributing for an indirect legitimisation of EMU and its institutional settlement, but also agreeing with the consequences underneath those specific options.

Can we believe national politicians that accepted EMU ignored the specific content of monetary union? Can we admit they neglected the medium-to long-term implications EMU could impinge, not least upon their conventional patterns of autonomy related with macroeconomic policy? To anticipate this behaviour on national representatives is the same than recognising two important realities: they were in the forefront implicitly acknowledging that globalisation constrained their autonomy; and they provided an answer, through the peculiarities of EMU, that equates to the recognition that a different yardstick for assessing democratic legitimacy must come to the surface. A yardstick that directs its attention more to the demands made by markets, departing from the traditional conceptualisation of democracy as the mere reflection of popular claims (Campanella (2000: 112).

Summing up, where is the undemocratic nature of EMU after all? *EMU cannot be accused from being undemocratic just because directs its attention to market claims instead of addressing the requests made by citizens*. The parcel that was missing to complete the answer to the fourth question is thereby uncovered.

To further progress towards the remaining questions calls for renewing the assessment of the political-economic model that dominates EMU. A clear-cut political-economic orthodoxy exerts its domination, one of price stability. The main issue brought to discussion here is whether this anchor point for EMU has a democratic foundation – and if the answer if affirmative, where does such anchor point for democratic legitimacy lies. Doubts could arise as to which extent the deliberate option for a certain model of macroeconomic orthodoxy, with all its economic and political implications, could be genuinely democratic in its essence. What is at stake is the deep commitment towards price stability, and the secondary – if not absent – role attached to other goals, which resonates with too much rigidity. In this sense, EMU architects would have tied the hands of their successors in member states' governments and supranational institutions alike, thus imprinting an exacerbated picture of doubtful democratic legitimacy.

Here again some elements point to inconsistency. In the first place, because those who urge against this feature ignore the powerful intergovernmental democratic legitimacy basis underneath the decisions undertaken at the European Council. Moreover, there is a lot of rigidity in the reasoning of all those who accuse EMU of being rigid. Of course EMU constitutionalised an unambiguous roadmap for price stability; this policy orthodoxy impinges several consequences for politics, both at the supranational and at the national level; furthermore, the option for low levels of inflation also carries noticeable economic consequences that cannot be underestimated. All of this is truth. But more important is *to acknowledge that the constitutional roadmap is likely to be changed in the future*. The only pre-requisite is a common understanding among EU institutions and national officials that another set of priorities should be associated to monetary union. If this comes to the surface, and if there is unanimous willingness among national governments to change the EMU constitution, who can predict that the current rigidity falls apart and pave the way for another political-economic paradigm[3]?

Aside these methodological aspects, others should be raised to understand where EMU's democratic legitimacy lies. It is interesting to open the doors for new conceptions of democracy outside state-centric commonplaces. Here is the question again: where is the democratic legitimacy when EMU architects picked up a political-economic model so heavily dependent of a culture of stability? The first source is the outstanding past record observed in Germany (McNamara 2001: 163-4). For decades Germany was a hallmark for economic policy biased towards price stability, with monetary policy driven by the Bundesbank immune to political interferences. Seeing Germany as the most outstanding example of macroeconomic success after the world war two, all member states accepted to gear their economic policies towards the German paradigm. This process of 'informally-geared' convergence occurred within the EMS, erasing the differences between Germany and the other member states.

As it was already asserted elsewhere in this paper, during the years of the EMS all member states had formal competences to run their own monetary policies, but in practice this wasn't taking place: instead, all member states focused in mimicking the monetary policy implemented by the Bundesbank, giving Germany a de facto leadership role. What was the democratic legitimacy of monetary policy strategies defined in Germany and imitated by the remaining national governments in the EU? How could be reasonably justified that all member states but Germany were deprived from running monetary policy autonomously? Here the main problem is the divorce between theory and practice – that is, while in theory all member states had the formal competences to define and implement their monetary policies, in practice such power of decision was vanished.

With the creation of the ECB, a material transformation was processed. Where before national central bankers of all member states except Germany were deprived from having autonomous voice for purposes of monetary policy discussions, now this no longer happens. National central bankers of the Euro-Zone member states have equal voting powers within the Governing Council. This amounts to a vigorous changing pattern due to EMU: all member states that were prevented from contributing for at least a coordinated monetary policy setting in the EMS, now have a say in shaping the single monetary policy.

The symbolic meaning of this constitutional landmark of EMU is the revelation of a crucial aspect for my arguments: *EMU erased a source of inequality among the EU*

[3] McKay (2002: 84) emphasises this crucial feature in EMU: the citizenry is strong enough to drive change and force a retrenchment in current EMU orthodoxy. Thus fiscal policy tightness is not inevitable forever, according to the author.

member states in what concerns monetary policy. The completion of monetary union in the EU amplifies the prominence of monetary policy. Thus it would be necessary to restore an organisational character conducive of equal voting powers for all member states included in EMU's final stage. Now, for a crucial policy arena as monetary policy, all member states have the same voting power. Of course this institutional innovation re-installs a more democratic legitimate system of decision-making, where all member states give their contribution to the common perception of priorities that should shape monetary policy.

This aspect contains a valuable element to validate an enhanced democratic legitimacy to EMU. Comparing the pre-EMU to the post-EMU scenario the observation is outstanding as to whether monetary union increased or decreased democratic legitimacy associated to the overall economic policy-making. Before the inception of EMU the picture was the factual domination by German authorities, without being legally established that such dominance was accepted by the remaining member states; after the creation of monetary union a more balanced institutional system was launched, since all member states are equipped with the same voting power. This comparison is favourable to EMU when examined through the lens of balanced inter-state powers.

Even though more elements were added to conclude for the democratic legitimacy of EMU, some more reserves could be added regarding the consequences from the political-economic orthodoxy of price stability. The next issue for assessment is how democratic legitimate is the obligation imposed upon the ECB to be deeply committed to price stability? Here the answer must be found in a new concept of democratic legitimacy – *output legitimacy*[4] (Fossum 2000: 114), against a conventional conception of procedural legitimacy. Contrary to the traditional observation of yardsticks measuring how democratic a certain policy is, European integration brought to the surface an alternative dimension for measuring democratic legitimacy. The process of European integration appeals to a different conceptualisation. Indeed the EU is a polity where uniqueness is the keyword, a polity that calls for a post-national, post Westphalian state-centric nature (Bellamy and Castiglione 2000: 68, and Shaw 2000: 291). Being different from member states, and not aspiring to be a nation-state in the medium term at least, the EU has to rely on a different conceptualisation of democratic legitimacy.

According to the theorisers of output legitimacy, the genuine essence of democracy should be observed in the light of *results* provided by policies. To the extent that such policies are able to provide results that improve citizens' welfare, such policies entail a powerful source of democratic legitimacy (Menon and Weatherill 2002: 115). The focus on output legitimacy presents a case for underestimating the means through which results are achieved (*input legitimacy*), and concentrates its attention on the ends itself. Rather than focusing on procedures, it is the performance of policies that is important and which affects citizens. Hence, a qualitative dimension of democracy is the policies which are delivered rather than the manner in which they are delivered. (Issing 1999: 509, Leino 2001: 22, Cukierman 2001: 40-75, and Wessels and Linsenmann 2002: 67). In a word,

[4] Scharpf (2001: 358) works out this conceptual dimension, making a distinction between input legitimacy and output legitimacy (respectively government *by* the people and government *for* the people). Using a different terminology to address the same reality, Arnull (2002: 4) speaks of *social legitimacy*.

more important that the clothes the decision-making process wears is the good provided to the public.

From the above mentioned elements (the democratic foundation of price stability and the shift towards output legitimacy) stand three important conclusions:

a) *Sovereignty has changed with the ongoing process of European integration* (Cameron 1998: 191, Dyson 2002a: 26, and Bellamy and Castiglione 2000: 69). EMU gave a boost on the conventional notion of sovereignty by absorbing or transforming some elements of national governments' core activity in economic policy. Some were transferred from the national to the supranational arena, thus splitting into pieces the ancient national economic sovereignty. Currently it makes sense to speak of *shared sovereignty*, where a supranational institution (the ECB) performs a prominent role in shaping economic policy.

b) Also *democracy means a different thing when facing the specific context of European integration* (Laffan 1998: 330-1, Bellamy and Castiglione 2000: 69, Dobner 2000: 17, and Mény 2003: 11). Democracy is an evolving concept. It is no longer reasonable to address democracy as something that can only be achieved through the nation-state, moreover because challenges come from abroad and not only from within the nation-states. Other modalities of political organisations are keen to respect the fundamental values of democracy, even though if they come out in a fresh conceptualisation. Bearing in mind the uniqueness of the European integration process, remembering the huge complexity of contemporary policy-making, taking into account the impact globalisation has on traditional forms of decision-making – all these elements together pave the way for an alternative democratic legitimacy based on *output legitimacy*.

c) From the interlacing of the previous two conclusions derives a third assertion: *accountability has a new format under the auspices of the ECB*. Therefore the supranational central bank is hold accountable for its outcomes, assuming it provides the minimum of information for the public in order to make an alternative model of democracy operational – *deliberative democracy* (Eriksen and Fossum 2000: 2-17).

These conclusions are reinforced because powerful evidence suggests member states are unable to perform well enough when the assessment of state-centric conditions applies to them. Even those landmarks used to analyse nation-states come to poor results when member states in the EU are examined through this lens. Two dimensions matter. In the first place, member states are unable to deal with efficiency the challenges arising from contemporary macroeconomics. Pressures from intense economic interdependence worldwide diminish the extent to which national governments possess the efficient tools for redressing the problems inherent to globalisation. Since member states face this constraint and cannot provide valuable solutions, a dangerous desert could arise if they resisted transferring economic competences to transnational or supranational spheres. Acknowledging national governments' inability opens the doors for a black hole of competences that would be detrimental for citizens' welfare interests. In this context, a crisis of democratic legitimacy would happen: what would matter for assessing the impact of this situation is not the possibility elected officials being endowed with formal competences to run economic policy; more important is the recognition that elected officials in each country no longer hold the tools to tackle problems derived from globalisation.

To avoid the black hole scenario, the only solution is to displace economic competences towards the supranational level. Requests of efficiency call for this solution, and it is possible to infer that member states' politicians acknowledged this inevitability when they accepted to move towards monetary union. In the sense that democratic legitimacy has revolved towards output legitimacy, the obvious conclusion is that the concentration of crucial economic policy competences on the supranational level cannot be interpreted as undemocratic. On the contrary, for purposes of output legitimacy as a solid foundation for democratic legitimacy, the ensuing exercise of monetary policy by the ECB is genuinely democratic because it creates the (at least) theoretical conditions for providing excellent results for the sake of citizens' welfare.

The second dimension focus on the crisis of parliamentary democracy that affects EU member states (not in exclusivity). Considering the traditional and ancient solid foundations of democracy as being backed on structural competences associated to the parliamentary institution, the contemporary tendency runs against this. More and more there is a displacement of competences and tasks that once were reserved to the parliament and now are monopolised by the executive branch (Eriksen and Fossum 2000: 8). More recently another aspect deepened the dilution of parliamentary powers and the genuine essence of parliamentary democracy: the sub-delegation of powers governments made upon regulatory agencies.

The discussion is whether this transference of competences is democratic legitimate, notably when such re-allocation of competences occurred in default of constitutional change that could have been required for that purpose. If relying on the theoretical conception of the 'principal-agent' model, the delegation of powers from governments to regulatory agencies is acknowledged as being democratically legitimate. Indeed principals (the executive) decide whether or not to create regulatory agencies, and the extent to which they are empowered with certain functions and competences. The principal dominates the creation of the agent. But it can happen that while using their prerogatives agents can subvert their mandate. Of course the principal has the possibility to override the agent's boldness, reviewing the mandate or introducing rules that prevent the distortion of the mandate. Let's take here only the essence of the 'principal-agent model' and ask whether the ECB can be examined through this lens. Apart from all other justifications that consolidate supranational central bank's democratic legitimacy and accountability, the aspects imported from the 'principal-agent' model are useful for adding more elements supporting that democratic legitimacy. On the EU case, however, the 'agents' (supranational institutions) must be guaranteed against intrusions from the 'principals' (member states). Otherwise they will not be efficient and their output legitimacy can be put in jeopardy (Menon and Weatherill 2002: 119).

5.CONCLUSIONS

After reviewing the arguments offered by theoretical dimensions, after extracting some consequences from a mere deductive approach, the clock is ticking asking for the answers to the three questions that remain open for the moment.

i) Is the ECB accountable?

Section three focused on the main theoretical arguments presenting the case for a democratically legitimate and accountable ECB. Together with the uniqueness that characterises European integration, a strong case exists for concluding that the ECB is accountable enough. A different conceptualisation, where more accountability would be required for the ECB, could entail detrimental effects. Not only because national or supranational politicians (depending on the anchor point to which the ECB should be accountable) would have a meaningful say on monetary policy, eventually lacking the technical expertise to do so; but also because preventing effective independence as a core organisational aspect of the ECB, this would harmfully affect the central bank's credibility. Hence the achievement of price stability could be in danger, and the whole constitutional model of monetary union at risk of being threatened.

ii) Is the ECB lacking democratic legitimacy? Or, worse, is it undemocratic?

The answer depends on the previous one. In fact the conclusion that the ECB is sufficiently accountable drives to the subsequent assertion that there is no reason for fearing that the supranational central bank faces lower levels of democratic legitimacy, not to say an undemocratic pattern at all. Concerns about the scarce democratic assessment of the ECB are supported by the opinion that the central bank is timid in releasing information to the public. The ECB argues that only selected information should become available in order to make fundamental information about economic activity accessible. On the opinion of leading scholars on central banking it is redundant to release all information for a twin reason: such scenario entails the dispersal of information, making private agents unable to make an accurate selection among the relevant information; and the publication of economic forecasts can induce private agents to incorporate such data in their expectations, thus creating the conditions for a prospective distortion because agents' expectations can deviate from the observed results (Winkler 2000: 16).

Bearing in mind all these aspects, my inclination is to answer that the ECB is democratically legitimate.

iii) Did EMU deepen the democratic deficit that allegedly affects the European integration process?

The answer is also negative. The main reason is that the EU democratic deficit is questionable. Some authors insist the EU is plagued with several sins affecting its democratic foundations. Such is the case of Weiler (1997: 273). Not so sceptical, Dahl (1999: 20) compares the EU with other international organisations. The latter are characterised by the existence of democratic deficit; hence it is no surprise European integration also possesses some deficiencies in regard with democratic standards. The author's idea is the following one: how can international organisations (and the EU by extension) be criticised if nation-states themselves fail to meet the basic requirements of democratic legitimacy? Moravcsik (2001: 164) adds some more illuminating pieces to this discussion. For him the existing institutional architecture of the EU is democratically legitimate[5], because in the member states those functions assigned to the EU are not subject of citizens' participation and majority decision-making.

Against the democratic deficit argument, others highlight that the EU cannot be assessed by a conventional, state-centric approach to measure how democratic is it. Being so specific, European integration calls for an alternative conception of democratic legitimacy – one embracing output legitimacy, one that pays attention to deliberative democracy.

Moreover it cannot be ignored the fallacy underneath the methodology that uses state-centric concepts for examining the extent to which the EU is scarcely democratic. Firstly, because this methodology is not appropriate – it compares two political organisations that are difficult to be accurately compared (nation-state versus a supranational organisation); then, nation-states themselves are plagued with many deficiencies in what concerns the respect for many of the conventional yardsticks measuring how democratic they are (Mény 2003: 9). Thus, one important question discards these arguments: *if member states show several drawbacks when assessed through the lens of conventional democratic legitimacy, how honest is the same qualification when the analysis shifts towards to the EU?*

If EMU itself cannot be seen as a pillar for undemocratic legitimacy, of course it doesn't produce any harmful effect on the democratic legitimacy of the European integration process. On the contrary, for all the aspects that have been raised throughout this paper, *EMU is seen as a device that feeds a different conception of democratic legitimacy*. If any lesson is to be drawn from the implications of the institutional architecture of monetary union in Europe, is that the monetary authority is shaped in such a way that it lays the foundations for a new conception of democratic legitimacy – focusing on output legitimacy, based ideally on price stability, drawing on the accountability towards the European peoples through the constitutional dimension EMU and the ECB possess.

[5] Although subsequently Moravcsik (2002: 603-624) highlighted the ECB stands outside this line of reasoning, thus portraying the supranational central bank as clearly not democratically legitimate.

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