

The ECB's Evolving Mandate and High Independence: An Undemocratic Mix

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Abstract

After over a decade of crisis, the ECB's functions have expanded considerably. The ECB's activities during the eurozone crisis, new debates on the ECB's role in supporting political goals like the fight against climate change, and its participation in geopolitical stand-offs have overcome the fiction of a technocratic role that can be allocated to an independent institution with few constraints to democracy. We highlight how the ECB's mandate has been (re)interpreted while eschewing the impact of this change on its independence. Drawing on the contributions to this thematic issue, we also argue that the limited legal and political accountability does not match the evolving mandate. In particular, we contrast the voluntary mechanisms of accountability created in the past years and the judicial endorsement of the expansion of the ECB's mandate.

Keywords

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

1. Introduction

In the editorial of this thematic issue (Högenauer & Mendes, 2025), we recalled that authors like Friedman (1962) or Wachtel and Blejer (2020) questioned whether a neat separation of technocratic monetary policy from political fiscal policy would be feasible in the long-term, and especially in times of upheaval. This was the scenario that the eurozone experienced. To face crises that threatened the very existence of the euro, the highly independent ECB moved explicitly beyond its narrow primary mandate (price stability). While the

formal mandate remained unchanged, its interpretation evolved substantially. In this issue, Diessner and Genschel (2025), Quaglia and Verdun (2025), Donnelly (2025), Matos Rosa (2025), and Spielberger (2025) documented the expansion of the mandate to accommodate climate change, emergency measures, the power to act as lender of last resort, and industrial policy. Legally, a decade of unconventional monetary policies and a strategic review aimed at adjusting monetary policy to a different macroeconomic context have sparked multiple discussions on how far such changes could still be aligned with the Treaty on the Functioning of the European Union (TFEU) and what role the law could play in such a change. Politically, the decisions of the ECB have been increasingly polarising as evidenced by protests and an increased presence of ECB-related topics in parliamentary debates (e.g., Högenauer, 2019).

This commentary will thus focus on how the ECB's mandate has been (re)interpreted and on who can control these (re)interpretations. We argue that the lack of political or legal control over the interpretation of the mandate is an untenable problem for the legitimacy of EU monetary policy.

2. The Mandate Creates Limited Constraints

The link between a clearly defined mandate for the central bank (Mersch, 2018) and an independent central bank is nowhere made in the TFEU, but it is a foundation of the constitutional framework of the EMU. It is the translation of the monetarist paradigm of monetary policy that underpinned the design of the EMU in 1992 and provided the justification for the democratic exception of withholding a whole policy area from the realm of democratic politics (de Boer & van 't Klooster, 2020). Independence was accepted as a condition of price stability. The Court acknowledged this relative character of independence (*European Commission of the European Communities v. European Central Bank*, 2003, para. 134; *Gauweiler and Others v. Deutscher Bundestag*, 2015, para. 40). Lawyers and central bankers have invoked it to justify the different institutional arrangements of the ECB's independence in monetary policy and banking supervision (Ioannidis, 2020; Mersch, 2018). But this relative character of independence runs deeper: an expansion of the meaning of price stability—or an expansion of the mandate of the ECB through a different articulation between price stability and its secondary mandate—requires reconsidering the very meaning of independence.

That relative character of independence was largely sidestepped as judges and lawyers were coming to terms with the expansion of the ECB's mandate. First, the CJEU supported the expansion of the very notion of price stability in a way that was oblivious of that link (*Gauweiler and Others v. Deutscher Bundestag*, 2015) and maintained it in a very different political-economic context of non-crisis (*Weiss and Others*, 2018). Secondly, the ECB has understood its competence “to define and implement the monetary policy of the Union” (TFEU, 2007, Article 127(2)) as entailing not only the definition of the objective that it must achieve independently from any other authority but also the need to “cater for other considerations relevant to the pursuit of price stability” (ECB, 2021). The ECB's strategy review famously laid the foundation for the ECB to become an actor in the Union's climate change policies. In both cases, legal techniques of interpretation supported the process whereby the ECB decided independently on the very terms of its mandate.

The evolution just sketched foregrounded the distinction between the ECB's primary and secondary mandate. In the ECB's 2021 Strategic Review, the ECB also made a fundamental political choice: the Eurosystem was to “fully [take into] account the implications of climate change and the carbon transition for monetary policy and central banking” (ECB, 2021, p. 13). The greening of monetary policy was understood

to fall under the primary mandate of price stability (Höflmayr, 2021, p. 4). It signified a shift from a previously claimed “market neutrality” to a commitment to intervene to transform the economy. This choice raises a fundamental question: What can be accommodated within the primary mandate of price stability as opposed to the secondary mandate of actions supportive of the economic policies of the member states (TFEU, 2007, Article 127(2))? This distinction is fundamental: it is generally held that only the action of the ECB that falls under its secondary mandate requires political coordination of the ECB’s action with other EU institutions (de Boer & van ‘t Klooster, 2022; Zilioli & Ioannidis, 2022), though coordination should also accompany the primary mandate (de Boer & van ‘t Klooster, 2020). The scope and degree of political accountability depend then on whether a decision falls under the primary objective.

The Court has provided an answer to that question: any actions that are *intended* to preserve the transmission mechanism (the singleness and effectiveness of monetary policy) fall under the primary mandate of the ECB (*Gauweiler and Others v. Deutscher Bundestag*, 2015, para 50). If the ECB demonstrates that link, any considerations it includes in its monetary policy measures are regarded as part of its price stability mandate with only “indirect effects” in other policy fields (*Gauweiler and Others v. Deutscher Bundestag*, 2015, para 52; *Weiss and Others*, 2018, para. 61). This interpretation can accommodate both a monetarist interpretation of price stability that prevailed in the first decade of the ECB (de Boer & van ‘t Klooster, 2020) and the conclusion that “green” monetary policy is still a monetary policy that can be pursued both as part of the ECB’s primary mandate and of its secondary mandate, in abidance to the principles of conferral and of institutional balance (Zilioli & Ioannidis, 2022).

Thus, the law provides the means for a self-standing interpretation by the ECB of the boundaries of its primary mandate of price stability. Because of the specific EMU circumstances that we have already alluded to (Högenauer & Mendes, 2025), the pressure that political institutions can then exert to push for coordination is very little.

It follows from the above that the possible limits to how the ECB can lawfully exercise its powers are delimited by what the ECB can plausibly invoke and justify as pertaining to price stability, not by the norm of Article 127(1) TFEU. If, like any other public body, the actions of the ECB are also subject to judicial review, the ability of the courts to weigh in on the ECB’s interpretation of its mandate is very limited.

3. The Limited Legal Accountability of the ECB

Much has been said regarding the suitable degree of judicial review over monetary policy decisions (e.g., Goldmann, 2014; Wendel, 2014, 2021), in particular following the unprecedented clash in the case of *Weiss* that led the German Constitutional Court to consider the judgment of the CJEU *ultra vires* (Dawson & Bobić, 2019; van der Sluis, 2019). No matter where one would stand in the debate before August 2020—the deadline by which the Bundestag considered itself satisfied with the explanations that the ECB gave—it is a fact that the intense judicial scrutiny that the German Constitutional Court applied, following a demanding application of the principle of proportionality, did not result in any substantive constraint to the action of the ECB. Its Public Sector Purchase Programme continued unscathed by the legal polemic, irrespective of possible heightened justifications of proportionality that may have ensued.

Legal accountability, including all three aspects of accountability to the law (to legal norms and standards), accountability through law (e.g., through courts), and accountability of law (i.e., the accountability of legal institutions to the public and each other) were at the heart of Dawson and Bobić's article in this thematic issue (Dawson & Bobić, 2025). They come to the damning conclusion that, in the realm of monetary policy, there is only limited evidence that legal standards meaningfully structure ECB activity (given the long history of re-interpretations), that judicial intervention improved political accountability or that the judicial dialogue contributed to the accountability of the courts themselves. Dermine and Markakis's (2025) analysis shows another important layer of this weak accountability: the ECB is one pillar of the European System of Central Banks, whose current centralisation can insulate national central banks from domestic accountability. Weaker accountability at the national level aggravates then the absence of strong accountability mechanisms at the European level.

4. The Marginalisation of Political Institutions

As the role of the ECB expanded, its goals—financial stability, the stability of the eurozone, the stabilisation of individual member states, the pursuit of green policies, and a more active geopolitical role—have deep political implications (e.g., Högenauer & Howarth, 2019; Weber & Forschner, 2014). However, the ECB's accountability to political institutions has not evolved to the same extent and contains too much of a voluntary element.

Beukers pointed out the undesirable lack of *formal (institutionalised)* instruments of political coordination (Beukers, 2013, pp. 1581–1582). Mersch (2018) also called for a dialogue between the ECB and elected institutions, echoing that independence cannot exist in a vacuum. Monetary policy and fiscal policy interact, and effective policies thus require a certain common understanding of treasuries and central banks. However, the treaties foresee almost no coordination—and little accountability to political institutions—beyond the fact that the ECB should support the general goals of the eurozone.

The ECB is required to report every two years on the completion of the eurozone. In addition, the president of the Council and a member of the Commission may participate in meetings of the Governing Council, but without voting rights (TFEU, 2007, Art. 284). The Council can submit a motion for deliberation to the Governing Council. The Council can invite the president of the ECB to relevant Council meetings. Finally, the ECB has to provide an annual report on the functioning of the European System of Central Banks and monetary policy to the European Parliament, the Council, and the Commission. The president of the ECB presents this report to the Council and the European Parliament, and members of the Executive Board can be invited to European Parliament hearings. However, the ECB is not obliged to take the comments of these institutions on board and these institutions have no powers to sanction the ECB. Formal political accountability remains low.

Nevertheless, the ECB has voluntarily agreed to interact with the European Parliament more than required, and it is also answering written questions. It also occasionally visits national parliaments, and it communicates with the general public through press conferences, the Economic Bulletin, weekly financial statements, the monetary accounts of Governing Council discussions and speeches, interviews, etc. Most recently, it has engaged in listening exercises where it allows citizens to express their concerns. While Heldt and Müller (2021) emphasise the improvements to the accountability structure, and Petit (2019) believes that the treaty framework is flexible enough to accommodate sufficient accountability in the future, Dawson

and Bobić (2019) argue that the ECB is mainly accountable in procedural terms, but that there is almost no accountability in substantive terms. However, Kreppel and Tomasi (2025) noted a gradual change in attitudes, whereby MEPs increasingly ask *why* certain decisions have been taken instead of just asking for a summary of *what* decisions have been taken. Thus, they do pressure the ECB more on substance. Still, political accountability ultimately remains very soft. Argyroulis and Vagdoutis (2025) and Vermeiren (2025) similarly find that the communication and legitimisation strategies of the ECB have not kept up with its expanding powers, especially with powers that move into more politicised areas. De Haan (2025) criticises the level of accuracy of forward guidance and its potential impact on trust.

As long as the ECB aligns itself with political priorities, it may not seem problematic that the ECB works with a reinterpreted mandate that has been sanctioned by the ECJ but that has never been democratically sanctioned (van 't Klooster, 2018). Indeed, Vermeiren (2025), Quaglia and Verdun (2025), Diessner and Genschel (2025), and Donnelly (2025) agree that the interpretation of the ECB's mandate and its expanding toolkit generally reflected the political mood. However, as the list of areas of ECB activity grows, there is potential for clashes between different goals of the ECB and between the ECB and political institutions. As Issing (2021) muses: would an approach to climate change through the lens of price stability not also require the ECB to assess the inflationary effects of (legislative) climate policies, e.g., to neutralise the inflationary effects of carbon taxes? In addition, Donnelly (2025) provides several examples where the ECB did not follow political guidelines or priorities. Political priorities can also change: the 2024 European Parliament elections—and recent national elections in Europe—show that the enthusiasm for green policies is ebbing.

Several of the thematic issue articles (e.g., Diessner & Genschel, 2025; Donnelly, 2025; Quaglia & Verdun, 2025) argue that the ECB's broader mandate and toolkit allow it to adopt solutions that have output legitimacy, i.e., that address an objective need. However, the notion of output legitimacy is problematic: as discussed in the editorial (Högenauer & Mendes, 2025), a monetary policy decision usually produces effects that are beneficial to some and harmful to others. Who decides which output is legitimate? When the ECB sets targets based on a reinterpretation of its mandate, the question of what constitutes output legitimacy becomes even more blurred. Rehm and Ulrich (2025) provide key insights into the complexity of output legitimacy: they find that the ECB's performance in terms of price stability is not very relevant for public trust. The analysis of the years 1999–2023 shows that trust for all EU institutions is closely related and that the public wants them to collectively deliver low unemployment, but also low debt. From that perspective, the performance of the ECB during the crisis years is mixed, as it tried to support the economy by warding off the risk of deflation, but also created a more permissive environment for high public debt.

5. Conclusion

Underlying the key questions of the thematic issue (on the ECB's evolving mandate, its accountability, and legitimacy) was the compatibility of broad mandates composed of multiple objectives with a high degree of central bank independence, and the extent to which central banks can build priorities into monetary policy that should arguably be politically defined (e.g., on environmental policy, social inequality, etc.). The *de facto* transformation in central bank independence and the voluntary initiatives for more accountability can hardly replace formal treaty change. A key problem is the fact that both the mandate, on the one hand, and central bank independence concerning political interactions, on the other, have evolved—but the nature of their evolution is fundamentally different. Central bank independence has evolved informally. The ECB *voluntarily*

interacts more with the public and political institutions, and it *voluntarily* aligns itself with political priorities. By contrast, the evolution of the mandate was vindicated by the Court of Justice. The ECB has gained the power to define its mandate very broadly to include a range of different objectives—as long as it can couch its actions as required to secure the monetary policy transmission mechanism. In addition, price stability can now be interpreted as potentially encompassing any policy that has an impact on price stability. The combination of these changes means that the ECB is today an institution that is legally and politically more powerful, but only voluntarily more accountable and politically responsive. Addressing this imbalance would require a fundamental revision of the EU treaties, which is not forthcoming.

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Conflict of Interests

The authors declare no conflict of interests.

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