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Bringing Independence and Accountability Together: Mission Impossible for the European Central Bank?

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ABSTRACT
The European Central Bank's (ECB) role as a political actor during the euro crisis raised concerns about its independence and insufficient accountability. Against this backdrop, the article investigates how and why the ECB reacted to demands for more accountability during and following the crisis. To this end, we revisit the independence-accountability nexus, adding three qualifications to the conventional wisdom that independence and accountability do not go together. First, recurring to the governor's dilemma, we argue that a delegation relationship characterized by a high level of independence favours competence over controllability. Second, we open the black box of accountability by investigating the extent to which the ECB made the strategic choice to improve selected accountability dimensions. Third, against the commonsensical view that ECB accountability mechanisms are underdeveloped, this piece shows that certain accountability dimensions have been continuously improved to defend independence. The findings contribute to the literature on accountability and the causes and consequences of delegating power to supranational institutions.

KEYWORDS
European Central Bank; accountability; governor's dilemma; controllability; independence

Introduction

When the Economic and Monetary Union (EMU) was established, a wide literature addressed the question of incompleteness and its imperfect design (Verdun 1998; Buiter 1999). There was a lively debate on the role of the European Central Bank (ECB) in EMU, particularly around questions of independence and accountability (De Haan and Eijffinger 2000). The participation of the ECB in the troika marks another peak in this debate. With the onset of the euro crisis, the question was whether EU member states would take the lead and fill the void left by the EMU architects to perform 'flanking' policies. However, from 2008 onwards, it became clearer with every passing year that member states would not be filling the gap, or at least not fast enough – given the speed with which the crisis was unfolding, and that the only supranational actor that could act fast at the EU level with sufficient instruments to save the common currency was the ECB. The other supranational actor (the European Commission) lacked the resources (funds) to act as a European Treasury. Thus, it was left to the ECB to exercise political leadership

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(Verdun 2017), taking on the 'dirty work' for euro area governments (Mabbett and Schelkle 2019) by providing liquidity support via its balance sheets instead of governmental sheets (Braun 2016) – especially in the troika constellation. We define *ECB political leadership* as the ability of the central bank to take the lead in fighting the sovereign debt crisis and in persuading a majority of stakeholders to support the proposed strategies.

This new role of the ECB triggered not only a legal dispute involving the German Federal Constitutional Court and the European Court of Justice (ECJ) but also massive public criticism and raised concerns about the ECB's independence, accountability, and legitimacy (Braun 2018; Jones and Matthijs 2019). Contestation reached its climax in April 2015, when a protester wearing a t-shirt emblazoned with the slogan 'End ECB 'dicktatorship' stormed a press conference held by ECB president Mario Draghi and threw confetti at him. 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. Several students of European integration have investigated the challenges related to accountability in multi-level governance (Bovens 2010; Curtin, Mair, and Papadopoulos 2010; Hood 2010). Most of these studies, however, equate accountability with transparency (Braun 2018; Heldt and Herzog 2021).

We contribute to this literature by adding a new research question: *how* and *why* the ECB reacted to demands for more accountability. This is related to the question of whether the ECB response was a strategic choice or an obligation. While the debates on the ECB's independence and accountability are not new, the shift in the perception of the central bank as a political (rather than technical) actor was at the core of criticism since the euro crisis. Against this backdrop, we use a multifaceted concept of accountability to show how and why the ECB made the strategic choice to improve selected accountability dimensions. We define *accountability* as a relationship between supranational institutions and accountability holders, which involves mechanisms to inform, pass judgment, and eventually the ability of accountability holders to impose consequences – if accountability givers fail to respect (or to fulfil) their mandates. Our argument is threefold. *First*, recurring to the governor's dilemma, we argue that a specified delegation relationship characterized by a high level of independence favors competence over controllability (Abbott et al. 2020; Heldt and Mueller 2021). *Second*, we open the black box of accountability in investigating the extent to which the ECB used different accountability dimensions – transparency, controllability, liability, responsibility, and responsiveness – during the euro area crisis. Even though ECB activities include defining and carrying out monetary policy, financial macro-prudential oversight, micro-prudential bank supervision, as well as participating in troika/financial assistance programs, this study examines only its role in the troika context. *Third*, against the conventional wisdom that ECB accountability mechanisms are underdeveloped, we show that certain accountability dimensions have been continuously improved to defend independence. We hence contribute to the literature in three ways. First, we conceptualize and operationalize accountability. Second, we draw on a range of empirical sources to capture the accountability of the ECB in practice – such as documents from the ECB, treaties, court documents, statutes of the ECB, European Parliament (EP), national parliaments, and from civil society organizations (e.g. Transparency International) – as well as information available on the ECB website. Third, and more broadly, we contribute to the growing body of literature that seeks to explain the accountability of the ECB during the euro area crisis (Howarth and Quaglia 2016; Braun 2017; Lombardi and Moschella 2015; De Haan and Eijfinger 2000).

This article proceeds as follows. In the first section, we examine different logics of accountability in European governance. We go on to investigate the implications of existing accountability mechanisms in terms of enabling the ECB to keep its independence in a politicized context characterized by ambivalent demands from its beneficiaries (member states, citizens, and markets). In the third section, we then use our multifaceted concept of accountability to analyse the ECB's role within the troika. We conclude by considering the consequences of the transformation on ECB accountability practices.

Logics of accountability in delegation relations

The empowerment of European institutions over the past decades raised concerns about their democratic deficit and lack of accountability (Moravcsik 2002; Olsen 2017; Heldt and Mueller 2021). The intrusiveness of supranational organizations has since led to a number of legitimacy crises and to discussion about their governance structure, in particular on whom they are accountable to and what for (Bovens 2010, 2007; Olsen 2017; Heldt 2018). The discussion about the democratic deficit of the EMU goes back to the end of the 1990s (Verdun 1998) and has been refuelled by the euro area crisis and the demands for more accountable European institutions.

In classical delegation relations, states are mainly concerned with not losing control of their agents (Hawkins et al. 2006; Heldt 2021; Conceição-Heldt 2013). By contrast, the delegation of power to central banks, characterized by a high degree of specialization, is characterized by extensive discretion. By choosing a delegation design with few *ex ante* control mechanisms, principals explicitly opted for competence transfer linked with a high degree of independence in detriment of accountability mechanisms (see also Abbott et al. 2020). Competent central banking is, of course, more than just independence: it also requires mechanisms to select the most competent people for the job. Independence by design means that central bankers will be insulated from political pressure for the duration of their mandate. Member states intentionally designed a highly independent central bank with weakly developed accountability mechanisms to protect the bank's reputation (Heldt and Mueller 2021). The accountability vs. independence debate is particularly acute in the case of central banks because of its likely impact on monetary stability. The point of an independent central bank is not just to let competent central bankers work their magic, it is also to assure investors, who want their investments not to be reduced by inflation, that monetary policy will not serve any public spending spree to make the incumbent government look good at the next elections. Central banks were not always independent and the shift to 'free' them from political influence was historically grounded in the rise of post -WW2 Germany, and its Deutsche Mark, as the anchor of monetary policy (Brunnenmeier 2016). Governments have chosen an independent delegation design to gain credibility for and control over monetary policy. This went back to the German experience of inflation between the two world wars, leading to a general consensus that central banks provide effective monetary policy in the long term if they are independent from politics. Hence, rather than leveraging short term labour-inflation trade-offs, most central banks are free to act within the mandate of maintaining price stability. This embeddedness in the post-WW2 context helps us to better understand why monetary stability has become a mantra in Europe to the point that it is the only mandate of the highly independent ECB.[1] But what happens when central banks resort to political action in emergency situations and there are demands from different stakeholders (parliaments, citizens) for more accountability? How does the ECB react to these demands without putting at risk its independence and the trust of markets in its reputation? To address this question, we will draw on delegation, accountability, and the governor's dilemma literature (Hawkins et al. 2006; Koppell 2010; Abbott et al. 2020; Heldt 2017). To understand the interplay between independence and accountability, we adapt the accountability components originally developed by Koppell (2010) to study the ECB. This allows us to map patterns of accountability, link them to independence, and thus explain how the ECB addressed concerns about accountability in the troika context.

Conceptualization of accountability and its different dimensions

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 and to the power to override of the principal, in case of dissatisfaction with the performance of the agent (see also Bovens 2007). 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 it 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 providing legitimacy and evaluating the performance of the agent. Accountability as a social mechanism, by contrast, concerns 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). However, in the case of central banks, sanctions are practically non-existent.

This piece contributes to the debate in using accountability as a normative concept with five core properties that apply to the ECB as an actor. Even though these dimensions are broad and not mutually exclusive, they help underpin accountability in all its aspects and assess whether the ECB has complied with these standards. There is some tension between the five but transparency is a central property in maintaining organizational legitimacy. It ensures compliance with requirements and bolsters the perception that governance and decision-making within the ECB are consistent with declared standards (Grigorescu 2007). We expect that if at least three of the five accountability dimensions – e.g. transparency, controllability, and liability – are weakly developed, concern about output legitimacy (the technocratic legitimacy of the central bank) will arise. By extending the model of accountability originally developed by Koppell (2010) to the study of central banks, we demonstrate that these five analytical categories need to be adapted to this new context (Collier and Mahon 1993; Sartori 1970). Independence of central banks by design means not only a trade-off between accountability and independence but also between controllability and monetary stability. We recur to delegation literature in adapting these categories to the European context. This section ends with a brief discussion of different types of legitimacy and its implications in terms of accountability.

Transparency

Transparency is the most developed type and a vital property of accountability. A number of scholars even equate transparency with accountability (Curtin 2017; Braun 2017; Heldt and Herzog 2021; Heldt 2021). Transparency conveys the idea of accountable supranational institutions that have to explain or justify their actions to accountability holders. This means in practice that organizations are reviewed and questioned on a regular basis. Transparent supranational institutions grant access to different stakeholders interested in their work. Transparency requires the presentation of truthful information to member states 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). Transparency of the ECB actions basically means that the ECB explains and motivates its policies referring to its primary mandate of price stability.

When a supranational institution is characterized by low transparency, meaning that the public has only minimal access to information on the actions of the institution, this might raise concerns about its secrecy and limited accountability. This makes it necessary to have at least some control mechanisms to assess the performance of institutions and to find out whether they are acting in a way intended by their principals.

Controllability

Controllability goes back to the literature on delegation. The monitoring of supranational institutions is crucial in the delegation relationship with extensive control mechanisms (Hawkins et al. 2006; Da Conceição-Heldt 2013). The delegation of power to central banks has the peculiarity that for member states controlling central bankers is not an issue of central concern. Power-wielders are expected to act independently of single member states, and one duty of independent central bankers is to avoid enacting the will of those who empower them (Alter 2008). In the event of dissatisfaction with the performance of the ECB, however, member states lack the tools to regain control of their empowered central bankers. As underlined by the governor's dilemma approach, when delegating power to central banks, member states face a trade-off between competence and control. Member states can maximize either competence or control, but not both. Competent central bankers are difficult to control because their superior expertise and knowledge gives them leverage over member states. Control by member states impedes bankers' competence by constraining the exercise of their capabilities. The dilemma is that if member states emphasize control, they limit the ECB's competence and discretion and risk policy failure. By contrast, if member states emphasize competence, this can provide opportunistic central bankers with freedom to manoeuvre and risk control failure (see also Abbott et al. 2020). Unlike most other central banks, principals have no means to interfere if they are dissatisfied with the ECB's performance in fulfilling its mandate. In the case of the ECB, a treaty change is required, which makes it almost impossible for politicians to intervene.

Liability

The liability dimension 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 because 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. 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, increased or diminished discretion in the fulfilment of a mandate (Koppell 2010). The central question in assessing the liability dimension of accountability is namely whether an organization as a whole faces consequences for its poor performance. 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 there has been increasing emphasis on central bank transparency in recent years (Best 2016). In some countries, the governor of the central bank can be removed if the mandate is not fulfilled. That is practically impossible in the case of the ECB.

Responsibility

The responsibility dimension is linked to the question whether supranational institutions follow the rules and act in accordance with their mandate. Responsibility can include formal and informal professional standards and behavioural norms (Koppell 2010). The diffusion of responsibility gaps in cases of concerted action suggests that shared responsibility within organizations makes it difficult to trace who is responsible for what. This has to do with the 'problem of many hands', notably the more actors are involved in a process, the more difficult it is to assign responsibility to a single individual within an organization.

Responsibility is a political concept that expresses responsibility to fulfil a given mandate. When supranational institutions fail to do so, scholars refer to 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 agents act in a way unintended by their principals (Da Conceição-Heldt 2013). In the case of central banks, it is difficult to assess whether agency slack has occurred. This is particularly true when member states widely disagree on whether the central bank has simply used its discretion to fulfil its mandate or agency slack has occurred (Hawkins et al. 2006).

In this piece, we complement the delegation literature by looking at the positive side of giving central bankers a wide range of discretion to interpret and widen their mandates. This is more in line with the governor's dilemma and the trade-off between transferring competences to central banks and controlling their action *ex post* (Abbott et al. 2020). The discussion on ECB responsibility was fueled in the 1990s, when Issing (1999) answering to the criticism of Buiter (1999) related to the ECB's lack of accountability underlined that unlike the Bank of England, the ECB Governing Council has a collective responsibility. This distinction is important as it has implications for transparency and for the extent to which individual Governing Council members can be held accountable.

Responsiveness

In addition to the rather hierarchical controllability dimension of accountability, the responsiveness of supranational institutions 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 soliciting input through key constituent groups (Koppell 2010). While responsibility-type accountability elicits attention to normative demands, in the sense that supranational institutions must abide by process rules and remain neutral, disinterested parties 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 is about whether the organization fulfils the expectations of principals. In this way, the responsiveness of an organization is more horizontal and does not require centralized oversight mechanisms.

How do these five dimensions of accountability relate to one another? 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, since they are focused merely on satisfying principals and beneficiaries. A clear distinction between dimensions helps us to evaluate the level of the ECB's accountability. In practice, some components overlap, and the central bank is 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 without putting its independence at risk is a difficult balance act and can even turn into a mission impossible. This raises the question of how the accountability of central banks relates to their legitimacy.

Legitimacy and accountability

Legitimacy can be defined as the 'belief in the use of appropriate principles and procedures for preparing, making, implementing, and enforcing decisions' (Olsen 2017). Translating this into monetary policy means that fostering greater deliberation and debate can make central banks more responsive to the publics they most affect, and also that developing broader and more inclusive objectives will help increase accountability and the broader legitimacy of central banks. Similarly, when more transparency, controllability, and responsiveness are demanded, this is an indicator for the limits of popular acceptance or support (Olsen 2017). EU governance literature makes a distinction between input and output legitimacy. Whilst democratic or input legitimacy refers to democratic procedures and participation in decision-making processes, output (or technocratic) legitimacy refers to the ability of supranational institutions to deliver effective outcomes (Scharpf 1999; Schmidt 2008). In the case of the ECB, it could be argued that insulation from the public may be justifiable if the ECB ultimately produces significantly better outcomes than policies generated through more democratically accountable processes. In general, the specificities of the ECB create tension between the demands of input and output legitimacy as well as between the controllability, responsibility, and responsiveness dimensions of accountability.

ECB accountability dimensions

This section introduces the accountability dimensions of the ECB. We illustrate our claim that the ECB emerged from its troika commitment more powerful and more accountable. In addition, we show that increased accountability was a strategic choice by the central bank to protect its reputation and independence and to regain its technocratic legitimacy. To make sure, the description of ECB accountability is not exhaustive, we highlight selected troika-related episodes to exemplify how these five accountability dimensions 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 case of the troika is particularly interesting because the new political action of the ECB has been extensively criticised and branded 'undemocratic' (Chopra, Gros, and Whelan 2016, 4) raising demands for more accountability, in particular from the EP and national parliaments.

The origins of an accountable ECB

When member states decided to create the ECB, they delegated power to an independent supranational institution with the goal of insulating it from political pressure (Majone 2001). Accordingly, the Maastricht Treaty (now Lisbon Treaty, Article 111) and the Statute of the ECB provide the central bank with high operational independence. Member states or European institutions were to 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.

With regard to the dimension of transparency, 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 2018c). In doing so, 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 actions 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 2018a). Moreover, the ECB provides a weekly schedule of public speaking engagements and other activities of Executive Board members. The ECB 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. Two of the most developed interactions between the ECB and non-experts are its press conferences and the annual forum on central banking in Sintra with central bank governors, academics, high-level financial market representatives, and journalists (European Central Bank 2019).

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 favoured independence in detriment of extensive control mechanisms. The Statute underlines that only the ECJ 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).

In terms of liability, 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). In the event of suspected maladministration or serious misconduct, the European Ombudsman may open an investigation on its behalf or, following a complaint by a European citizen, to clarify allegations. Furthermore, the court can remove members of the Executive Board or the Governing Council of the ECB in the event of serious misconduct (Article 11.4 Statute).

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 ECJ 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. In the sessions of the Committee on Economic and Monetary Affairs, the EP holds quarterly monetary dialogues with members of the ECB's Executive Board, in which they answer questions on the ECB's reasoning and decision taking (European Central Bank 2018a). By holding press conferences or 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.

This section outlined *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 agents giving account of their activities and outcomes; it also requires those to whom account is given (principals, beneficiaries, stakeholders) to be able to monitor the action of their agents, in the sense that principals must have enough information to be able to judge agent's performance. This means that a clear delegation mandate and the completest possible information about the activities of agents are a *conditio sine qua non* for accountability. However, as we show above, there is a trade-off between independence and accountability of central banks. This raises the fundamental question of whether shortcomings in national financial and economic policies justify intervention by non-majoritarian institutions.

In the next section, we turn to accountability in action during the euro area crisis to illustrate how the ECB navigated between independence and accountability and responded to different types of audiences in a way that enabled it to emerge from the euro area crisis as a more accountable supranational institution.

Accountable to whom and what for in the troika constellation

In the troika constellation, which also included the European Commission (henceforth, the Commission) and the International Monetary Fund (IMF), the ECB was responsible for negotiating and reviewing financial assistance programmes for crisis-hit countries. Acting in liaison with the Commission, the ECB's task was to provide advice and expertise (European Parliament 2014a).

With respect to transparency, the troika published reports and statements in the course of negotiations evaluating 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). These documents were 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, Sapir, and Wolff 2013, 3,25).

Members of the Executive Board of the ECB were responsive to the EP. However, members of the EP missed transparency in ECB 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). This led the EP to launch an inquiry, to issue a report investigating the role and operations of the troika and recommending the ECB to 'conduct and publish ex-post evaluations' (European Parliament 2014b, 23) of its troika actions. The ECB, however, simply ignored these demands.

With regard to controllability, the ECB was accountable to the European Council and the ECB Executive Board. In addition, the ECB was accountable to the EP, to the Commission and informally to the public. The controllability dimension consisted in regular reports by ECB staff to the Executive Board and the Governing Council (European Parliament 2014a). These police-patrol control forums exercised regular administrative scrutiny, but on the whole the ECB had broad discretion during the sovereign debt crisis (see also Braun 2017). *De jure* controllability of the ECB 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). The announcement can be seen as part of the troika involvement to shield governments, especially the programme countries, from financial market pressure. Following this historical statement, the ECB decided to launch the outright monetary transactions (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 yet to be used, its legality has already been examined by the ECJ. In light of another bond buying programme, the German Federal Constitutional Court recently called on the ECB to provide a comprehensible explanation of the proportionality between the monetary policy objective of price stability and the economic policy effects of such purchase programmes. Accordingly, the ECB has submitted a proportionality assessment to the German Bundestag, and the parliament has decided that the requirements of the court's ruling are thus deemed to be fulfilled. This legal dispute reveals that the ECB has slipped into a conflict of competence between the Federal Constitutional Court and the ECJ and now tries to better explain its actions to the public. However, the Advocate General Pedro Cruz Villalón (Court of Justice of the European Union 2015) fuelled the debate, pointing to a possible end of the troika with the remark that the ECB had no economic policy competence and should therefore 'refrain from any direct involvement in the financial assistance programme'.

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 central bank independence led to limited controllability of the ECB in the troika constellation. 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, ECB officials met representatives of national parliaments on an *ad hoc* basis in all programme countries (European Parliament 2014a).

In terms of liability, the European troika showed that the central bank is subject to public scrutiny, which can have implications for its authority. The ECB might have increased its power, saved the common currency and kept the euro area together. However, some scholars consider that the ECB's political action undermined its authority and questioned its technocratic legitimacy. For example, Brunnermeier, James, and Landau (2016, 372) attested the central bank 'significant collateral damage' and characterized it as the 'tragic hero' of the euro crisis. Citizens of crisis-affected member states see the troika as bureaucrats in dark suits that impose austerity programmes without input (or democratic) legitimacy. Other scholars, by contrast, consider that the ECB provided the necessary political leadership during the crisis and thus saved the euro (Verdun 2017).

On the responsibility side, member states of the euro area explicitly demanded involvement of the ECB in the troika because they trusted in its epistemic expertise (Pisani-Ferry, Sapir, and Wolff 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 the continuation of aid to the four countries under the financial assistance programmes (European Parliament 2014a). According to Chopra (2015, 19), the formulation 'in liaison' was a 'fiction' and 'a myth' as the ECB exercised 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, created a 'potential conflict of interest' for the central bank in terms of independence and accountability (Chopra 2015, 17). The perception that emergency liquidity assistance decisions were not made on their own merits, but to get programmes comply with troika demands or to threaten non-programme countries, such as Italy in the case of the confidential letter from Trichet and Draghi, increased the politicization of ECB's actions. When the EP asked the ECB about these letters, the bank responded vaguely by stating that 'the ECB decides on its monetary policy in full independence [and] provides its view on economic and monetary developments' (European Parliament 2014a, 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 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 2014a, 6). Finance ministers, however, prioritized the stability of the currency and trusted the epistemic authority of the ECB to solve the crisis (Van Rompuy 2012). 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 2014a, 10). A report by the EP considered the role of the ECB corresponded to the one of 'silent observer' (European Parliament 2014b, 26).

Even though the ECB repeatedly resisted to being accountable to national parliaments, 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 to increase the acceptance of the bank's actions and to restore its technocratic (or output) legitimacy.

In the troika constellation, the ECB reported regularly to other supranational organizations, informed its peer counterparts and the public in press statements on the state of implementation of the financial assistance programmes. In contrast to Curtin (2017, 42), who considers that the ECB was 'more in control than under effective control', we find a more nuanced role of the ECB. Although the ECB uses its independence to refuse calls for more liability or controllability, the wave of criticism about its perceived limited accountability during the troika had an effect. We see intact control through the given mechanisms as well as substantial efforts by the ECB to increase its transparency and responsiveness over and beyond the central bank's independent mandate. Additional public accountability mechanisms include a new section on the ECB website about accountability issues[2] and the establishment of a so-called youth dialogue initiative, where the ECB president or other executive members answer questions sent in on Twitter and Facebook to increase the bank's responsiveness to non-experts.[3] This new form of digital accountability has been promoted as an opportunity to speak directly to ECB officials regarding monetary policy and other timely issues. In the past, a broad range of topics have been discussed, such as the role of cryptocurrencies and blockchain in the future and clear communication as a key component of modern central banks (European Central Bank 2018b). Finally, the ECB's new president, Christine Lagarde, has decided to strengthen the transparency efforts of the bank. One of the most important initiatives so far has been the creation of new portal, the 'ECB Listen Portal', in which citizens, by participating in a survey, can have a say in the ECB's strategy review with the aim of increasing the transparency of decision-making processes.[4] Even though some of these accountability mechanisms are rather 'window dressing', they are part of the ECB's strategy to protect its independence by signaling to the public that the central bank is willing to open up and become a more accountable central bank responding to the concerns of its principals and public audiences.

Conclusion

The new political role of the ECB in the troika raised concerns about its independence and accountability of its actions. Against this backdrop, this piece has revisited the independence-accountability nexus by opening the black box of accountability. Hence, we have examined how the different components of accountability (transparency, liability, controllability, responsibility, and responsiveness) were used in theory and practice by the central bank.

Like recent studies on the politicization of EU institutions (Diessner and Lisi 2020; Tesche 2019; Moschella, Pinto, and Diodati 2020) and on the transformation on ECB accountability practices, this study makes the modest claim that there is a trade-off between independence and accountability. Even though the ECB's delegation design is characterized by a high level of independence favoring competence over accountability, in this piece we give a more nuanced perspective on how the ECB maneuvered in an extreme set of circumstances and emerged from the euro area crisis as a more accountable actor.[5] The ECB acted as a 'controlled agent' embedded in a corset of accountability mechanisms, illustrated by the ECJ ruling. At the same time, the ECB has voluntarily increased certain accountability dimensions, e.g. the central bank strengthened its responsiveness by engaging and communicating more extensively with the public and outlining its policy decisions to national parliaments. This signals to constituents that the ECB is willing to become a more accountable institution. However, calls for more controllability and liability were dismissed with reference to its independence. The strategic choice for more selective accountability aimed at defending and strengthening its independence – which had been questioned with the shift in perception of the central bank as a political actor during the euro crisis in general and in the troika context in particular. The fact that some of the new accountability mechanisms look like more window dressing designed to increase acceptance for its monetary decisions, the ECB should continue its efforts toward becoming a more responsible and liable institution. This is crucial for the ECB if it is to regain lost technocratic legitimacy and increase public acceptance after its role as a political actor since the euro crisis.

Notes

1. We thank an anonymous reviewer for drawing our attention to this point.
2. See https://www.ecb.europa.eu/ecb/orga/accountability/html/index.en.html (accessed December 27th, 2019).
3. https://www.ecb.europa.eu/ecb/educational/youth-initiatives/ecb-youth-dialogue/html/index.en.html (accessed December 27th, 2019).
4. See https://www.ecb.europa.eu/home/search/review/html/form.en.html (accessed May 1st, 2020).
5. We thank Kenneth Abbott for pushing us in this direction.

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