

## Index

- accountability, 28, 51, 90, 98, 116, 123, 223, 236, 255, 270–271, 279, 297  
 ad hoc measures, 2, 129, 133  
 adjustment programmes, 157, 159, 175, 178, 253, 289  
 Advocate General, 160, 213  
 allotment  
     fixed, 131  
     full, 131, 133–134, 241  
 Annual Report, 116, 223  
 asset price boom, 33, 52, 149  
 Asset Purchase Programme, APP, 197, 242, 245  
 asset-backed security (ABS), 146, 242  
 assumptions, 29, 45, 91, 266, 273, 277  
 asymmetric shocks, 124, 290  
  
 bailout, 80, 151–152, 154–155, 174  
 balance sheet channel, 167  
 Banca d'Italia, 13, 218  
 Bank for International Settlements (BIS), 115, 216  
 Bank of Canada, 133  
 Bank of England (BoE), 30, 123, 149, 202, 243, 246, 286  
 Bank of Japan, 110, 123, 203  
 banking crisis, 130, 151, 201  
 banking supervision, 28, 52, 76, 100, 206, 217, 224, 262, 272, 300  
 banknotes, 30–31, 33, 104, 113  
 Banque de France, 13  
 benchmark bond, 167–168, 199, 210  
 Bernanke, Ben, 200  
 bond spread, 151–152, 164, 166, 168, 178, 183  
 borrowing cost, 149, 207  
 Böhm, Franz, 15–16, 18  
 breakup  
     of the euro area, 144–145, 169, 176, 180, 183, 191, 213  
 Bretton Woods system, 23, 27, 59, 61  
  
 Bundesbank, 9, 15, 29, 50, 62, 98, 143, 175, 183, 191, 204, 237  
     Act, 26, 78  
     model of, 73, 75  
  
 capital flight explanation, 143  
 central bank independence, 39, 50, 74, 121, 160, 231, 234, 277, 280  
 circumvention of prohibition, 188, 196  
 collateral, 110, 114, 127, 241  
     eligible, 111  
     framework, 111  
     policy, 111, 120, 135, 139, 158, 160, 173  
     pool, 172  
     requirements, 142, 242, 252  
     shortage, 172  
     use of, 112  
 Commission, 53–55, 58–59, 66, 70, 82, 87, 118, 157, 220, 240, 269, 291, 294  
 Committee of European Banking Supervisors (CEBS), 218  
 Committee of Governors (CoG), 59, 65  
 communication, 115–116, 131  
     central bank, 50, 100, 202  
     of crisis measures, 140, 154, 157, 170, 182, 198, 205, 244, 250–251  
 competition rules, 54, 59, 269  
 conferral, 4, 182, 234–235, 266, 271, 293, 298  
     principle of, 57, 76, 162, 182, 208, 234, 266, 298  
 constitutional  
     acceptability, 120  
     architecture, 72  
     assessment, 7, 92, 144, 207, 212, 232, 252  
     assumptions, 1  
     central bank, 125  
     concerns, 121, 150, 236, 250, 283, 299  
     control mechanisms, 90, 270  
     court, 4, 56  
     framework, 69

## 330 INDEX

- constitutional (cont.)
  - model, 2, 13, 28, 53, 89, 127, 162, 255, 269, 274, 276, 293
  - objective, 283, 287
  - order, 5, 21, 69
  - pluralism, 4
  - principles, 5–6, 67, 78, 80, 254, 258, 261
  - review, 208
  - thinking, 15, 29, 81, 257, 291
  - traditions, 51, 291
- constitutionalism, 64, 259
- convergence, 63, 65
  - criteria, 66
  - legal, 71
  - report, 67, 124
- convertibility, 32
- corrective arm, 79
- counterparty, 145
- Court of Justice of the European Union, the
  - CJEU, 3–4, 10, 53, 56–58, 73, 82, 85, 87, 91, 122, 141, 160, 162, 181–182, 190, 207–208, 221, 250, 270–271, 276, 285, 287, 297
- covered bonds, 134, 139, 141, 194
- covid-19 pandemic, 1, 147, 194, 239, 261, 263–264, 266, 282, 290, 293, 299, 301
- credibility, 29, 34, 43, 47, 49, 51, 96, 123, 204, 210, 232, 265
  - damage to, 237
- credit default swap (CDS), 171
- credit operations, 77, 105, 110
  - risk, 242
- credit quality, 113, 136, 241–242
- current account explanation, 143
- cycle
  - boom and bust, 232
  - business, 44, 52, 279
  - financial, 52, 279
- debt
  - default, 152, 154, 157, 170, 174, 176, 180, 196, 226, 248
  - Greek public, 150, 159, 173
  - instruments, 111, 136, 139, 164
  - issuance of, 108, 212, 253
  - monetising, 211, 266
  - problems, 226
  - public, 1, 44, 67, 77, 80, 123, 145, 152–153, 168, 248
- debt-deflation, 34–35, 278
- decentralised, 22
  - economic model, 24, 81
  - monetary policy, 105–106, 197
- default, 80, 112, 145, 161, 169, 219
  - Greek, 155. *See* debt default
  - Member State, 275
- deflation, 35, 40, 48, 97, 119, 198, 259, 275, 277
  - in gold standard, 24, 30
  - in Japan, 148, 200
  - risk, 209, 264
  - structural, 281
- Delors Report, 63–64, 73
- deposit facility, 110, 134, 241
- direct effects, 201, 209
- disinflationary policies, 41, 43, 50
- disintegration, 70, 140
- Draghi, Mario, 158, 174, 176, 180, 193, 199, 204–205
- Duisenberg, Wim, 121
- ECOFIN Council, 65, 72, 87, 98, 106, 116, 206, 222
- Economic and Monetary Affairs Committee, 117
- Economic Bulletin (Monthly Bulletin), 117, 169
- economic constitution, 2, 9, 15, 21, 26, 258, 269, 294
- economic crisis, 132, 261
- economic foundation, 29, 52, 257
- economic freedoms, 6, 8, 54, 56, 84, 240
- economic policy, 1–2, 9, 13, 16, 25, 37, 40, 47, 54, 59–60, 74, 79, 254, 290
  - coordination, 79
  - effects, 209
  - framework, 257
  - national, 124, 186, 266, 288, 297
  - neutrality, 85
  - pandemic, 243
  - stability of, 24, 275
  - U-turn in France, 62
- EMI, European Monetary Institute, 66, 124
- Erhard, Ludwig, 16–17, 25
- EU legal principles, 6, 53, 56, 59, 86
- Eucken, Walter, 15, 22
- Eurogroup, 158, 272, 281
- European Banking Authority (EBA), 218
- European Council, 63, 66, 94, 218, 284
- European economic constitution, 29, 53, 56, 59, 70, 81, 240, 269
  - legitimation discourses, 89
- European Financial Stability Facility (EFSF), 151, 175, 178, 253, 282
- European Monetary System (EMS), 61, 63, 74, 79
- European Parliament (EP), 62, 116, 223, 235, 270, 272
- European Stability Mechanism (ESM), 141, 151, 153, 158, 160, 175, 178, 180, 185, 212, 228, 253, 282
  - assistance, 178, 191, 289
  - Treaty, 154, 284

- European System of Central Banks (ESCB), 116, 190, 216, 222, 233
- excessive deficit, 79, 87
  - procedure, 67, 87, 155, 189, 268
- Exchange Rate Mechanism (ERM), 61, 67
- Executive Board, 75, 93–94, 116, 222
- exposure, 130, 132, 144
  - ECB risk, 136, 141, 145, 294
- Federal Funds rate, 125, 146
- Federal Open Market Committee (FOMC), 36, 125, 202
- Federal Reserve (US), 123, 204, 218, 230, 232, 243, 245
  - Act, 33, 147
  - Board, 125
  - Establishment, 32
- financial conditions, 203, 227, 240, 246
- financial crisis, 1, 51, 127, 129, 133, 137, 170, 206, 217–218, 225, 261, 279, 282
  - constitutional assessment, 138
- financial stability, 32, 49, 52, 76, 98, 155, 164, 186, 206, 215, 232, 237, 255, 279
  - and independence, 234
  - ECB mandate, 28, 217
  - objective, 260, 281, 283, 286–287, 289, 297
- Financial Stability Review, 129
- fine-tuning operations, 108, 129, 188
- fiscal policy, 44, 62
  - coordination, 282
  - discipline, 61, 124
  - importance of, 80, 268
  - multiplier, 44
  - national responsibility, 161, 189
  - safeguards, 79, 298
- Freiburg School, 15
- Friedman, Milton, 42
- gamble for resurrection, 139
- Gauweiler* case, 181, 193, 207, 253
- German Constitutional Court (FCC), 4, 26, 154, 160, 181, 188, 191, 209, 234, 252, 264, 271, 276
- Germany, 15, 37
  - bond yield, 151
  - economic policy, 60, 62, 79
  - low inflation, 47, 50
  - monetary targeting, 37
- gold standard, 23–24, 31, 33, 36, 39, 90
  - abandoning, 34
  - convertibility, 32
  - theory, 40
- Governing Council, 75, 77, 93, 104–105, 117, 156, 195, 197, 236
  - decisions on banking supervision, 223
  - disagreement, 173, 175
  - Members, 94, 121
- government debt, 124
- government deficit, 67, 79, 85, 123, 267
- Great Depression, 23, 33, 40
- Greece
  - banks, 226
  - bond yield, 254
  - convergence criteria, 68, 124
  - problems, 138, 151, 155, 181, 219
  - rescue packages, 151
- Greenspan put, 52, 232
- guideline
  - for economic policy, 79
  - for monetary policy, 93
  - on collateral, 195
- haircut, 112–113, 120, 136, 242
- harmonised
  - consumer prices, 118
  - deposit insurance, 220
- Hayek, Friedrich, 17, 19
- hyperinflation, 23
- imbalances, 37
  - balance of payments, 37
  - economic, 64
  - financial, 99
  - TARGET, 143
- impossible trinity, 23, 37
- inflation targeting, 38, 46, 51–52, 279, 281
- institutional choices and safeguards, 69, 74, 258, 265
- institutional foundation of the European Macroeconomic Constitution, 7, 52, 257, 293
- interbank market, 107, 131, 282
  - dysfunction, 132, 134, 139, 142, 245, 255, 264
  - government bonds, 167
- interdependencies, 19, 21, 81
- internal market, 215–216, 237, 288
  - objective, 70, 73, 117, 262
- International Monetary Fund (IMF), 36, 151, 155, 175, 226
- Ireland
  - banks, 219, 226
  - bond yield, 137
  - problems, 151
- Italy, 37, 143
  - banks, 153, 210, 226
  - bond yield, 226, 254
  - debt, 124
  - problems, 152, 174

## 332 INDEX

- Jackson Hole consensus, 51
- Japan
  - deflation, 277
  - monetary policy, 110, 147
  - QE, 200
- judicial review, 91, 186, 194, 255, 266, 270, 289, 297
- Keynes, John Maynard, 40, 42
- keynesianism, 40, 43, 45–47, 61, 83
- Kompetenz-Kompetenz, 4
- legal reasoning
  - of the CJEU, 53, 86
- legitimacy, 3, 51, 89, 219, 269
  - democratic, 2, 62, 91, 223, 234, 236, 270, 272
  - output, 270, 273, 299
  - problems, 299
- Lehman Brothers
  - collapse of, 132
- lender of last resort, 35, 146, 177, 179, 207, 253, 287
- liberal discourse, 89–90
- liquidity
  - crisis, 132, 167, 241
  - emergency assistance, 161, 230
  - excess, 108
  - preference, 40
  - provision, 32, 102–103, 107, 137, 159, 245
  - shortage, 32, 35, 130, 132
- liquidity preference for money, 40
- longer-term refinancing operations (LTROs), 108, 133, 137, 153, 219, 226, 254, 286
- Lucas critique, 43
- Maastricht* judgment, 4
- Maastricht* Treaty, 1, 9, 53, 64, 69, 71, 91, 117, 217, 236, 257, 270, 300
  - negotiations, 67, 233
- macroeconomics, 45, 82, 288
  - in legal cases, 86, 271
- Macroeconomics, 83
- main refinancing rate (MRO), 105, 108, 110, 130, 134, 137
- market mechanism, 120, 141, 264
  - replacement of, 140
- measurement bias, 48, 97
- Mestmäcker, Ernst-Joachim, 16
- microeconomics, 55, 81, 83
  - paradigms of, 83
- minimum reserves system, 106
- monetarism, 42–43
- monetary aggregates, 28, 37
- monetary income, 104, 122, 254, 265
- monetary policy, 6, 13, 29, 39, 92, 296
  - definition, 46, 277, 298
  - implementation, 105
  - overburdened, 298
  - stance, 107
  - strategy, 92, 95, 97
- monetary targeting, 37, 50
- money market, 108
  - interest rates, 92, 102, 166
  - liquidity, 105, 107, 130, 137, 241
- moral hazard, 52, 80, 120, 123, 139, 187, 205, 219, 232, 236, 267
- mortgage-backed securities (MBS), 146, 245
- Müller-Armack, Alfred, 17, 19
- narrow central banking model, 76, 91, 234, 266, 271
- narrow mandate of the ECB excluding value judgements, 266
- national central banks, 9, 39, 116, 142
- National Central Banks, NCBs, 75, 92
- national parliaments, 116, 223, 236, 270
- neutrality of money, 44, 96
- New Keynesian
  - approach, 43, 45
- New Neoclassical Synthesis, 43
- Nixon shock, 37
- normative premise, 6, 262
  - for the EMU, 7, 125, 258
- objectives of the European Macroeconomic Constitution, 70, 262, 276
- official interest rates, 101
  - Bundesbank, 28
  - central banks, 132
  - ECB, 95, 105
  - UK, 203
  - US, 202
- oil price shock, 37, 41, 61
- OLAF case, 87, 122
- open market economy and free competition
  - principle, 73, 120, 264
- open market operations, 107
  - amount of banks, 105
  - and collateral, 110
  - and crisis (US), 146
  - counterparties, 109
  - ECB monetary policy, 108
  - liquidity, 107
  - US, 126
- operational targets, 77, 123
- ordoliberalism, 17–18, 25
- Outright Monetary Transactions (OMT), 162, 175, 177
  - and rescue programmes, 191
  - and the PEPP, 248, 253
  - and the PSPP, 213
  - rationale, 183

- Pandemic Emergency Purchase Programme (PEPP), 242, 253  
 backstop function, 251, 287  
 flexibility of, 248
- paradigm  
 central banking, 279  
 economic, 9, 82, 91  
 legal, 7
- payment system, 113  
 principles, 120  
 promotion of, 76, 113, 217  
 TARGET2, 114, 144
- performance-based competition,  
 18, 20, 55, 82
- Phillips curve, 41, 43
- portfolio rebalancing, 210  
 effect, 199, 201
- Portugal  
 problems, 137, 151
- President of the ECB, 93–94, 155,  
 174, 193
- press release  
 Fed, 125  
 OMT, 175  
 pandemic, 244
- price mechanism, 20, 23  
 in ECB operations, 110, 265  
 safeguards, 24
- price stability, 23, 31, 125  
 and deflation, 275  
 and financial stability,  
 231, 277, 279  
 and gold standard, 33  
 and pandemic, 254  
 and Strategy Review, 276  
 and the PSPP, 200  
 benefits of, 47, 96  
 criteria, 66  
 definition of, 98  
 internalisation of, 50  
 numerical definition of, 86, 95,  
 97, 118  
 objective, 27, 71, 118, 163, 263  
 primary objective of, 65  
 rationales, 39
- primary market  
 purchases of bonds, 160,  
 180, 194
- principles of the European Macroeconomic  
 Constitution, 7, 117, 144, 254, 261, 270,  
 272
- Pringle case, 141, 185, 285–286
- prohibition of public financing, 73, 78, 267
- proportionality, 56–57, 208–209  
 test, 183
- prudential supervision. *See* banking  
 supervision
- Public Sector Purchase Programme (PSPP),  
 194, 198  
 rationale for, 199  
 risk, 264  
 risks, 213  
 size, 248
- quantitative easing (QE), 146, 149, 193, 200,  
 204, 207, 254, 264, 286, 292
- quantity theory of money, 39, 42, 212
- rational expectations, 43, 45, 49
- Real Business Cycles approach (RBC), 44
- redistribution, 205
- referendum, 118, 152
- repurchase agreement (repo), 110
- rescue programmes, 177–178, 190, 293
- reverse transactions, 108
- risk premia, 96, 175
- role of  
 central bank, 35, 40, 45  
 courts, 85  
 experts, 88, 269  
 financial stability, 297  
 law, 85  
 objectives, 185, 255  
 price mechanism, 26  
 price stability, 29, 264, 276, 300  
 the state, 18, 65
- Röpke, Wilhelm, 16
- rule of law, 10, 20, 28, 55, 85, 272, 288, 299
- Rüstow, Alexander, 17
- safeguards  
 against arbitrary use of power, 55  
 against unsound policies, 64, 79,  
 187, 268  
 procedural, 189, 211  
 safeguards against unsound policies, 79
- secondary market, 134, 180  
 purchases, 78, 124, 164, 185, 196, 211
- Securities Market Programme (SMP),  
 161–162, 164, 176, 178
- seigniorage income. *See* monetary income
- selective government bond purchases, 162,  
 265
- signalling effect, 201–202
- Single Resolution Board (SRB), 221, 234
- Single Resolution Fund (SRF), 221
- Single Supervisory Mechanism (SSM), 218,  
 220–221, 234, 243, 270, 289
- social market economy, 17, 19, 70, 290
- social policy  
 objectives, 289  
 ordoliberal, 19
- solvency, 35, 141, 153, 171, 184, 228
- support, 131, 173

## 334 INDEX

- sovereign debt crisis, 127, 138, 150–151, 156, 159, 192, 226, 243, 265, 282
- sovereignty, 79–80
  - economic policy, 257
  - national, 208, 223, 267
- Spain, 143
  - banks, 179, 210, 219, 226
  - problems, 152, 174
- Stability and Growth Pact (SGP), 88, 124, 155, 293
- standing facilities, 105, 110, 133–134
- Structural operations, 108
- subsidiarity, 5, 56
- sustainability
  - environmental, 244, 273, 290, 294
  - of banks, 153
  - of the euro area, 153, 236
  - public finances, 66, 124, 151, 168, 181, 213
- Sveriges Riksbank, 133
- Swiss National Bank, 133, 230
- systemic risk, 139–140, 228, 231
  
- TARGET
  - payment system, 114, 120
- TARGET2
  - imbalances, 142, 245
  - payment system, 114
- taxpayers' money, 149
- tender, 108
  - fixed rate, 133
  - legal, 298, 301
  - variable rate, 109, 130–131
  - weekly, 134
- three-year LTROs, 137, 152, 160, 210
  
- time-inconsistency problem, 43, 49, 72, 89, 231, 276–277, 280
- transmission channel, 101, 175
- transmission mechanism, 96
  - monetary policy, 46, 92, 100
  - rationale, 167, 289
  - restoring of, 164, 178, 244
- transparency, 90, 231, 255
  - and accountability, 115, 270
  - central bank, 28, 39, 50, 234
  - of the ECB, 100, 300
- treasury, 205
- Treasury Secretary, 147
- Treaty of Rome, 8, 53, 59, 62, 69, 216, 264
- Trichet, Jean-Claude, 121, 155, 157, 164
- Troika, 157, 159–160, 213, 265
- troubled Member States, 188
  - and the ECB, 266
  - banks of, 161
  - bonds of, 164, 180
- two-tier structure TARGET, 111
  
- UK Treasury, 149
- unconventional monetary policy, 10, 131, 142, 207, 261
- US dollar liquidity, 130, 133
- US Treasury, 33, 41, 146, 245–246
  
- verbal interventions, 150, 154, 160
- Weiss case, 213, 271
  - CJEU, 193
  - FCC, 252, 264
  
- Werner Report, 60
- Wirtschaftswunder, 26