POLICY BRIEF
Political Leadership of the European Central Bank
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The financial crisis had a major impact on the European Union (EU) member states, especially on the countries of the euro area. Strong political leadership was crucial to the survival of the euro area. Many were wondering which EU leaders were the appropriate ones to respond to the crises and what instruments would be available to them. Based on speeches, literature review and interviews, this contribution assesses the role of the European Central Bank (ECB) leadership in this regard: (1) what role did the ECB play in EU governance, in particular regarding the financial, the economic and sovereign debt crises? (2) How should we understand ECB leadership in this context? Although the ECB has rarely been examined through the lens of political leadership, this contribution argues that the ECB played a crucial and innovative leadership role in combatting the financial, economic and the sovereign debt crises.

The case of the political leadership of the ECB is particularly interesting because central banks play a crucial role in combatting financial crises. Ben Bernanke, Chairman of US Federal Reserve at the start of the crisis (a 1930s expert), was keen not to repeat the policy errors of the past, which included protectionism, isolationism, and cuts in government spending. The leading central bank presidents coordinated their responses prescribing policies opposite to those pursued in the 1930s, which at the time had wrecked havoc with the economy and ultimately with world peace. In 2007–2008 their policies focused on ensuring that governments would avoid pulling up trade barriers, avoid protectionism and isolationism; instead they focused on facilitating international capital flows, safeguarding credit availability and encourage government spending.

The sovereign debt crisis that erupted in late 2009 demanded first and foremost a European response. The ECB ended up playing a large role – a much larger one, than many may have anticipated based on its specific mandate. Using various policies, the two presidents at the helm of the ECB during these crises, Jean-Claude Trichet and Mario Draghi, adopted leadership characteristics that can be considered 'transformative'. By using policies, such as the Securities Market Program (SMP) and by promising, in July 2012, to do whatever it takes (e.g. Outright Monetary Transactions (OMT), the ECB supported the euro area that was faced with an unprecedented crisis. Its two presidents during the crisis period were leaders in that they managed to get its followers (its Governing Council; EU member states) willing to take part in 'a common enterprise', i.e., solving the sovereign debt crisis with the ECB using exceptional monetary policy tools. Both presidents realized that there was a power vacuum because the EU institutional structure did not facilitate speedy decisions in the European Council, in particular because there was insufficient agreement. Trichet, and especially Draghi, rose to the occasion by taking responsibility when the other leaders were deadlocked and unable to take decisions in a speedy fashion, at a time when movements in the financial markets were quickly making the crisis worse. These two leaders fully maximized the room for manoeuvre that the person in the position of president of the ECB would have. They displayed leadership traits that enabled them to lead and to entice followers (the rest of the Governing Council, as well as EU member states and other EU institutions) to make steps that were fundamentally different from before and they broke new ground with their policies and procedures. A longer version is forthcoming in *Journal of European Integration* Vol. 39(2), Feb. 2017