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Don't Act Beyond Your Powers: The Perils and Pitfalls of the German Constitutional Court's *Ultra Vires* Review

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Extract

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On 26 July 2012, the European Central Bank (ECB) issued a new currency, the “Draghi.” A country where the Draghi has the status of legal tender must be fabulously wealthy—a single coin gives unlimited purchasing power to its owner. This is one way to characterize ECB President Mario Draghi's pledge to do “whatever it takes” to save the Euro. It is widely believed that the move prevented the common currency from breaking apart. Yet, the ECB's resolve caused severe conflict within the European System of Central Banks (ESCB). A few weeks later, when the Governing Council of the ECB formally adopted the Outright Monetary Transactions (OMT) program to pave the way for the

implementation of Draghi's rescue policy, the representative of the German *Bundesbank* was outvoted. Subsequently—in a maneuver quite unusual among central bankers—he appealed to the public to stir up support for his opposition to the policy.

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