
The Bundestag and the ECB: Towards the Politicisation of European Central Banking?

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Abstract

The European Central Bank (ECB) became one of the key actors during the Eurozone crisis. However, its prominent role resulted in controversies. On the one hand, the Eurozone was stabilised again, no member state defaulted and no state had to leave the Euro. On the other hand, the ECB had to stretch its mandate, expand its policy remit and adopt so-called 'unconventional' monetary policies. These attempts to depoliticise political challenges through a technocratic approach reduced the opportunities for democratic contestation, but they also bred frustrations that led to politicisation. This article studies to what extent this politicisation affected the perception of the ECB in national parliaments. For this purpose, it studies the extent to which ECB policy has become politicised in the German Bundestag through an analysis of plenary debates from 2005 to 2018. The Bundestag represents an unlikely case for politicisation despite wide-spread criticism of the ECB in the media, as Germany was traditionally attached to creating a highly independent ECB, has no active scrutiny culture even in the context of the national central bank and had until recently no major Eurosceptic right-wing parties. However, by studying the salience of ECB policies, the polarisation of opinion in the parliament and the range of actors participating in the debates, the article finds that the ECB's policies have become politicised and a subject of scrutiny and dissatisfaction.

1. Introduction

As the EU has been shaken by multiple crises in the last 15 years, more and more aspects of it have become politicised. The ECB was one institution whose policies proved controversial despite the technocratic nature of central banking. The ECB filled a vacuum, when national governments failed to agree on a way to tackle high levels of sovereign debt. In the process it became the 'key actor in the European Union's economic governance' (Fromage & Ibrido, 2018, p. 295). The task of keeping the Euro stable, required it to expand its policies. As a result, 'its competences stretched to their limits' (p.296). However, Scicluna and Auer (2019) see in this empowerment a wider problem, namely the tendency to resolve political challenges through a technocratic approach. However, by reducing the opportunities for regular democratic contestation, the EU may in fact be fuelling frustration and thus politicisation and contestation. In addition, with the creation of the European banking union, the ECB gained new and powers in recent years and now supervises the largest banks under the Single Supervisory Mechanism. These powers are nowadays also more salient than before, as weak banking supervision is seen as one of the contributing factors to the financial crisis of 2008.

The problem with technocratic governance is that it has the potential to pit technocratic actors that are meant to be independent and apolitical (e.g. the ECB) against political actors (e.g. parliaments) that feel that issues that ought to be resolved politically are removed from their grasp by the former. Studies of EU affairs scrutiny in national parliaments since the crisis have shown that EU governance in general is becoming more salient and controversial among parliamentarians (Auel & Raunio, 2014; Closa & Maatsch, 2014; Wendler, 2014), so there is a risk that parliamentarians may want to expand their control powers over the independent ECB, if it engages in policies that are politically salient. .

The question of whether ECB policy became politicised in the German parliament, the Bundestag, is particularly important in this context. The German case is important due to the political and economic weight of the country in the Eurozone. Also, the German parliament is not a likely case for politicisation. While the ECB's Eurozone crisis policies did not resonate well with the German public and media, providing an incentive to scrutinise the ECB, the German parliament has not tradition of active scrutiny of central banks. The Bundesbank was already independent

before the Euro was created, and recent studies show that the Bundestag is barely scrutinizes the Bundesbank due to how strictly it respects its Independence (Högenauer & Howarth, 2018). One would therefore expect parliamentary scrutiny of the ECB also to be low in Germany, as the ECB was created as a highly independent central bank on the insistence of Germany and based on the model of the Bundesbank. In addition, Wonka (2016) argues that Germany is an unlikely case for politicisation of EU affairs in general, because the public and elites are broadly pro-European and anti-European right wing parties were not yet represented in the Bundestag during the early crisis years. Thus, if the Bundestag were to debate increasingly ECB policy, that would be a very strong indication of the politicisation of a policy area that – in the German case – was traditionally barely scrutinized.

Therefore, this article aims to analyse through the case of the German Bundestag whether ECB policy has become politicized in the course of the Eurozone crisis. If so, was this politicisation a temporary phenomenon, or may there be a long-term effect? Politicisation will be analysed through three dimensions, on the basis of a framework developed by de Wilde et al. (2016): the salience of the policy, the polarisation it triggers and the range of actors involved in the debate.

2. A Brief Overview over the ECB's Policies since the Financial Crisis

When the financial crisis first erupted in 2007/2008, the ECB's response was initially muted. Unlike the US Federal Reserve, which lowered interest rates to stimulate the economy, the ECB initially maintained and even increased the interest rate to starve of inflation. It is only in late 2009 that the ECB also rapidly lowered the interest rate in the face of the threat of an economic recession, from 3.25 percent in October 2008 to 0.25 percent in April 2009 (https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html). The monetary policy of the ECB then became increasingly expansionary as the Eurozone crisis took its course.

Over time, the ECB deployed both 'conventional' and 'unconventional' policies to stabilize the Eurozone. As part of its conventional policies, the ECB continued its low interest rate policy. In 2014, it decided to impose a negative interest rate on deposits at the ECB: this means that banks that 'parked' liquidity at the ECB no longer received interests, but had to pay the ECB interests. The goal was to prevent the credit market from drying up by encouraging banks to invest in the economy instead. In addition, the ECB lowered the base interest rate to zero percent in 2016. More controversially, it moved towards fixed-rate full allotment in 2008, i.e. it agreed to provide unlimited credit to banks at a fixed interest rate (Flachmeyer & Paul, 2018).

In addition, the ECB used so-called 'unconventional' policies that are not part of its standard approach to monetary policy. One of these was the provision of emergency liquidity assistance (ELA) that allowed central banks to provide solvent banks with liquidity in return for relatively low securities. This measure played a role in management of the Greek crisis, for example. A series of new bond-buying programmes allowed the ECB to purchase bonds, and particularly sovereign debt, on the secondary markets. What started with the 2010-2012 Security Markets Programme (SMP), led to the announcement of an outright monetary transactions programme (OMT) in 2012, where the ECB declared that it would do 'whatever it takes' to stabilize the Euro. The OMT never had to be put in practice, as the announcement itself reassured markets sufficiently to bring down the interest rates on sovereign debt (Högenauer & Howarth, 2019). Finally, in 2015 the Expanded Assets purchase programme (EAPP) was introduced. The goal of these policies was to increase inflation when it was close to zero percent and to stimulate the economy. At high point (2016 to early 2017), the ECB bought bonds worth 80 billion euro per month on average. After March 2017, the volumes were progressively reduced (Flachmeyer & Paul, 2018).

The ECB's was also a member in the 'Troika', a decision-making group consisting of the ECB, the Commission and the International Monetary Fund. The Troika played a role in the bail-outs of Cyprus, Greece, Ireland and Portugal by requesting austerity measures and reforms in return for financial support. It was controversial that a non-majoritarian, technocratic institution like the ECB should impose conditions on elected governments that would have important repercussions on the citizens of these countries.

In 2012, EU policy-makers decided to create a banking union with the ECB as chief supervisor over large Eurozone banks. For the ECB, the advantage was that this removed information asymmetries and it allowed it to extend liquidity to solvent banks only. Previously, it had to rely on the national supervisory bodies for information. However the drawback was that being both a lender to banks and a supervisor of banks created a permanent risk of a conflict of interest, and raised questions about the ECB's ability to separate these functions in-house.

Many of these policies would have been unthinkable before the crisis, and the effect of the emergency credits, punitive interests, and bond-buying programmes was heightened controversy (Flachmeyer & Paul, 2018). Similarly, it would have been inconceivable that the ECB would instruct member state governments to pursue specific economic and fiscal policies. Thus, overall, the ECB was, on the one hand, a key actor in the crisis, and at times the only one who could act in the face of stalemates in the EU's political institutions (Flachmeyer and Paul, 2018). But on the other hand, its policies had more and more noticeable redistributive effects (Goodhart & Lastra, 2018), stretched the mandate defined in the Treaty and led to a rise in the level of public distrust in the ECB (Tesche, 2018).

3. The ECB and Parliaments

As the ECB's role in the crisis was so very prominent, it is difficult to conceive of these policies as purely technocratic decisions that can be legitimized in terms of output legitimacy. The very fact that the effects of ECB policy on different groups of citizens became very visible and often involved a trade-off between different interests means that output legitimacy would mean different things to different people (Goodhart & Lastra, 2018). In addition, the problem with this type of technocratic policy-making is that it shifts power away from majoritarian and democratically legitimized institutions to technocratic and non-majoritarian institutions that are not electorally accountable. Börzel and Risse (2018, p. 83) estimate that this approach breeds dissatisfaction, and that 'we have to consider that depoliticisation through supranational delegation during the euro crisis has ultimately led to more, not less politicisation.'

The political impact of the crisis policies can also be felt in the case of Germany. While 65 percent of Germans trusted the ECB in spring 2007, before the crisis, and by 2009 this had already shrunk to 52 percent (Eurobarometer 67, 71). Trust in the EU also plummeted during the crisis (Wonka, 2016). Leupold (2016) finds that the number of German press articles on EMU nearly doubled in 2010/2011 compared to 2007, and that the ECB's evolving policies triggered strong opposition in the German media. Heft (2017) also confirms that support for financial aid is much lower in the German press.

The political elite also increasingly voiced scepticism in the media. Quantitative easing was seen as an illegal attempt to finance the debt of member states, the interest rate was perceived as being artificially low with the potential to harm savings banks, insurers and savers and the growing Target saldos between debtor and creditor countries were eyed critically. A German CB president resigned over disagreements with the ECB's policies, ministers like Wolfgang Schäuble publicly blamed the ECB for the rise of right-wing populism in Germany, and the ECB's Outright Monetary Transactions (OMT) programme was challenged before the German Constitutional Court (Högenauer & Howarth, 2019).

In the midst of the crisis, Draghi therefore made an unprecedented visit to the Bundestag on 25 October 2012 to explain the OMT that was heavily criticized by German politicians and the president of the Bundesbank, Jens Weidmann. About 100 MPs attended the session, which was targeted at the budget and finance committees and the European affairs committee (Financial Times, 25 October 2012).

Despite this rare visit, national parliaments have virtually no influence over the ECB. This is not just due to the fact that most national parliaments had weak competences in EU affairs until they started to claw back scrutiny powers in the 1990s and 2000s (Raunio, 2009; Winzen, 2012). Rather, the fact is that ECB policy-making is a different beast from 'ordinary' EU policy-making. As both the ECB's mandate and its independence from political institutions are enshrined in the Treaty, neither the European Parliament nor the national parliaments can give it mandates or restrict its actions through legislation. Nevertheless, there are now two mechanisms that bring the ECB in contact

with parliaments. Firstly, there is the traditional dialogue with the EP, the Monetary Dialogue, based on art. 284-3 TFEU since 1998. More recently, since the creation of a European banking union with the ECB as supervisory authority, the ECB has agreed to a 'Banking Dialogue' that includes both the European Parliament and National Parliaments (Amttenbrink & van Duin, 2009; Fromage & Ibrido, 2018). However, these Dialogues are purely consultative.

That said, parliaments do have the power to scrutinize and debate ECB policy publicly, even if they cannot directly influence it. Whether they do so and how they do so is in a sense a measure of how accepted ECB policy is, and whether the ECB's independence is coming under fire due to disagreements between the ECB and political institutions. Thus, while growing politicisation in parliaments would probably be considered a good thing in most policy areas, as it might be a sign that parliaments hold government more accountable for their role in EU governance, the politicisation of central banking is arguably problematic. The current set up of the Eurozone with high central bank independence relies on the assumption that the ECB can be a technocratic and neutral actor who defends the best interest of the whole within a clear mandate, and that the political institutions will perceive it as such and will allow it to exercise its powers freely. A high level of politicisation of ECB policy in other institutions can be interpreted as a sign that the trust of these institutions that the ECB is indeed a technocratic and neutral defender of the common interest with a clear mandate is eroding. If high politicisation continued over a longer term, one would eventually have to question whether such a high formal degree of ECB independence was in practice feasible and in general desirable from a democratic perspective.

In the following sections, the article will therefore explore to what extent there has been politicisation and how it has evolved over time. In addition, it tests a number of hypotheses. Firstly, de Wilde et al. (2016) argue that the politicisation of EU governance is driven by the critics of the EU rather than its supporters. We will therefore test the hypothesis that high levels of salience of ECB policy-making coincide with higher levels of criticism. If this holds true, politicisation of ECB policy would indeed be a sign of a problem.

Secondly, Rauh (2014) argues that the salience of EU affairs in the plenary is linked amongst other things to supranational policy output and public visibility. In line with this, we also expect politicisation to increase after key ECB decisions or actions. If it holds true that politicisation is linked mainly to specific decisions or events, then politicisation might only be temporary, which means that disagreements might not cause problems in the longer term.

Thirdly, Degner and Leuffen (2016) find that, in the Bundestag, government membership and EU support are the main drivers of votes in favour of fiscal aid for Euro area member states. ECB policy-making is different, in that the German government is not a part of ECB decisions, whereas it can be held accountable for its role in the European Council in decisions on fiscal aid. Nevertheless, we will analyse, whether opposition parties are indeed more critical of ECB policy, especially those that are further away from the political centre. Rauh (2014) also argues that government parties are the main drivers of EU affairs scrutiny.

4. Research Design

The aim of the paper is to assess to what extent and in what ways ECB policy has become politicised in the German Bundestag. For this purpose, rely on de Wilde et al.'s definition of politicisation as a three dimensional process involving increased salience, polarisation of opinion and the expansion of actors involved in EU issues (de Wilde et al., 2016; cf. also de Wilde, 2011; Hutter & Grande, 2014). For this purpose, we will measure 'salience' through the number of plenary sessions where MPs commented on ECB policy, polarisation as the occupation of more extreme positions over time by the different parties, and the expansion of actors and an increase in the number of MPs who comment on ECB policies in a given year.

The paper analyses the plenary debates of the 16th, 17th, 18th and beginning of the 19th legislative term of the German Bundestag (October 2005 to 31 December 2018). This time span was chosen as it includes years preceding the financial crisis, the financial crisis itself, the Eurozone crisis and the stabilisation of the Eurozone after the crisis.

In addition, the Eurosceptic right-wing populist AFD entered the Bundestag for the first time in 2017. By including the first years of the 19th parliamentary term, the impact of this new party can thus be analysed.

The relevant plenary debates were identified by search for both the acronym 'EZB' and the term 'Zentralbank'. The resulting body was then manually coded to establish both the number of plenary sessions in which at least one MP commented on ECB policy, and the number of speeches by MPs on ECB policy. In the process, documents were removed (or speeches skipped), if only the government mentioned the ECB or if the document or speech was not found to be relevant for an assessment of 'politicisation': this includes, for example, cases where MPs referred merely to ECB data or statistics, mentioned that the ECB was at a meeting, or explained a technical process that involved the ECB. These statements are not about 'ECB policy'. Speeches and sessions were only considered relevant if at least one sentence made a positive, negative or neutral statement about an attitude, action or decision of the ECB. The result are two sets of data: 212 plenary sessions and 309 speeches.

5. Data Analysis

De Wilde et al. (2016) identified the salience of a policy as the first dimension of politicisation. The evolution of the number of plenary sessions in the Bundestag where at least one MP commented on the ECB's policies does show that the ECB gained in political salience at certain points in time. However, this was not a linear process. Instead, in line with our expectations, the salience came and went in waves that broadly reflect moments where the ECB played a particularly important role, gained new powers or took controversial decisions. The only exception is the third and most recent wave of politicisation, which appears to be driven by party politics. The evolution of the number of speeches on ECB policy broadly mirrors this trend (cf. Figure 1).

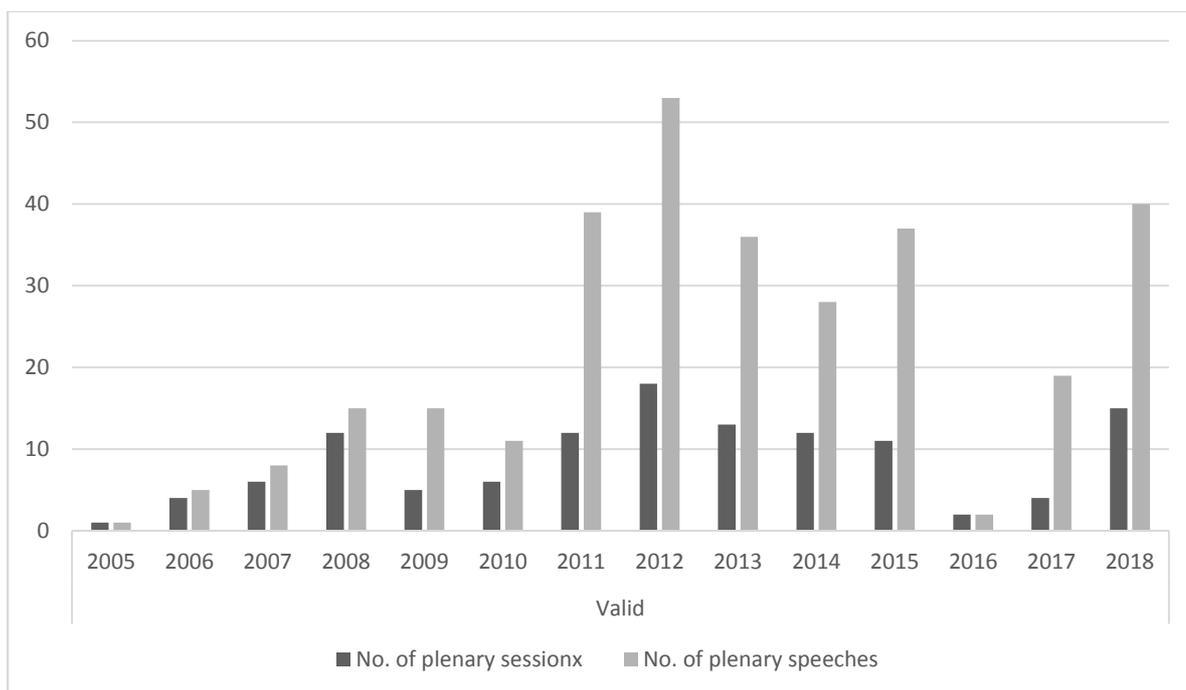


Figure 1: The number of speeches and plenary sessions on ECB policy over time

Thus, in 2005 and 2006 attention to the ECB was low, which is what one would expect in the case of an institution that is supposed to be technocratic and independent. As parliaments have to cover a broad range of issues in a limited amount of time, they can be expected to focus primarily on policies where they can and should make a difference (e.g. legislate or mandate) or issues that are important in the eyes of voters. With the financial crisis of 2008, the visibility of central banks increased, as the US Federal Reserve decided to lower the interest rate to support the economy, whereas the ECB chose to maintain a high interest rate. In the Bundestag, the ECB's decision

to prioritize price stability (low inflation) over growth in line with its mandate in the Treaties was generally praised. It was mainly the extreme left (Die Linke) that voiced dissatisfaction and the view that the ECB should focus on growth and jobs.

The attention then dropped again in 2009, although this is disguised in the data by the fact that there were still a number of speeches, which were however mostly due to one debate where MPs voiced their frustration that the lower of the interest rate by the ECB was not reflected in lower interests on loans for consumers. In 2010 it became clear that the financial crisis was morphing into a substantial sovereign debt crisis for several Eurozone states and – in the absence of strong leadership from the political institutions – the ECB became a key player in the stabilisation and rescue of countries in difficulty (esp. Ireland, Portugal, Cyprus and Greece). The attention rose sharply in 2011 and 2012, and remained relatively high until 2015. During this time span, discussions focused on a range of issues including the ECB’s emergency liquidity to national central banks (ELA), its various bond-buying programmes and its role in imposing conditionality on crisis countries as part of the Troika. However, from 2012 onwards the creation of a European banking union and the debate on whether the ECB should be the banking supervisor also generates debate.

In 2016 and most of 2017, with the banking union under way and the Greek crisis having been settled (at least temporarily), attention to ECB dropped to pre-crisis levels. If the data collection had stopped with the end of the 18th term, the conclusion would probably have been that the politicisation of the ECB was a temporary affair linked to specific events and that the ECB’s unconventional monetary policy and crisis policies had no effect on its standing in the longer term. However, inclusion of the start of the 18th term showed something important – that the crisis had long-term repercussions. With the new parliament in session, the number of speeches on ECB policy rose sharply in November 2017 – after there had been no relevant speeches since January 2017! This rise cannot be explained with reference to ECB activity, as the ECB did not do anything particularly interesting compared to previous periods. Instead, it is triggered by a new right-wing populist party, the anti-European AFD, that entered the Bundestag for the first time. This is also illustrated by Figure 2, which shows that in the 19th term, the AFD is at the source of roughly half the comments on the ECB.

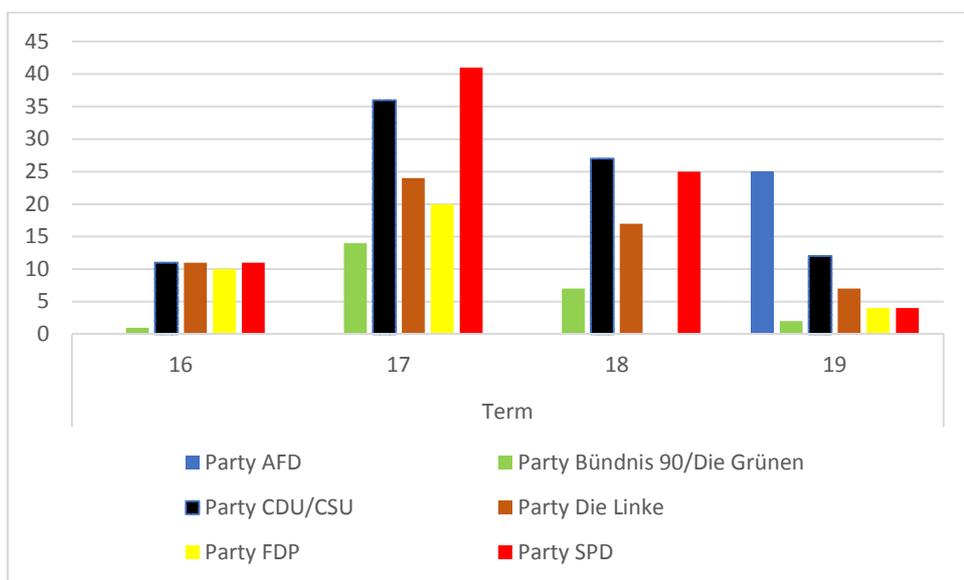


Figure 2: The number of speeches on ECB policy per party per parliamentary term

In general, the data on the speeches per party group do not confirm Rauh’s argument that government parties drive EU issues in the Bundestag (2014). Between 2005-2009 (CDU-SPD coalition), all parties were similarly active, with the exception of the Greens that generally take a lower interest in this issue. In the 17th term (2009-2013), the governing CDU and FDP were somewhat less active than the opposition. Only from 2013-2017 were the governing parties (CDU

and SPD) noticeably more active than the opposition, but this may also have been due to the fact that they were the biggest parties. Finally since 2017 (CDU-SPD coalition), only the AFD stands out as a driver of ECB scrutiny.

Thus, having established that there were three waves where the salience of the ECB increased, and that this may now become a long-term trend with a Eurosceptic party in parliament, the question is whether the second criteria – polarisation of opinion – is also present. For this purpose, figure 3 shows the average position taken by each of the party during each legislative term. A positive score reflects praise, a negative score criticism (with the maximum values being 1 and -1).

First of all, the data (Figure 3) shows that higher levels of salience are indeed linked to an increase in criticism in the parliament as a whole. In addition, it largely confirms the hypothesis that government parties tend to be more supportive of ECB policies. The governing CDU was generally relatively favourable or neutral towards the ECB. The SPD was also either neutral or positive in its views when it was in government after 2005 and 2013, and the FDP was not more sceptical than the other parties after 2009. In addition, the further opposition parties are from the middle, the more critical they are of the ECB. This holds true for both die Linke and the AFD.

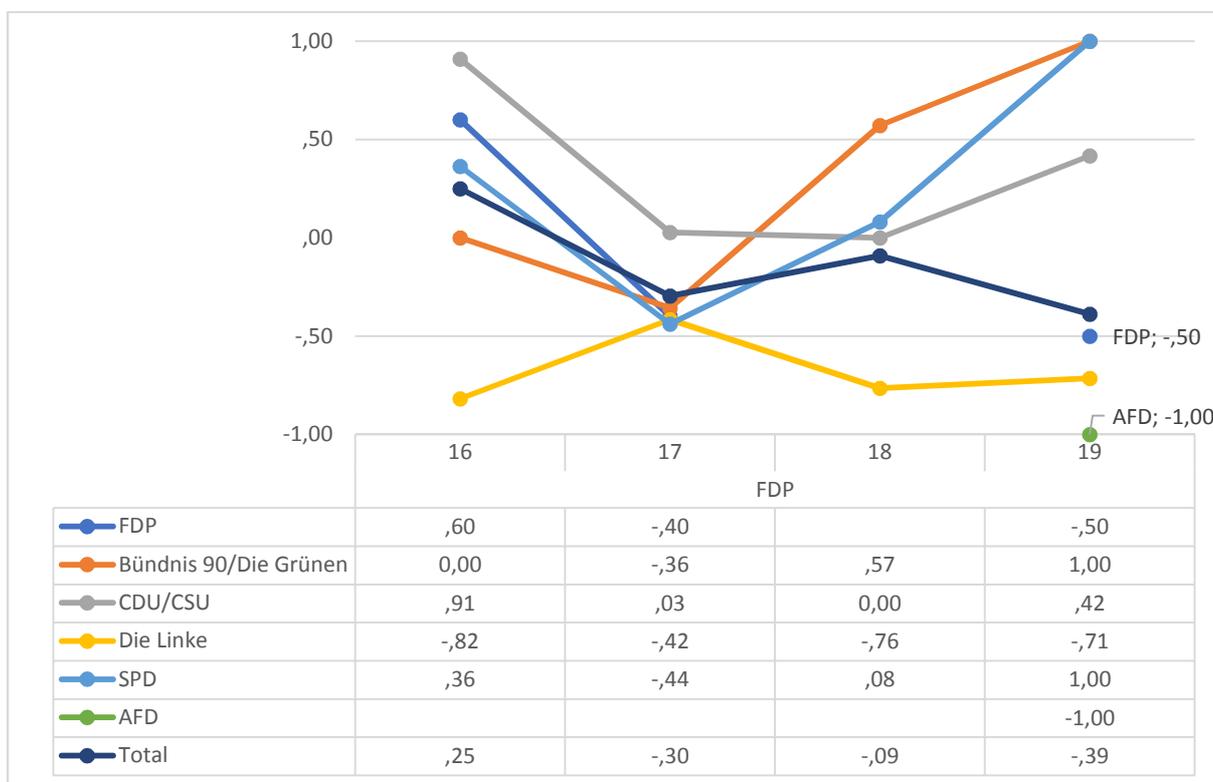


Figure 2: The parties' positions on the ECB

Note: The positions are measured on a 3 point scale: 1= praise, 0=neutral -1=criticism. The chart represents the average position per party in each legislative term.

Figure 3 at best partially supports de Wilde et al.'s (2016) second element of politicisation: As we saw previously, there were three waves of increased salience: a small wave during the 16th term (2008), a long and intense one during the 17th term (2011-2013), which continued on into the 18th term (until mid-2015), and then a new intense wave in the 19th term. Two elements of the figure are striking: Firstly, the most intense moment of debate (17th term) is the term where party positions converge the most. By contrast, the 16th parliamentary term (2005-2009), where the ECB was far less salient a topic, had almost as much polarization as the current 19th term, where a Eurosceptic party has entered the Bundestag. Does this mean that there is no clear pattern of politicisation? Or does it mean that polarisation is not the best or only measure of politicisation?

In fact, a closer look at the figure shows that an alternative measure of politicisation could be how critical a parliament feels towards an actor or policy. Thus, in this case, the high degree of polarisation before 2009 stems from the fact that most parties praise the ECB or are neutral, but one party (Die Linke) is sceptical as it feels that the ECB should prioritize growth and jobs over price stability. The convergence between 2009 and 2013, on the other hand, stems from the fact that support for the ECB is in freefall. The CDU/CSU faction, which was almost fully supporting ECB policy before 2009, is now only marginally favourable with the average position dropping by 0.88 points (on a 2-point scale!). The average position of the FDP drops by a full point from very supportive to fairly critical. All the other parties are also predominantly critical of the ECB. Only Die Linke experiences a positive trend and becomes somewhat less critical. Overall, this convergence on a critical stance is clearly also a form of politicisation, especially in combination with the higher salience of the topic.

That said, the convergence on a critical stance does not amount to an absence of disagreement between parties. Die Linke, for example, tended to criticize the ECB also for its role in the Troika, whereas the other parties focused predominantly on its bond-buying programmes, the low securities it accepted during the crisis and the impact of the low interest policy on German savers and the housing market. Interestingly, die Linke also criticized the impact of the low interest policy on savers and the housing market. Thus, while it had always demanded a more expansionary policy that prioritized growth and jobs over stability before and during the financial crisis, it now criticized the ECB for adopting an expansionary policy that focused on growths and jobs. The ECB thus came under attack from both sides – the ordoliberals who felt that it engaged in the illegal monetary financing of states and reduced incentives for necessary structural reforms, and the left, who felt that the ECB's policies were mostly benefitting banks and otherwise led to an expropriation of German savers.

From late 2013 onward, the polarisation of opinions increases again, as some of the parties reconcile themselves to the ECB's policy. After 2017, the polarisation increases further. The landscape has, however, changed: The FDP, once very favourably disposed towards the ECB, has become a critic of the ECB's monetary policy, though less extreme than the new AfD. Die Linke has also returned to a very critical stance, mainly in response to the ECB's role in the Troika and the ECB's perceived lack of sensitivity towards social issues. This is in line with Wonka (2016) who found that Die Linke was particularly critical in its opinions on the crisis policies. However, in this case, other parties are also having reservations about the ECB. The SPD and the Greens, once only moderately pro-ECB, are now strong supporters, and the CDU, once the biggest supporter, is less enthusiastic than before the crisis.

It is also interesting to note that the perceptions of different ECB activities vary. If we take the two biggest categories of ECB policy – its crisis policies on the one hand (i.e. interest policy, bonds-buying programmes, Troika...) and its new functions as banking supervisor, we can see that it is possible for the approval of one type of ECB policy to increase while approval for the other falls. In term 17, when the crisis policies were most negatively perceived, the positive and negative views on the ECB's potential role as banking supervisor cancelled each other out. When the MPs reconciled themselves to the crisis policies, support for the ECB's banking supervision conversely dropped. This is due to the fact that MPs saw a conflict of interest in the ECB's role of lender of last resort with financial stakes in the survival of some of the problematic Greek and Italian banks and its role as banking supervisor, who is responsible for declaring whether a bank is indeed still viable.

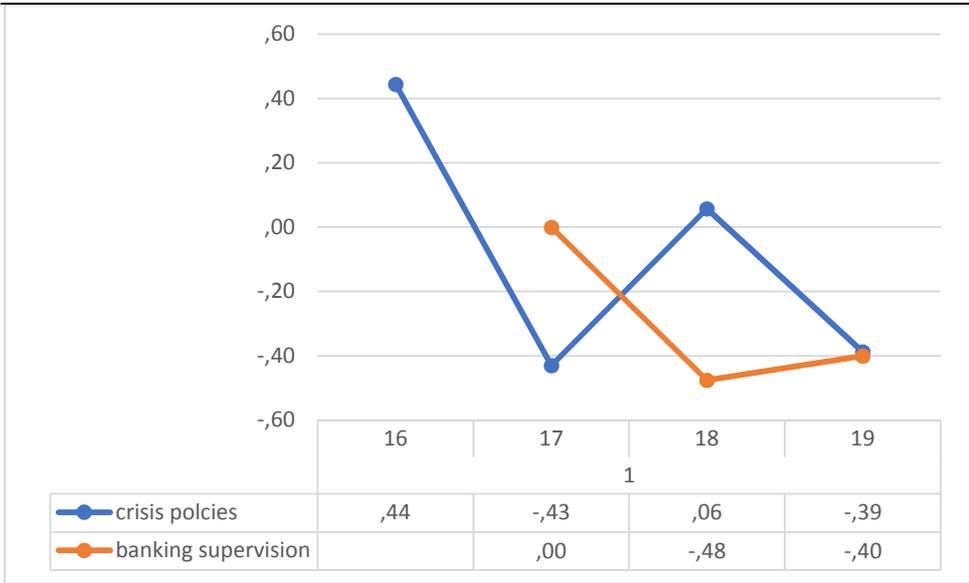


Figure 3: Positions on the crisis policies and the ECB's role in banking supervision

Note: The positions are measured on a 3 point scale: 1= praise, 0=neutral -1=criticism. The chart represents the average position per legislative term.

Finally, having established that there is politicisation in the form of increased salience and criticism, the question is if there is also increased politicisation in terms of the numbers of actors involved in parliament. Figure 5 shows that the number of MPs who comment on ECB policies has indeed increased over times, compared to the pre-crisis years. The exception is again 2016 until autumn 2017, as the parliament temporarily lost interest in the ECB. That said, the number of MPs commenting on this issue is still quite small in relation to the size of the Bundestag (currently 709 seats). It is important to note, though, that several prominent politicians made speeches about ECB policies during the crisis, such as Lafontaine and Wagenknecht for Die Linke, Steinbrück and Steinmeier for the SPD, Kauder for the CDU, Weidel for the AFD, Trittin for the Greens and Brüderle for the FDP. This may reflect the fact that the topic is normally one that requires expertise, but that it was also electorally salient as German voters were concerned about the impact of low interests on their savings, the stability of the Euro or the potential risks of the ECB's bond-buying programmes for Germany.

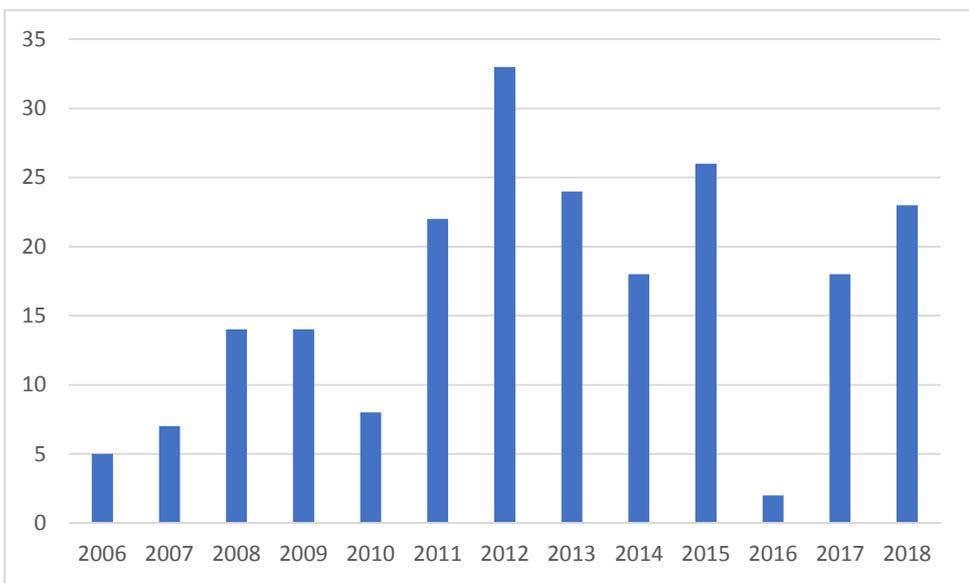


Figure 4: No of MPs making ECB-related speeches per year

Note: 2009, 2013 and 2017 were election years

6. Conclusion

The ECB's active role during the crisis did indeed come at the cost of politicisation. Thus, the German parliament had traditionally been a strong supporter of central bank independence, had only paid limited attention to the ECB during the financial crisis and was generally quite positively disposed towards ECB policies. Many MPs praised the ECB for prioritizing stability over growth, and criticism was often disguised as polite suggestions.

After 2009, the picture changed. Not only did the Bundestag discuss ECB policies more actively, it also became more critical. Polite suggestions turned into open criticism or even accusations, for example that the ECB illegally financed states and that its low interest policy expropriated savers. Terms like 'money press', 'expropriation', 'violation of the Treaties', 'illegal', 'misguided' and 'flood of money' became part of the vocabulary. And when a movement created in this period entered parliament in 2017, it revived this vocabulary after a brief span of depoliticisation.

The MPs of the mainstream parties still frequently repeat that ECB independence is an important principle, but it is clear that they no longer trust in the technocratic neutrality of the ECB the way they did before the crisis. A comparison with Högenauer and Howarth's paper on the Bundestag and the Bundesbank also confirms that the ECB is criticised frequently, whereas the Bundesbank is virtually never criticised in parliament, and that the ECB is far more often discussed than its national counterpart (2018). Independence clearly no longer protects the ECB from criticism the way it protects the Bundesbank.

The effects of this politicisation will probably still be felt for some time, now that a Eurosceptic party founded on the back of a rejection of EU crisis policies has entered parliament. In addition, the ECB's new role as banking supervision means that it is likely to return to the spotlight from time to time: As the ECB is facing a conflict of interest in its role of both lender and supervisor, it will most likely be closely watch each time a major bank is in crisis. Ultimately, it does not look like a return to depoliticisation is likely in the near future.

From a democratic perspective, this politicisation is a challenge. It may be a good thing, when politicisation occurs in policy areas where increased activity can lead to better input into policies or a greater willingness to hold actors accountable. But is it fruitful in areas that are supposed to be relatively apolitical? And can a high degree of ECB independence still be democratically justified, if the policy area ceases to be technocratic and apolitical and turns into something that becomes regularly politically contested?

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