Climate change versus price stability

How 'green' central bankers and Members of the European Parliament became pragmatic (yet precarious) bedfellows

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Abstract:

The European Central Bank (ECB) recently proclaimed a more active role for itself in the fight against climate change. Did the European Parliament (EP) play a part in this regard, and if so what was it? To answer this question, this paper builds on a multi-method text analysis of original datasets compiling communications between the ECB and the EP across three accountability forums between 2014 and 2021. The paper shows that there has been discursive convergence between central bankers and parliamentarians concerning the role of the ECB in combatting climate change. It argues that this convergence has resulted from a pragmatic (yet precarious) adoption of a common repertoire between 'green' central bankers and parliamentarians who have favored a more active role for the ECB in the fight against climate change. The adoption of a common repertoire is pragmatic, in that it results from the strategic use of specific discursive elements that are ambitious enough to address their respective opponents and trigger political change, yet vague enough to allow both sets of actors to converge on them momentarily. It is also precarious in the sense that it involves discarding fundamental political tensions, which is hardly tenable in the long term. The paper shows that both organizational and politicization dynamics have been at work in the emergence of this pragmatic yet precarious bedfellowship between 'green' central bankers and parliamentarians.

Keywords:

accountability; politicization; European Central Bank; European Parliament; climate; price stability

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Table of Contents

Introduction

The ECB has a narrowly-defined primary mandate, ascribing overriding priority to the objective of price stability in the conduction of monetary policy (De Grauwe 2012; TFEU Article 127). However, the urge to fight climate change as well as the expansion of the ECB's responsibilities and powers since the Euro sovereign debt crisis has brought the question of the ECB's mandate back to the fore (de Boer and Van't Klooster 2021; Dietsch et al. 2018). In particular, public pressures for central bankers to promote the transition to a low-carbon economy through their monetary policy tools have grown dramatically (Ingham 2020; Hockett and James 2020). However, how the ECB should fulfill this particular objective in conjunction with its primary mandate of price stability is still actively debated (Downey 2021; Dietsch et al. 2022; de Boer and Van't Klooster 2021).

Ever since its inception in the late 1990s, the ECB has been widely considered the most independent central bank in the developed world (Goodhart 1998). The issue of the relationship between the ECB's primary mandate and its other potential roles (including fighting climate change) is thus often examined from the perspective of central bankers themselves in the academic literature. For example, one trend in the literature has been to explore what central banks do with regard to the issue of sustainable finance and whether this is covered by their respective mandates (Dikau & Volz 2021; Steffen 2021). Another trend has been to propose a legal and ethical critique of the foundations of the ECB's independence and its focus on price stability in the context of rapid climate change (Schoenmaker 2021; Van't Klooster & Fontan 2020).

There have, however, been only a few attempts made to keep track of how politicians may influence the evolution of the ECB with regard to its role in fighting climate change. Yet, there is one political actor to which the ECB is accountable: the European Parliament (EP). Indeed, scholars have started to pay attention to the ECB's accountability toward the EP. They have mainly perceived accountability as a process aimed at enabling elected representatives to form a judgement on the ECB's justifications for its policy actions (Braun 2017). Accordingly, most studies have been looking into central bankers' communications with a specific focus on their level of transparency and specification (see for example: Waller 2011; Masciandro and Quintyn 2008; and Moschella et al. 2020). However, the act of politicians holding the ECB accountable can also be seen as a more active, politically charged practice where MEPs direct their questions and interventions strategically in order to shape the engagement of the ECB regarding different topics according to their own political preferences. Yet, the politicians' side of the accountability relationship between the ECB and the EP has been largely overlooked in the literature (nevertheless see Collignon and Diessner 2016; Ferrara et al. 2021). This paper seeks to answer the following question: did the EP play a role in shaping the attitude of the ECB regarding its role in the fight against climate change, and if so what was it?

To do so, I build on original datasets of communications between the EP and the ECB between 2014 and 2021 across three different accountability forums: monetary dialogues; the written questions (and answers); and the EP resolutions on the ECB's annual reports (including resolution debates, resolution amendments, and the resolutions themselves).[1] The first contribution of this paper is a quantitative comparative topic analysis showing that MEPs' exertions of pressure on the ECB regarding its role in fighting climate change have increased rapidly and dramatically since 2017 across all accountability forums.

Second, based on a qualitative analysis of the datasets, the paper shows that, during this short period, the ways in which MEPs and the ECB have engaged with the climate change topic have evolved. Starting from two very different discursive strategies, there has been a discursive convergence between 'green' central bankers and MEPs (i.e. between those central bankers and MEPs in favor of the ECB taking a more active role in the fight against climate change). This convergence has been largely attributable to two main points: first, the criticism of the notion of market neutrality on both legal and practical grounds; and, second, the argument that fighting climate change must be conceived as an essential part of the ECB's primary mandate of price stability.

The third contribution of this paper is to argue that this discursive convergence is the result of a pragmatic yet precarious adoption of a common repertoire between 'green' central bankers and MEPs. The adoption of a common repertoire by such actors is pragmatic in that it does not result from a fundamental ideological convergence on the concept of market neutrality nor on the relationship between climate change and price stability. Rather, it results from a strategic use of specific discursive elements that are ambitious enough to steer political change, yet vague enough to allow both sets of actors to converge on them momentarily (Jabko 2006; Jabko 2019). 'Green' MEPs and central bankers have used this common repertoire in order to address their own internal opponents, namely central bankers and MEPs who have been more critical of the idea of the ECB taking a more active part in fighting climate change. Indeed, challenging the notion of market neutrality on both legal and practical grounds has deprived the advocates of the ECB taking a more passive role of one of their main lines of argument justifying the status quo. On the other side, framing the ECB's engagement in the fight against climate change as a requirement of its primary mandate of price stability is a way of addressing the concerns of those central bankers and MEPs according to whom the ECB should focus exclusively on its primary mandate.

The pragmatic adoption of a common repertoire has not resulted from an explicit bargaining process between actors. It has emerged from two processes identified by the emerging scholarship exploring the factors behind the changing attitudes of central banks. One trend of this literature has been to stress the politicization of central banking (Ferrara et al. 2021). Another trend has been to stress internal and organizational

1 Most existing studies have focused on the monetary dialogues (Ferrara et al. 2021; Chang and Hodson 2019; Fraccaroli et al. 2022) and other accountability forums have been overlooked.

dynamics within central banks to explain changes (Siderius forthcoming). Based on the qualitative tracing of discursive convergence, the analysis shows that both of the above dynamics have been at work.

The adoption of a common repertoire between 'green' central bankers and MEPs has been quite effective, but it is also precarious. Indeed, the discursive convergence means a temporary discarding of underlying political tensions concerning the role and independence of central banks that is hardly tenable in the long term.

This paper is organized as follows: the next section (section two) examines the evolution of seven topics on which MEPs held the ECB accountable between 2014 and 2021, with a specific focus on the topic of climate change and price stability; section three documents the discursive convergence between the EP and the ECB over the period under study; section four argues that this discursive convergence has been the result of a pragmatic yet precarious adoption of a common repertoire between 'green' MEPs and central bankers; section five supports this argument by tracing the evolution of this discursive convergence as well as using additional qualitative evidence from the communications between the EP and the ECB in different accountability forums; and the last section synthesizes the findings and discusses potential paths for further research.

Rapid and dramatic increase of the climate change topic in accountability forums

Textual analysis and dictionary techniques

In order to explore the topics on which the MEPs have held the ECB accountable, I have used computer-assisted textual analysis of MEPs' interventions in monetary dialogues, written questions (and answers), and resolution debates.[2]

Most transcripts retrieved from the ECB and EP websites are available in English across the three accountability forums. Some interventions in the resolution debates and very few statements in the monetary dialogues were in other languages. I translated the non-English text into English using Google Translate. This step was motivated by De Vries et al. (2018) who, by comparing different translating methodologies on the corpus of debates in the EP, found that Google Translate performed well for text analysis models based on bag-of-words. Then, I preprocessed the text in each intervention. This implied tokenizing the text (i.e. splitting raw character strings into individual elements, and removing English stop words (e.g., 'the,' 'for,' and 'and'), numbers, punctuation, and white spaces (Gentzkow et al. 2019).

I used dictionary techniques to capture the focus of the ECB on specific topics. Other text analysis methods have also been used in the literature to study MEPs' speeches, such as structural topic modelling (STM), establishing the presence of relevant word clusters to identify topics. Here, I opted for dictionary techniques for two reasons. First, politically important topics in the communications between the EP and the ECB have already been identified in the literature. Both dictionary and STM approaches arrive at similar lists of topics (Fraccaroli et al. 2020; Ferrara et al. 2021). Second, it is important for this analysis to take into account the evolution of climate-related interventions. However, the number of climate-related interventions have increased only very recently. They still represented a small number of interventions compared to the total number of interventions made between 2014 and 2021. For that reason, the climate change topic was not identified by using STM techniques (Ferrara et al. 2021).

To identify whether the ECB discussed a topic over the studied period, I relied on a list of terms related to that issue and inspected how frequently those terms featured in the interventions of MEPs. I have applied the same procedure for each topic selected. I looked at seven topics that MEPs were likely to discuss: price stability; financial stability; social affairs; EMU governance; international developments; payment issues; and the climate. Appendix B provides a full list of terms selected to capture each topic. I then created a list for the climate topic and used Fraccaroli et al.'s (2021) list of keywords for other topics.

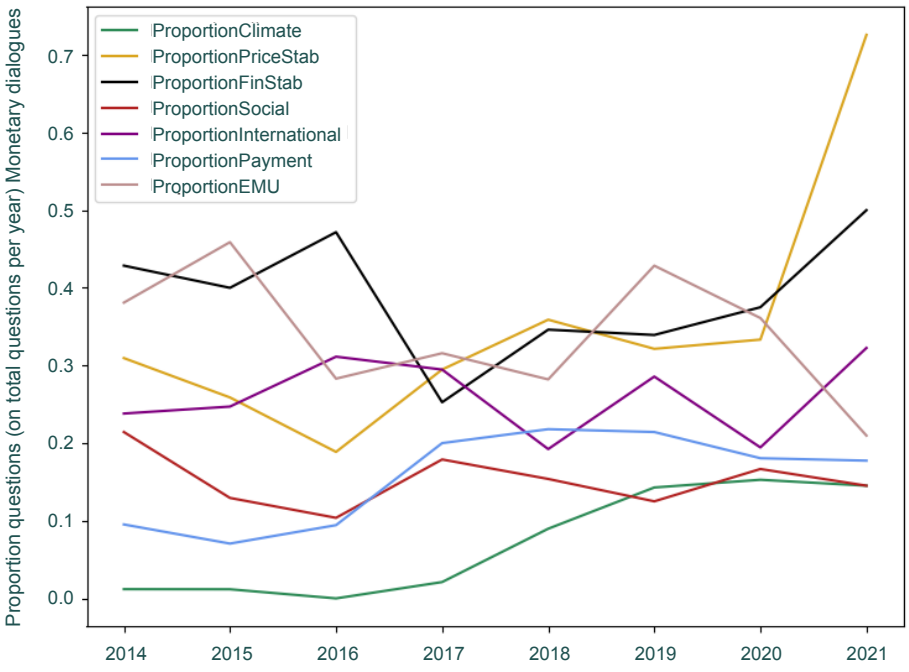
2 Appendix A provides a detailed description of the three accountability forums

Evolution of topics between 2014 and 2021 across accountability forums

Figure 1 shows the proportion of MEP interventions pertaining to different topics with regard to the total number of interventions in the monetary dialogues.[3] For example, we can see that in 2014, slightly over 30% of the interventions in the monetary dialogues pertained to price stability. In the same year, just over 25% of the written questions pertained to price stability and more than 50% of the interventions pertained to this topic in the resolution debates. In coherence with Ferrara et al. (2020), Figure 1 confirms that MEPs also attempted to keep the ECB accountable on a broader set of issues distinct from the ECB's primary goal (Ferrara et al. 2021).

Figure 1: Share of interventions by topic per year (one intervention can be classified as belonging to more than one topic)

MONETARY DIALOGUES



Between 2014 and 2021, interventions pertaining to payment, international developments, and employment-related issues remained more or less stable across the three accountability forums. By contrast, climate-related interventions, which were completely inexistent at the beginning of the period, emerged quickly and dramatically in 2017[4]. Towards the end of the period, climate-related interventions represented more than 10% of the interventions in the monetary dialogues and the written questions, and more than 40% in the resolution debates (see Appendix B).

3 The same data analysis is presented for the other accountability forums in Appendix B

4 The first written question concerned with climate was asked by Green MEP Reinhard Bütikofer in 2016. The question broadly concerned the agenda of the ECB to monitor or even "take a lead role" in addressing climate-related risks.

From discursive discrepancy to discursive convergence

The previous section showed that concerns of MEPs regarding the role of the ECB in fighting climate change had increased dramatically over the last five years. This section documents how the substance of MEPs' interventions on this topic, and the relevant answers by the ECB, evolved over the same period.

Until early 2020, virtually only left-wing MEPs were making interventions concerned with the climate topic[5]. The later involvement of the right-wing MEPs will be discussed in section 4. However, the current section focuses on the evolution of the discursive strategy of 'green' left MEPs exclusively.

2014-2018: Discursive discrepancy between MEPs and the ECB

Left MEPs were quite consistent in putting forward the same three types of policy pressure during the whole period under study (2014-2021). First, they pushed for the ECB to "green" its Asset Purchase Programmes (APPs). In particular, in the framework of the Corporate Sector Purchase Programmes (CSPPs), they asked for a decrease in corporate bond purchases from carbon-intensive sectors and an increase in corporate bonds purchases from sectors in step with the energy transition and green energies. Second, MEPs pushed the ECB to develop adequate measures for and transparent disclosure of climate-related financial exposure of the ECB's asset purchase programs. Third, they asked for the banking supervisory dimension of the ECB to take into account climate risks in their supervision of the banking sector, in the form of climate stress tests. These requests became more specific over time. For example, MEPs developed more detailed requirements regarding the taxonomy of green assets in the latter stages of the period compared to the beginning of the period when it was just about the general 'greening' of monetary policies. However, the substance of the pressure has remained the same on these three counts.

What changed radically was how MEPs framed their argument about why the ECB should take a more active role in the fight against climate change. Until early 2019, MEPs stressed one main argument: the ECB needs to be more active because the EU has committed to a transition to a low-carbon economy in the framework of the Paris Climate Agreement. Accordingly, the ECB, as an EU institution, is bound by the EU treaties, and should therefore hone its monetary policies according to the commitments formally made by the EU as a whole. The written question asked by Ernest Urtasun (Green) in 2017 shone light on this discursive strategy:

5 See Appendix C for the distribution of MEPs' interventions by party groups by topics

"In 2015 the European Union agreed to the adoption of the Paris Climate Agreement. (…) As an institution of the EU, a party to the Paris Climate Agreement, does the ECB consider that it is bound by the aims of the agreement and that it should align its activities with them? If so, what steps will the ECB take to ensure that its policy is adjusted accordingly?"

Similar types of framing were developed in the monetary dialogues, as shown by this intervention made by Molly Scott Cato (Green) in September 2017:

"You will recall that my colleagues and I have sent you a written question concerning the role that the ECB has as an EU institution bound by the Paris Agreement, and what role you have to fight against climate change in that context. (…) In this context, I would like to ask whether you will continue to purchase assets from corporations that have investments in fossil fuels or are mainly directed towards the extraction and sale of fossil fuels?"

In addressing the MEPs, the ECB implemented what could be called a "strategy of avoidance" during Mario Draghi's presidence until late 2019. This strategy consisted of advancing the same two points to justify that fighting climate change was not the role for the ECB. First, the ECB's primary objective is, first and foremost, to pursue its monetary policy mandate to ensure price stability. The ECB is thus legally bound to design its monetary policies according to this primary objective – not to fighting climate change. Sentiment of this nature can be found in nearly all of Draghi's responses to MEPs' climate-related questions. The following response in particular illustrates this general trend:

"Regarding your question on the climate impact of one of the ECB's monetary policy portfolios, namely the corporate sector purchase programme (CSPP), I would like to point out that the CSPP is part of the ECB's asset purchase programme (APP), which aims to support a sustained adjustment in the path of inflation that is consistent with the ECB's aim of achieving inflation rates below, but close to, 2% over the medium term. The eligibility of assets for our purchase programmes is thus guided by our monetary policy objective."[6]

The second line of argument presented by the ECB in its answer to MEPs was that the investment towards the transition toward a green economy was the role of politicians, not central bankers. The following response illustrates this general trend:

"Ethical and social behaviour, as well as good governance and climate-related issues, are of great importance to our societies. But in the first instance it is up to political leaders to define, agree and promote such criteria."[7]

6 Answer to Paul Tang, Neena Gill, Jonás Fernández.

7 Draghi's answer to Reinhard Bütikofer's written question (early 2016).

2019 onwards: discursive convergence

In contrast with the discursive discrepancy depicted above, starting in late 2019 a discursive convergence has developed between the ECB and MEPs. This section focuses on two important aspects of this discursive convergence: the criticism of the notion of market neutrality; and the relationship between climate change and price stability.

Discursive convergence on the criticism of market neutrality

Until 2019, the notion of market neutrality had not been central in the communications between the ECB and the EP. However, on the occasions it was mentioned, the notion of market neutrality revealed an important discrepancy between the ECB on one side, which acted on the notion of market neutrality to justify the actual design of its CSPPs, and the MEPs on the other, who challenged the legitimacy of this notion. Starting in 2021, a year after she became the ECB's president, Christine Lagarde started to align with the MEPs' criticism of the notion of market neutrality.

MEPs criticized the notion of market neutrality on both practical and legal grounds. First, MEPs argued that the investments made by the ECB were, in practice, not neutral at all. Consequently, the notion of market neutrality could not per se justify any investment decision by the ECB. This intervention by Green MEP Damien Carême in the monetary dialogues on February 2020 illustrates this position:

> *"The ECB has consistently said that it follows the principle of market neutrality when selecting assets under the asset purchase programme for the business sector. Do you intend to use the current revision of the monetary policy framework to also review this principle, given that its application has in fact resulted in a portfolio of disproportionately pro-carbon assets, i.e. strong generators of climate risk, which is anything but neutral?"*

Second, MEPs argued that the idea of market neutrality as such was not a part of the EU Treaty. Consequently, this notion could not be used to justify any policy issued by the ECB. The following written question by a team of Green MEPs on 14 October 2019 illustrates this position:

> *"Beyond Article 127 of the TFEU, what other legal basis does the ECB have to justify market neutrality? In what exact documents can we find a definition of the market neutrality principle as implemented by the ECB?"*

Surprisingly, given the initial discrepancy between the ECB and MEPs on this notion, the ECB president pursued convergence on the issue in 2021. The answer of Lagarde in June 2021 to Markus Ferber, an MEP from the European Conservative Party who asked the ECB to clarify its position towards market neutrality, is revealing with respect to this convergence:

> *"I just want to go back to Article 127 of the Treaty on the Functioning of the European Union, which says clearly that the ECB is required to act in accordance with the principle*

of an open market economy with free competition, favouring an efficient allocation of resources. So the idea of market neutrality is not something that is embedded in the Treaty(…)

"The ECB may deviate from a market allocation built on market neutrality if it is required to fulfil its mandate. And, you know, we have growing evidence that financial markets and banks are currently not fully pricing and managing the potential risks that may stem from climate change and the transition to a carbon-neutral economy. And as a result we might actually wonder whether this efficient allocation of resources is currently delivered upon, which would perfectly justify that we might deviate from (…) market neutrality concept."

Convergence on the relationship between climate change and the ECB's primary mandate

The discourse regarding the relationship between the fight against climate change and price stability has also radically changed from both the EP and the ECB. At the beginning of the period under study (2014-late 2019), 'green' MEPs avoided bringing up the ECB's primary mandate in their interventions. On the other side, the ECB systematically used its primary mandate in its answer to the MEPs to justify not taking further action. By contrast, both the ECB and MEPs started agreeing in 2020-2021 on the idea that fighting climate change was in fact an essential part of the ECB's primary mandate on price stability. The following short communication between S&D MEP Aurore Lalucq and Lagarde in 2021 illustrates this convergence:

- *My first question, President Lagarde, is whether you agree that climate change could be considered a precondition for price stability and therefore that it could be included in the primary mandate of the ECB (…)*
- *Let me be very clear about [your first question], which is on the issue of whether climate change at large is to be considered part of our primary objective. The answer is yes.*

Explaining the discursive convergence – the pragmatic adoption of a common repertoire

What explains the discursive convergence laid out in the previous section? This section addresses some alternative explanations and discusses the emerging literature covering the organizational dynamics and the politicization of the ECB to explain the change of attitude among central bankers. It develops the argument that this discursive convergence was the result of a pragmatic yet precarious adoption of a common repertoire by those central bankers and MEPs in favor of the ECB being more active in fighting climate change.

Alternative explanations

The change in the ECB rhetoric may be understood in the broader context of rational policymaking in line with the increasing emergency nature of the climate change situation. The problems with this explanation are twofold. First, rational updating of policy alone does not explain the timing of the convergence. Indeed, the scientific consensus about the emergency and even existential threat of climate change predates the discursive convergence that we are trying to explain here. Second, if it is correct that climate science has reached an academic consensus (Oreskes 2004, 2018), there simply is no comparable development in the field of climate economics or politics to which the question of the role of central banking in fighting climate change could be attached (Downey 2021; Dietsch et al. 2022; de Boer and Van't Klooster 2021). Therefore, the discursive convergence on the principle of market neutrality and on the relationship between climate change and price stability cannot be explained by a sheer information-based rational updating on the part of policymakers.

Another factor immediately comes to mind here: in November 2019, Lagarde replaced Draghi as the president of the ECB. Is the discursive convergence simply due to the fact that Lagarde agrees with the MEPs' position on the role of the ECB in fighting climate change? It has been obvious to ECB observers that Lagarde represented a change in direction from her predecessor, both in terms of her communication style and political priorities (Cordogno and Monti 2020). In particular, immediately after she started her presidency, Lagarde promised to explore every avenue to 'green' the ECB's operations[8]. This paper acknowledges that Lagarde's presidency has shaped communications between the ECB and the EP partly because of the specific style and political objectives of Lagarde herself. However, the scholarship in political science has taught us that, as outstanding as the individual may be, it would not be relevant to analyze any policy entrepreneur outside of the political work that she is performing, and this applies to actors and

8 See for example Lagarde's confirmation hearing on 14 October 2019 available at https://www.youtube.com/watch?v=qfHwrAxej7M&ab_channel=PositiveMoneyEurope

institutions as well (Jones and Baumgartner 2005; Kingdon and Thurber 1984). It is thus important to ask how the political work performed by the ECB president influenced specific aspects of the discursive convergence under study here, beyond Lagarde's personal style and sensitivity to the fight against climate change.

Pragmatic adoption of a common repertoire

This paper argues that the discursive convergence between the ECB and the EP documented here results from a pragmatic yet precarious adoption of a common repertoire by 'green' central bankers and MEPs, allowing them to address policymakers within their respective institutions who oppose the ECB taking a more active stance in fighting climate change. The adoption of a common repertoire has been pragmatic, in the sense that it is not the result of an ideological convergence between the actors on the question of climate change and central banking. It must rather be understood as a strategic agreement on specific discursive points that have enough potential to influence political change, yet vague enough to allow otherwise distinct or even opposing sets of actors to converge on them (Jabko 2006; Jabko 2019).

Politicization dynamics

The adoption of a common repertoire does not result from an explicit bargain struck between actors. The processes through which the actors have adopted a common repertoire are a matter of politicization and organizational dynamics. The ECB is traditionally presented as a central bank independent from political authorities (Goodhart 1998). However, recent scholarship has stressed the importance of the politicization of central banking in order to explain changes in its attitudes. For example, Moschella and Diodati (2020) showed that central bankers' position-taking is shaped not only by economic conditions but also by domestic political considerations of the governments of the countries they represent. Although the ECB is largely insulated from domestic electorates' pressures because of its statutory independence, it still 'cannot ignore the possibility of an unfavourable political reaction' (Jones 2009: 1093). This insight is coherent with Culpepper's work on political salience, which shows that policymakers pay more attention to the preferences of their constituencies when they become involved in issues attracting a high level of public attention. Culpepper focused on elected officials, on whom public pressure is mostly exerted in the form of the threat of citizens voting them out of office. However, political pressures can be exerted on central bankers through public 'naming and shaming' and through threats issued by politicians to undermine their independence if political discontent increases. Political pressure is not necessarily passively applied but can be instrumentalized by policy entrepreneurs to achieve their own political goals (Massoc 2019). As is developed in the next section, the discursive convergence on the criticismof the notion of market neutrality resulted from politicization dynamics: MEPs brought political salience on the issue of market neutrality and this, in turn, put enough pressure on central bankers to force them to question, and eventually abandon, one of their main arguments previously

used to justify the status quo. However, there is evidence that Lagarde did not endure political pressure passively, but instrumentalized this to achieve her own priorities within the ECB.

Organizational dynamics

Another trend in the scholarship on the changing attitudes of central banks has placed an emphasis on internal organizational dynamics and examined how central bankers manage and win over internal tensions between different or antagonistic objectives within the central bank (Siderius, forthcoming). For example, central bankers have contributed to the re-framing of climate change as in fine, a financial risk to be taken into account in a cost-benefit analytical framework, to push for the 'greening' of central banking (Kupzok 2021). The discursive convergence on climate change being part of the ECB's price stability mandate resulted from organizational dynamics. Within the ECB, the main opposition to tailoring monetary policies to climate-related objectives has been based on the idea that it may be detrimental to the bank's primary mandate. 'Green' central bankers thus strategically started framing the fight against climate change as a requirement in the course of fulfilling their primary mandate. MEPs later took up the same argument against conservative MEPs devoted to the primacy of the price stability mandate.

Precarious bedfellows

The adoption of a common repertoire by 'green' MEPs and central bankers has been precarious because the discursive convergence involves temporarily discarding the underlying political tensions concerning the role and independence of central banks, and this is hardly tenable in the long term. The criticism of the notion of market neutrality may allow 'green' policymakers to argue that it does not go against their mandate to take into account climate-related factors when making investment decisions. However, it does not clarify at all the rule, or principle, which should take precedence in their investment decision-making on a more general basis. Second, the idea of fighting climate change being part of the ECB's primary mandate comes with its share of ambivalence in terms of practical implementation and uncertainties should the two objectives enter into a conflict. Lagarde, as well as the MEPs making the argument in accountability forums, have remained quite vague when stating that fighting climate change is actually a part of the ECB's primary mandate.

The general argument Lagarde has put forward is that "environmental sustainability has an impact and should be factored in, because it has an impact on prices and relative prices on consumption, on risks anticipated by consumers and by companies and because it forms this aggregate of elements that we have to take into account when we contribute, by our monetary policy, to price stability, which is our key mandate."[9] This argument has been developed by central bankers outside of the accountability forums

9 Monetary dialogues, 02/2020, Christine Lagarde's answer to Evelyn Regner (S&D)

as well[10]. However, although there is little doubt that climate change represents one of the greatest societal and economic challenges of this century, there is no consensus yet in the academic literature on the question of whether and how climate change may affect price stability in the short and long run. Empirical studies on the implications of climate change for inflation are still scarce (but see Heinen et al. 2019; Parker 2018). The most recent of them seem to have shown that the impact of climate change on prices is non-linear, both in terms of divergence from average temperatures, and in terms of absolute temperature (Faccia et al. 2021). These findings complicate the assessment of what the ECB should do to fight climate change within the framework of its primary mandate, thus contributing to the potentially unstable and contradictory character of its interventions (Coombs and Thiemann 2022). The pragmatic alliance between 'green' MEPs and central bankers on the vague point of framing the fight against climate change as a part of the ECB's primary mandate may not hold once the concrete implications of this framing have been examined and questioned.

10 See for example Lagarde's speech at the State of the Union 2022, available at https://www.cnbc.com/2021/05/07/climate-change-is-already-impacting-price-stability-lagarde.html; Isabel Schnabel at https://www.imf.org/en/Publications/fandd/issues/2021/09/isabel-schnabel-ECB-climate-change

Tracing the discursive convergence in accountability forums

This section presents a qualitative analysis of the discursive convergence between the ECB and the EP on the two themes of market neutrality and the relationship between climate change and price stability. The analysis builds on the datasets described in Appendix A.

Politicization dynamics: criticism of market neutrality

The insistence of MEPs on challenging the notion of market neutrality is coherent with politicization dynamics. Green MEPs started to criticize the notion of market neutrality early on when they started to bring up the climate change issue in the accountability forums. Their criticism mostly consisted of claiming that the ECB's monetary policies were not neutral (and were instead biased in favor of non-sustainable investments), despite the pretense of the ECB's president having to abide by market neutrality. The first intervention here was made by Molly Scott Cato in September 2017 in the monetary dialogues, where she referred to the APPs as "economic distortions." The critical stance of MEPs towards market neutrality has intensified over the years. As was developed in section three, their criticism has pointed to the non-neutrality of actual ECB investments as well as to the apparently weak legal grounds for the notion.

MEPs have largely based their arguments on the criticism of market neutrality developed in academic and activist circles (Grantham Research Institute 2017; Positive Money 2019; Dafermos et al. 2020)[11]. The following written question by Green MEP Ernest Urtasun in 2019 is illustrative of this:

> *"Research papers from Positive Money and the Grantham Institute have found that the ECB's corporate sector purchase programme (CSPP) is significantly skewed towards carbon-intensive assets. The ECB, for its part, has insisted that the CSPP must be designed in a 'market neutral' way. (…) Further research from Positive Money Europe on market neutrality concludes that this principle is not built on solid legal grounds (…)."*

However, for several years, this criticism was not really acknowledged by the ECB, which continued to use the concept of market neutrality to justify their policies. Importantly, this stance did not change when Lagarde became president. In February 2020,by which point Lagarde had assumed the presidency, still answered to MEPs as follows:

11 Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science, 2017, 'The climate impact of quantitative easing'.
Positive Money Europe, 2019. 'Why the ECB should go beyond market neutrality', https://www.positivemoney.eu/2019/09/ecb-market-neutrality-doctrine

On monetary policy itself, over the portfolio as a whole, (…), yes, the principle of neutrality is observed[12].

It was only by June 2021, in a response to conservative MEP Ferber, that Lagarde sided with the criticism of market neutrality developed by MEPs over the years (see p10). Criticism of the notion of market neutrality started within civil society circles and was stirred up by MEPs who saw an opportunity to undermine the ECB's arguments based on the notion of market neutrality. The timing here is coherent with politicization dynamics.

However, the political pressure brought by parliamentarians has not been applied passively. In accountability forums, Lagarde also quite explicitly called for the MEPs to put pressure on the ECB (and, therefore, herself) in a way that she may use to convince her colleagues of the Governance Council. For example, in June 2020, she said in response to MEP Paul Tang:

"But the more you, the more the Commission, the more the Member States align their objectives with the green dimension, with the fight against climate change, with the fight for diversity, clearly the more legitimate this green economy becomes, and therefore, through price stability, our primary mandate, we have to support it."

Another answer given by Lagarde later in 2021 pointed directly at the necessity to convince her colleagues:

"We have not a complete and final determination on that particular aspect of the impact of climate change and the level at which it needs to be considered. This is a matter that is under discussion at the Governing Council. So, I'm here stating views that are shared with staff and I'm setting out my view on the matter, as well as that of some members of the Governing Council and the Executive Board.[13]*"*

Organizational dynamics: climate change and price stability

The framing according to which the ECB's engagement in fighting climate change is part of its price stability mandate is coherent with organizational dynamics. A president favorable to increasing the ECB's engagement framed their argument in a way that can be acceptable for more conservative counterparts who remain very attached to the ECB's narrow mandate of price stability.

The argument clearly comes from within the ECB, not the EP. The ECB's first mention of the idea that the fight against climate change was part of its primary mandate was found in the monetary dialogues in February 2020, only a couple of months after Lagarde became president. She said:

12 Answer to Damien Carême, Monetary dialogues 02/2020.

13 Lagarde answer Urtasun 2021 / 03

> *"What I suggested, and what I believe, is that within the primary objective, environmental sustainability has an impact and should be factored in, because it has an impact on prices and relative prices, on consumption, on risks anticipated by consumers and by companies and because it forms this aggregate of elements that we have to take into account when we contribute, by our monetary policy, to price stability, which is our key mandate[14]."*

This is four months sooner than any mention was made in this sense by MEPs in either of the accountability forums[15]. This timing suggests that the new framing resulted from organizational dynamics within the ECB itself. Lagarde, who had personally been in favor of a more active stance being taken by central banking in the fight against climate change, worked politically to create a consensus around this very controversial issue in central bankers' circles.

Evidence that focusing on the primary objective was indeed Lagarde's strategy to convince her colleagues can be found in the evolution of the speeches of her colleague on the Executive Board of the ECB, Isabel Schnabel. Schnabel said in her confirmation hearing in 2020 that the climate was not the ECB's primary mandate but could be considered a part of its secondary mandate[16]. By contrast, in September 2021, she wrote of climate change that: "The main reason central banks should increase their attention to climate change is the likelihood it will affect their ability to achieve their mandates."[17]

Schnabel herself explained this evolution as being influenced by Lagarde's political work. In a podcast recorded on 7 May 2021, Schnabel said:

> *"I must admit that, when I joined, I was, in the beginning, quite reluctant in regard to the role of central banks in climate change. And since then, my thinking has developed quite a bit. So I have talked to many people, I talked to Frank [Elderson, member of the Executive Board], I talked to our President [Christine Lagarde], and I think once one appreciates how important the financial sector is for this green transition, one has to admit that we as central bankers have to think about our role in the fight against climate change. And this has been the main reason why my own thinking changed a bit[18]."*

More specifically, Schnabel said in an interview that *"Christine Lagarde has made a big difference at the ECB. She has put climate change on the agenda."*[19] This is coherent with the notion of organizational dynamics within central banks explaining the 'greening' of central banking.

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14 February 2020, Lagarde's answer to S&D MEP Evelyn Regner

15 The first intervention of the MEPs concerned with climate change that was also explicitly concerned with price stability was a written question asked on 29 June 2020. The question was asked by a team of Italian Independent MEPs from M5S who later joined the Green party: "*Although, at present, the ECB's mandate is to ensure balanced inflation and economic and financial stability (…), financing activities that fuel climate change increases the risk of financial instability and thus runs counter to its mandate.*" In the monetary dialogues, the first intervention in that sense was made only in September 2020 by Green MEP Bas Eickhout

16 https://www.youtube.com/watch?v=mIGXMlDMn5E

17 https://www.imf.org/en/Publications/fandd/issues/2021/09/isabel-schnabel-ECB-climate-change

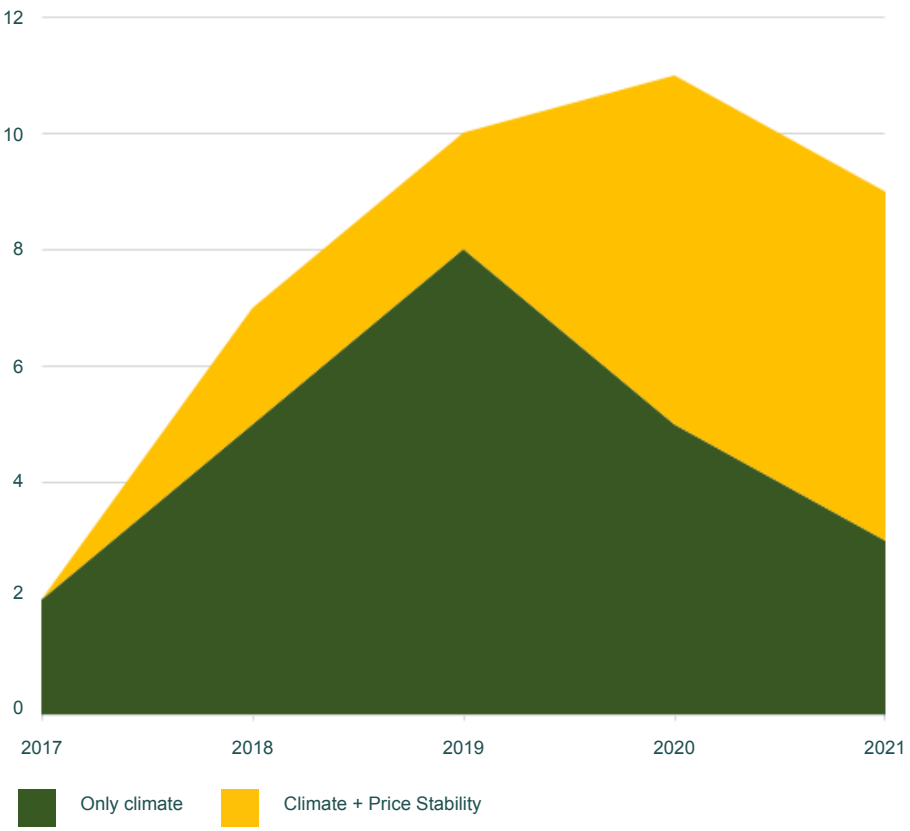
18 https://open.spotify.com/episode/1jRWwX8zPXa2tvaj0lNlaN?si=961e9684e1e642e3&nd=1

19 https://www.ecb.europa.eu/press/inter/date/2021/html/ecb.in210710~4b73d128ac.en.html

The MEPs were at first reluctant to make Lagarde's line of argument their own. As developed in the previous section, the ECB's price stability mandate was above all used by Draghi to justify his position that monetary policies could not be tailored to financing the transition to a low-carbon economy.

However, since June 2020, left-wing MEPs have largely adopted the sort of framing first put forward by the ECB. Figure 2 quantitatively captures the evolution of the interventions of MEPs in the written questions and the monetary dialogues regarding climate and price stability. Colored green is the evolution of the number of interventions concerned with climate change only. There was a dramatic increase in this type of intervention until 2019, then their number decreased up until 2021. Colored yellow is the number of interventions concerned with both climate change and price stability. The increase was weak until 2019 (and these questions were actually not concerned with the relationship between climate change and price stability, but rather address the two topics separately), but in 2020 and 2021, MEPs' interventions concerned with both climate change and price stability outnumbered their interventions concerned with climate change only.

Figure 2: Evolution of the number of written questions about "climate change" or about "climate change and price stability"



This framing allowed left-wing MEPs to address the rising opposition of conservative MEPs more critical regarding the ECB taking action to fight against climate change. Conservative MEPs used price stability to warn that fighting climate change should not interfere with the ECB's primary mandate[20]. Left-wing MEPs thus used the repertoire brought up by the ECB to build a consensus within the EP.

The evolution of the EP's resolutions on ECB reports – which are adopted by the EP as an institution – are revealing with regard to this consensus-building within the EP. In the resolutions, the climate change topic was virtually non-existent before the resolution in the 2018 ECB report. Since then, a whole section has been dedicated to the ECB's "actions against climate change." However, in the three available reports where this section exists (ECB reports of 2018, 2020, and 2021), the tone of the EP evolved. In the 2018 resolution, price stability was presented as the framework within which the ECB's action against climate change was to be conceived, as suggested by the first paragraph of the 2018 resolution:

> *"Recalls that, as an EU institution, the ECB is bound by the Paris Agreement on climate change and that this should be reflected in its policies,* while fully respecting its mandate and its independence*; (…)"* (EP 2019 §19, my emphasis)

This statement contrasts with the 2021 resolution, where the price stability mandate is mentioned as enabling the ECB's actions against climate change. Indeed, the EP *"considers that maintaining price stability* could help to create the right conditions for the implementation of the Paris Agreement" (EP 2022, §23, my emphasis).

20 The statement by MEP Markus Ferber is representative of this trend: "*(…) Many proponents of sustainable finance argue that the ECB should put sustainability at the heart of the ECB's operations. The ECB has in turn signaled that it would consider how to better integrate sustainability considerations into its operations as part of its monetary policy review. Against this background: 1) Does the ECB see any risks for fulfilling its primary mandate if its focus were to shift towards sustainability? 2) Would the ECB need to abandon the principle of market neutrality if it its focus were to shift towards sustainability?"*

Discussion

Building on the original datasets of communications between the EP and the ECB between 2014 and 2021 across three different accountability forums, this paper has made three main contributions to the buoyant literature on the politics of central banking. First, the paper has shown that MEPs' pressures on the ECB regarding its role in fighting climate change have increased rapidly and dramatically since 2017 across all accountability forums. Second, it has documented a striking discursive convergence between the ECB and the MEPs towards the end of the period under study. This discursive convergence has been all the more puzzling as it concerns two politically sensitive topics: market neutrality and price stability. The third contribution of this paper was to show that the discursive convergence was the result of a pragmatic yet precarious adoption of a common repertoire between 'green' central bankers and MEPs. Both politicization and organizational dynamics have been employed to achieve this pragmatic discursive alliance.

The pragmatic discursive alliance between 'green' central bankers and MEPs has proved effective in justifying a more active role being taken by the ECB in the fight against climate change, seemingly convincing or at least anaesthetizing their opponents. However, the arrangement promises to be precarious as it means temporarily discarding underlying political tensions concerning the role and independence of central banks, which is hardly tenable in the long term. The critique of the notion of market neutrality may allow 'green' policymakers to argue that it does not go against the ECB's legal obligations to take into account climate-related factors when making investment decisions. However, it does not clarify at all any rule, or principle, which should instead take precedence over the ECB's investment decision-making on a more general basis. Similarly, framing the fight against climate change as a part of the ECB's primary mandate may not hold as the concrete implications of this requirement are further examined and questioned, as well as when the specifics of the ECB's engagement are further discussed.

Tensions are likely to surface sooner rather than later as, on one side, there has recently been a clear and bold move made by Lagarde to use ECB lending as a tool to tackle climate change[21], while on the other side rising inflation puts the spotlight on the ECB's fulfillment of its primary mandate (or indeed its failure to do so) again. The pragmatic discursive alliance between 'green' central bankers and politicians may no longer be enough to justify the ECB's new role in the fight against climate change as opponents start honing their argument again in this tense context. Ultimately, using monetary policy as a tool in the essential fight against climate change may not be sufficient to ease the broader public and democratic debate over the role to be played by central banking.

21 https://www.bloomberg.com/news/articles/2022-06-01/lagarde-has-open-mind-on-ecb-lending-as-a-climate-crisis-tool

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APPENDIX A

Accountability forums and original datasets

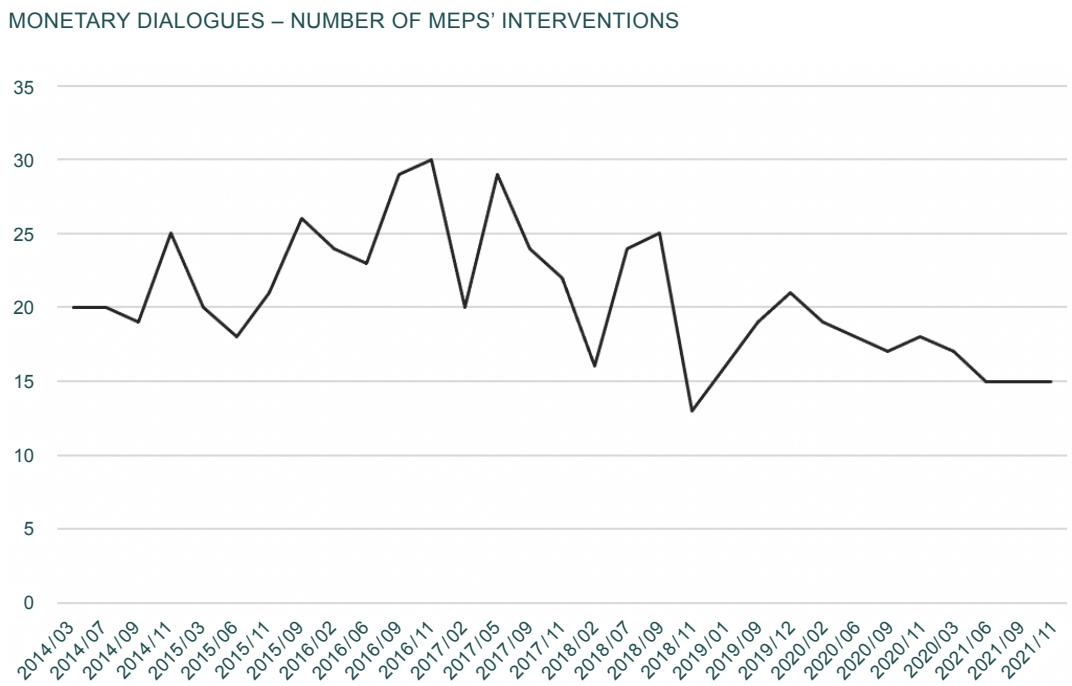
The accountability structures of the ECB have been shaped by the active initiative of MEPs and the responsiveness of the ECB to their demands rather than by formally laid out requirements (Jourdan and Diessner 2019). This situation – along with the extended powers and responsibilities taken on by the ECB during the last decade, explains why the ECB accountability's workings, as well as its objectives, remain subject to heated debates among academics and experts (Buiter 2006; Sibert 2010; Claeys et al. 2014; Braun 2017; Diessner 2018). The most well-known accountability forum remains the monetary dialogues, but other forums are available for the MEPs to hold the ECB accountable. This section presents three different accountability forums: the monetary dialogues, the written questions and the resolutions (which include the resolution debates, the amendments and the resolutions themselves), as well as the three corresponding datasets[22].

The monetary dialogues

The monetary dialogue takes place every three months. The ECB president, occasionally another member of the executive board, reports on monetary policies and answer questions of the MEPs from the Economic and Monetary Committee. Monetary dialogues have been the focus of most academic and expert attention. The form of accountability exercised in the monetary dialogue – and its effectiveness, has been much debated (Jabko 2000; Jourdan and Diessner 2019; Amtenbrink and van Duin 2009; Braun 2017; Claeys et al. 2014; Gros 2004). The statements and answers of the ECB in this setting have also been scrutinized (Collignon and Diessner 2016; Fraccaroli et al. 2018, 2020, and 2021; Ferrara et al. 2021). However, how the MEPs themselves have used this forum has remained largely overlooked by the literature (but see Ferrara et al. 2021). The dataset constructed for this study comprises 638 interventions by MEPs (and the corresponding answers by the ECB president) between 2014 and 2021. Figure 1 pictures the number of interventions by MEPs in each parliamentary hearing since 2014.

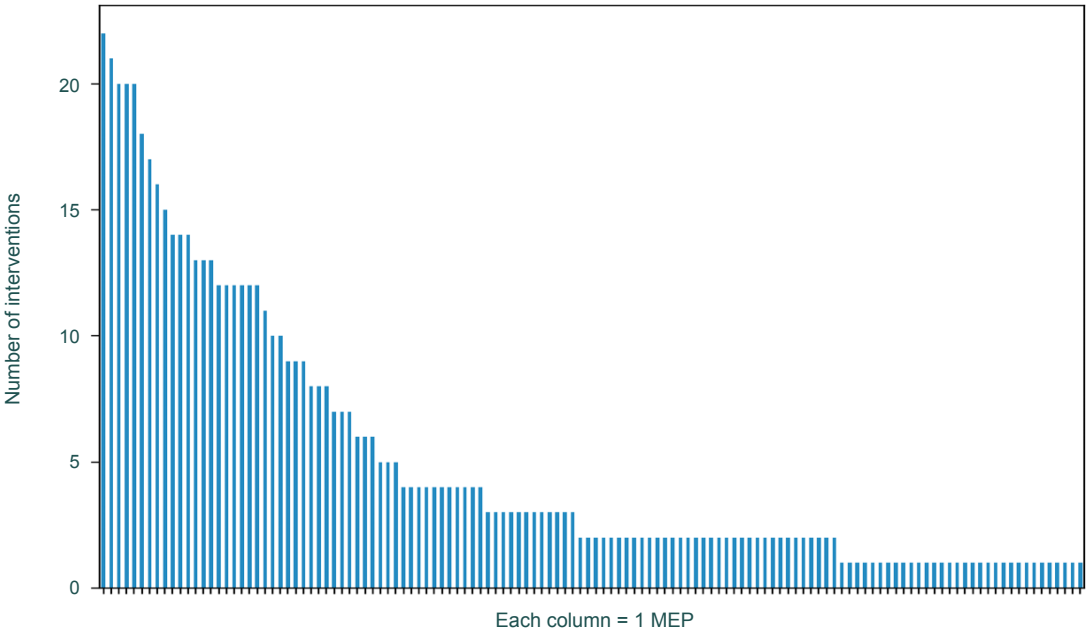
22 General descriptive statistics of the datasets are available in Appendix A

Figure 1: Number of MEPs' interventions in the monetary dialogues (2014-2021)



128 different MEPs have participated in the monetary dialogues over the period under study. Five MEPs have taken the floor more than 20 times: Pervenche Berès (S&D), Notis Marias (ECR), Markus Ferber (PPE), Bernd Lucke (ECR) and Jonàs Fernández (S&D). 34 MEPs have taken the floor more than 5 times.

Figure 2: Distribution of MEPs by number of interventions in the monetary dialogues between 2014 and 2021



The written questions

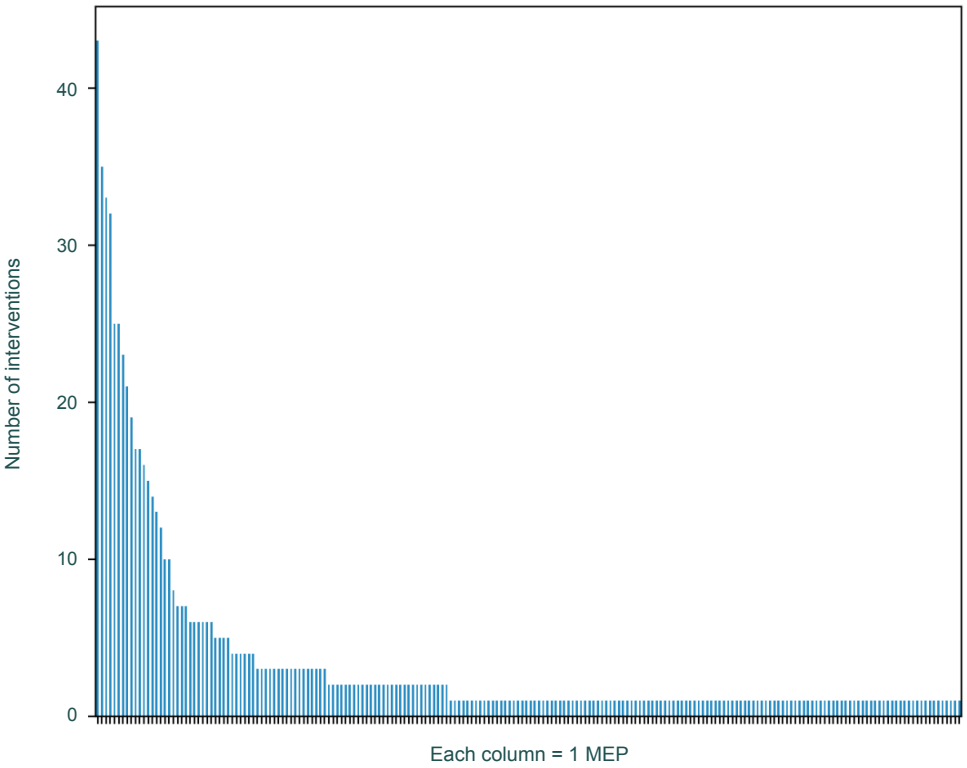
Any MEP may put a maximum of six questions per month for written answer to the ECB. If a question has not received a reply within six weeks, the MEP may, at the request of its author, be included on the agenda for the next parliamentary hearing of the ECB president. During all the period, I could find only one question that didn't receive a written answer from the ECB. The written questions have drawn much less academic attention than the monetary dialogues (but see Maricut-Akbik 2020).

Table 1: Number of written questions by year

	2014	2015	2016	2017	2018	2019	2020	2021	Total
Number of questions	61	175	121	111	80	54	76	42	**720**

206 different MEPs have asked at least one question between 2014 and 2021. However, as observable in Figure 3, a small number of MEPs are comparatively much more active than the others. 32 MEPs asked 5 or more questions over the whole period.

Figure 3: Distribution of MEPs by number of written questions between 2014 and 2021



Sven Giegold (43 questions), Fabio De Masi (35 questions), Luke Ming Flanagan (33 questions), Jonás Fernandez (32 questions) are the four MEPs who asked more than 30 questions over the whole period. Marco Zanni asked 19 questions individually and additional 25 questions along with Marco Valli.

Table 2: most active MEPs in the written questions to the ECB over the period 2014-2021

Name	Gender	Party Group	Country	Number of written questions
Sven Giegold	Male	Verts/ALE	Germany	43
Fabio De Masi	Male	GUE/NGL	Germany	35
Luke Ming Flanagan	Male	GUE/NGL	Ireland	33
Jonás Fernandez	Male	S&D	Spain	32
Marco Zanni	Male	ENF/ID	Italy	19 + 25 with Marco Valli

The resolutions

Every year, one of the ECB's Executive Board members present the ECB's annual report to the European Parliament at a public hearing. The EP's resolution is a feedback about this report. The resolutions result from the resolution debates and the amendments presented below. A resolution is adopted on behalf of the EP as a whole. By contrast with the other accountability forums presented here, it is thus representative of the majoritarian position within the EP institution (Chang and Hodson 2018). There is a missing year for resolution on the 2019 ECB report.

The resolution debates

In order to produce the EP resolution, the MEPs debate in plenary session, which is attended by one of the ECB's Executive Board members. To my knowledge, EP's resolutions haven't yet been studied in the literature.

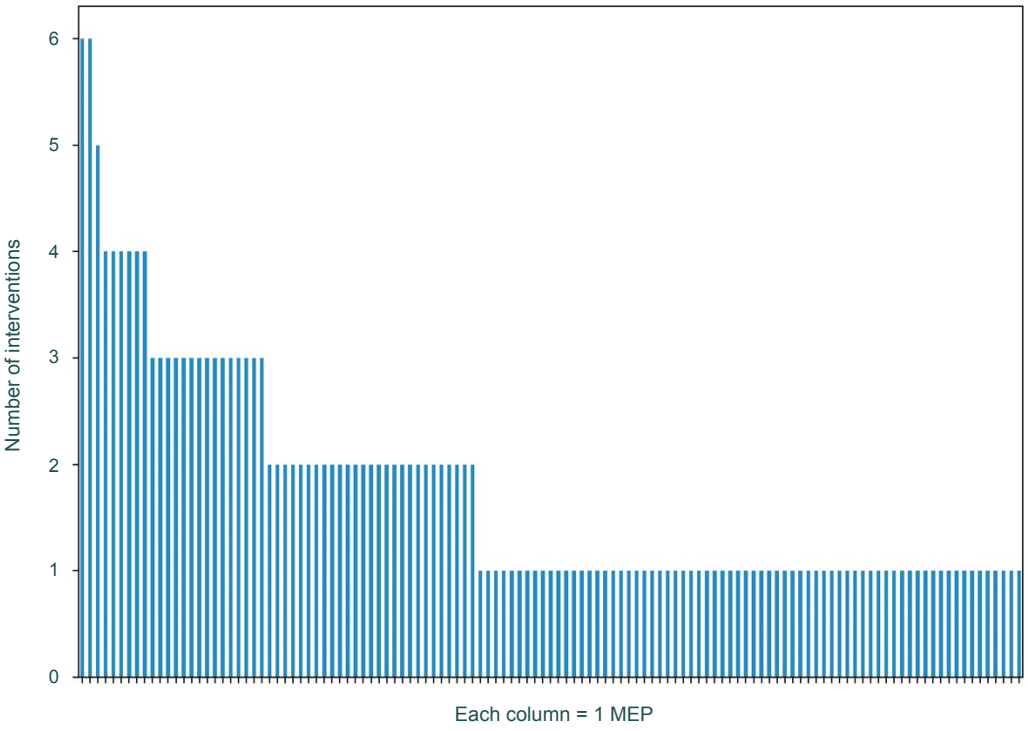
There have been 222 interventions by MEPs in the resolution debates between 2014 and 2021. The number of interventions in table 3 is reported on the year in which the ECB report was published (and not the year where the debates were held). Since there is a missing year for resolution on the 2019 ECB report, this year is also missing for the resolution debates and amendments.

Table 3: Number of interventions by year in the resolution debates

	2014	2015	2016	2017	2018	2020	Total
Number of interventions	46	48	41	26	35	26	**222**

121 MPs have taken part to the resolution debates during this period. By contrast with the written questions, the share of interventions is more balanced. As illustrated by Figure 4, only three MEPs have intervened more than five times. The vast majority of MEPs have spoken only once.

Figure 4: Distribution of MEPs by number of interventions in the Resolution debates between 2014 and 2021



The resolutions' amendments

Amendments are proposed by MEPs in preparation of the resolution on ECB's annual report. 106 MEPs have proposed amendments (either individually or in a team). Four MEPs proposed more than 100 amendments: Jonás Fernández, Dimitrios Papadimoulis, Jorg Meuthen, and Gunnar Beck. Nine other MEPs have proposed more than 50 amendments.

Table 4: Number of amendments by year

	2015	2016	2017	2018	2020	Total
Number of questions	245	248	475	283	321	1572

APPENDIX B

Keywords by and examples of coded statements by topic

	Keywords	Example of coded statements
Climate	"green finance", "green transition", "paris agreement", "paris climate agreement", "green recovery", "green bonds", "greening", "gas", "emissions", "greenhouse", "climate change", "climate impact", "sustainable finance", "gas emissions", "sustainable transition", "natural disaster", "emission", "climate-related", 'natural disaster', "fossil", "emissions", "carbon dioxide", "pollution", "polluting", "low carbon", "high carbon", "carbon intensive", "environment related","environmentally", 'co2', 'carbon dioxide'	Leading by example, the Bank of England has recently published its own climate related financial disclosures including on its corporate QE portfolio. A similar exercise for the Eurosystem's balance sheet appears necessary for the ongoing debate on the future inclusion of sustainability criteria in the ECB's strategic policy framework. In this context: — Has the ECB evaluated its own environmental and climate related financial risks across its entire balance sheet? — If so, will the ECB make such analysis available to the public, for example, as part of its next annual report and report those risks to the European Parliament?
Price stability	"primary mandate", "primary objective", "prices", "price", "inflation", "inflationary", "HICP", "CPI", "PCE", "PCE index", "independence", "price stability", "deflation", "deflator", "deflationary", "deflate", "hyperinflation", "hyperinflationary", "hyper-inflationary"	Written Question Z-02/2015 indicated that the economic situation was moving towards extremely low inflation. It was suggested that the ECB should undertake a large-scale acquisition of eurozone government bonds of up to EUR 2 trillion. Furthermore, an additional cut in the official interest rate was recommended, from 0.05 % to 0.025 %. The ECB instead undertook a EUR 1 trillion programme of purchases of euro area government bonds, while leaving the official interest rate unchanged. However, these measures, while appropriate, have been insufficient, since the eurozone inflation rate in September 2015 was negative. Thus, further use of the current monetary tools along the lines suggested in Written Question Z-02/2015 seems warranted. Therefore, is the ECB ready to increase the purchase of eurozone government bonds up to EUR 2 trillion, and to reduce the official interest rate to 0.025 %? Is the ECB ready to do so by 31 December 2015?

Financial stability	"financial stability", "financial instability", "financial crisis", "financial stress", "financial risk", "systemic risk", "contagion", "financial shocks", "bubble", "bubbles", "financial imbalance", "financial imbalances", "misalignment", "credit growth", "leverage", "banks", "insurers", "hedge funds", "investment funds", "securities markets", "derivatives", "off-balances sheet exposures", "foreign currency loans", "correlated exposures"	On 4 September 2014 the ECB announced a programme for the purchase of asset-backed securities (ABS). Under this scheme banks will transfer to the ECB the risks they take when granting loans. The ECB has specified that it will purchase only 'simple and transparent' products relating to securities with senior status (senior tranches). For mezzanine tranches it will do so only with the guarantee of the Member States, who will thus bear the risk of the highest-risk purchases. Could the ECB please state what criteria it will use to assess whether the securities it purchases are 'simple and transparent'? Could it give details of the types of guarantee that the Member States may be asked to give?
Social affairs	"employment", "unemployment", "firing", "fixed-term", "inactivity", "job", "jobs", "jobless", "labor", "labour", "labor force", "labour force", "Labor market", "Labour market", "self-employed", "vacancies", "vacancy", "worker", "workers", "wage", "wages", "inequalities", "redistributive", "redistribution"	According to ECB surveys on the financial vulnerability of citizens of the eurozone, poorer households face a higher risk of bankruptcy and financial pressure in servicing their loans than richer households. In particular, according to the debt service-to-income ratio, the poorest households in the eurozone spend at least 20% of their incomes on servicing debts, a ratio which is higher in countries such as Greece, where the cost of servicing loans amounts to 69.7% of the income of the poorest households. In this context of financial vulnerability, a generalised fall in income and widespread job cuts and the over-indebtedness of vulnerable households to banks, Member States and the ECB are developing policies to reduce non-performing loans, without considering their social impact. In view of the above, will the President of the ECB say: Does he admit a share of the responsibility for the aforementioned situation in the poor eurozone households, which have become over-indebted to the banks in order to meet their basic social needs - needs which the national States have ceased meet in the name of 'public sector restructuring', 'fiscal adjustment' and the exploitation of 'investment opportunities' by the private sector, such as housing, education and health?

International affairs

"trade", "Cross-border", "emerging markets", "emerging economies", "outside the euro area", "outside the EU", "geopolitics", "china", "chinese", "united states", "the us", "usa", "america", "american", "canada", "canadian", "japan", "japanese", "russia", "russian", "india", "indian", "turkey", "turkish", "argentina", "argentinian", "brexit", "united kingdom", "england", "norway", "norwegian", "enlargement", "developing economies", "developing countries", "world bank", "imf", "war", "middle east", "far east", "opec", "wto", "exchange rate", "sweden", "swedish", "oil", "gas", "commodity", "g7", "g20", "korea", "korean", "northern rock", "terrorism", "terrorist", "africa", "african", "asia", "asian", "australia", "oversea", "external representation", "ire", "dollar", "pound", "ruble", "yuan", "yen", "renminbi", "ltcm", "external demand", "exports", "imports", "advanced economies", "value chain", "us treasuries", "fed", "federal reserve", "bank of england", "scotland", "scottish", "pboc", "basel", "bank of international settlements", "bis", "washington", "new york"Intern

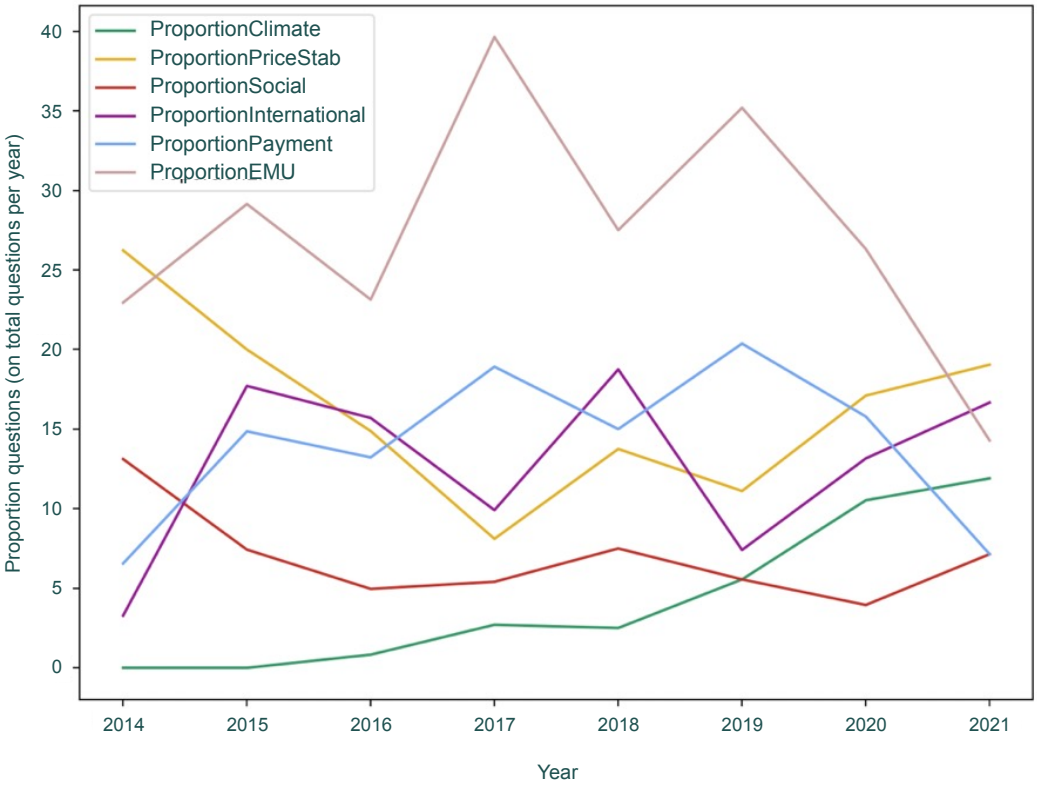
The President, in his opening statement, talked of strong growth in the euro area economy in clear growth, but with some uncertainties on the horizon, probably the most serious of which are the so-called geopolitical risks. In those risks we are seeing the lure of protectionism, primarily in the United States, but we are also seeing the effects of the Federal Reserve's monetary policy resulting from the largest fiscal deficits in the United States, which this summer just gone caused a major crisis in emerging economies: Brazil, Argentina, Turkey. In that light and taking advantage of the fact that I am one of the last to ask a question, meaning that the questions that I had noted down have already been asked by the MEPs who spoke before me, I would like to ask the President about those geopolitical risks, the risks that we are witnessing in Turkey, Brazil and Argentina, which may affect the euro area, and about the risks of that protectionism or an about-turn, a reversion of the expansionary monetary policy in the US faster than expected in view of the biggest fiscal deficit expected in that country.

Payment	"payment", "payment systems", "ccp", "clearing", "market infrastructures", "digital euro", "wholesale transactions", "bitcoin", "stablecoins", "libra", "diem", "instant payments", "cbdc", "cash", "banknotes", "coins", "card", "e-money", "private money", "central bank money", "digital dollar", "target", "target2", "t2s", "real-time gross settlement", "sepa", "tips", "payment", "settlement", "dlt", "ledger", "blockchain", "token", "digital currency", "cryptocurrencies", "crypto-currencies", "crypto-assets", "cryptoassets", "big tech firms", "big techs"	ESMA just yesterday warned around the risks related to stablecoins and cryptocurrencies, and the ECB has also been quite concerned about the monetary impact of the stablecoins. We have heard and been informed that the ECB is now doing work around this digital euro. What's the situation with this project, because obviously it could be some kind of help for those people who would like to have these new types of payment and do it in a very safe manner? So, what's your impression concerning the project? At the same time do you think the ECB ought to have a stronger role, for example a veto right in the authorisation process of stablecoins?
EMU governance	"fiscal policy", "fiscal rules", "fiscal board", "bailout", "bail-in", "single supervisory mechanism", "ssm", "single resolution mechanism", "srm", "banking supervision", "microprudential", "macroprudential", "prudential policies", "macroeconomic policies", "five presidents' report", "four presidents' report", "economic and monetary union", "emu", "eu budget", "multiannual financial framework", "mff", "sure", "stability and growth pact", "sgp", "stability and growth", "banking union", "deposit insurance", "edis", "ngeu", "next generation", "recovery and resilience", "fiscal capacity", "bicc", "risk-sharing", "transfer union", "policy mix", "international role of the euro", "ire", "moral hazard", "financial assistance", "troika", "european stability mechanism", "esm", "corrective arm", "budget", "capital markets union", "cmu", "integration", "deepening", "country specific recommendations", "csrs", "euro adoption", "changeover"	I have a brief question also related to this but concerning another development, that is to say the Capital Markets Union, the aim of which is to improve corporate financing and make it more independent of banks. I should like to know what you personally consider to be the core components of the Capital Markets Union in its completed form and the specific role of the ECB in this connection.

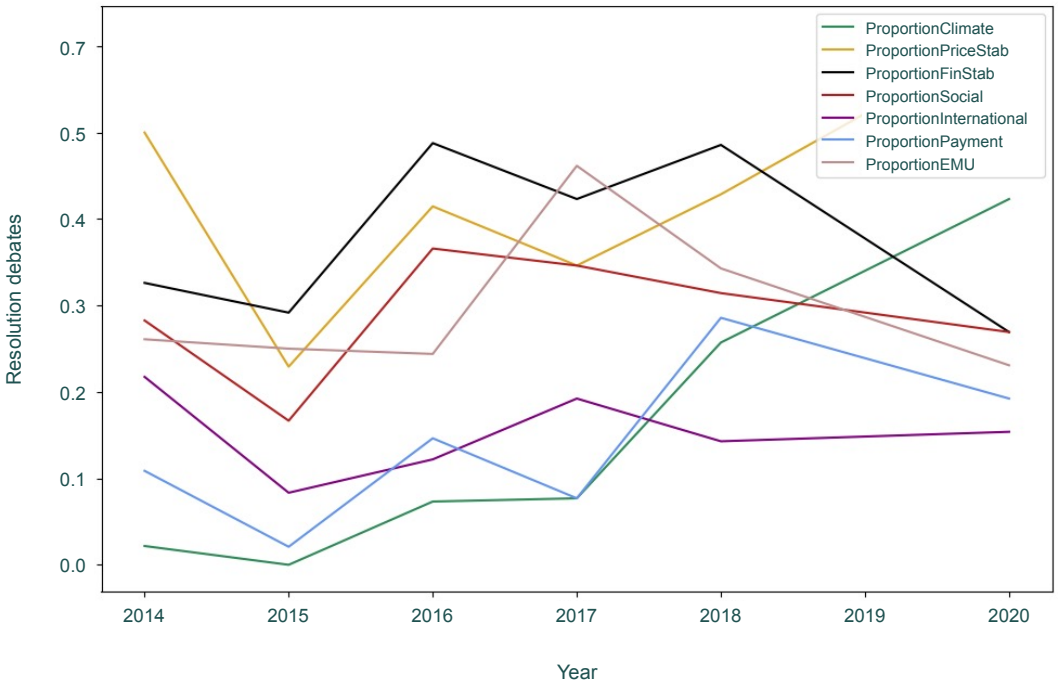
APPENDIX C

Evolution of interventions by topics (share of total interventions)

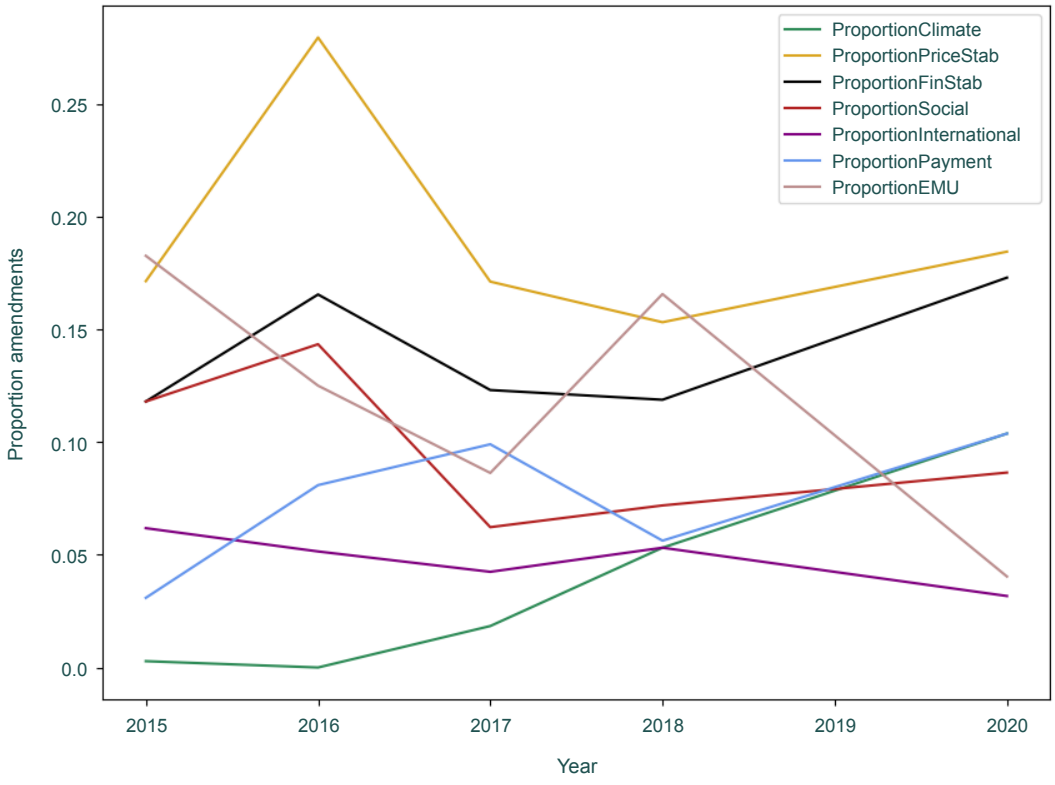
Written questions



Resolution debates



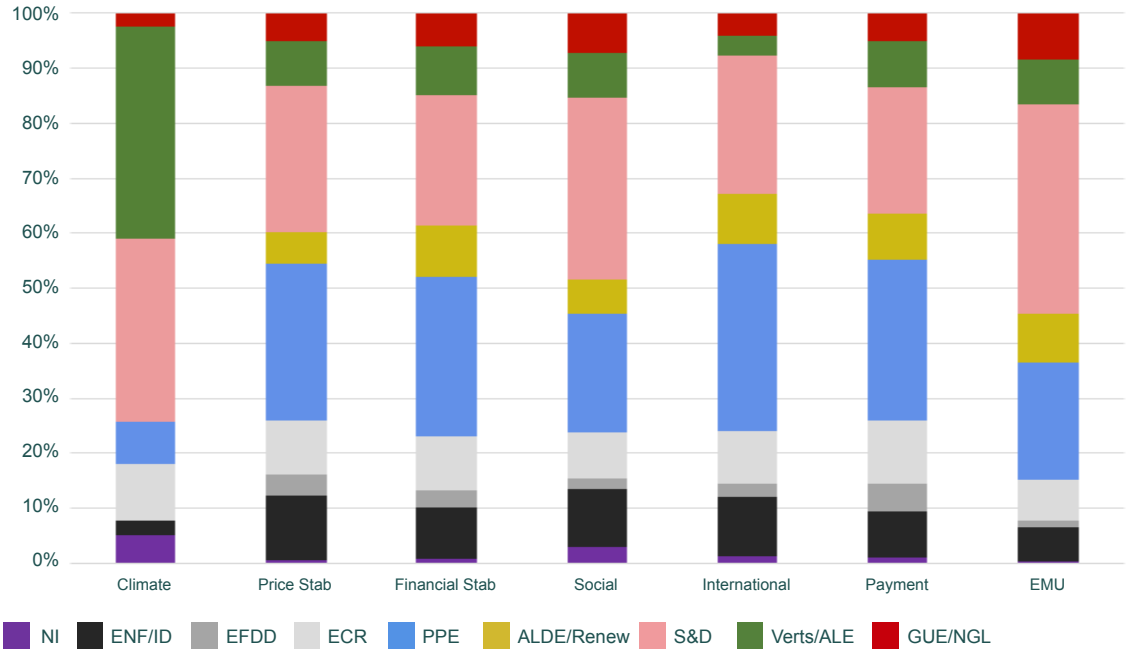
Amendments



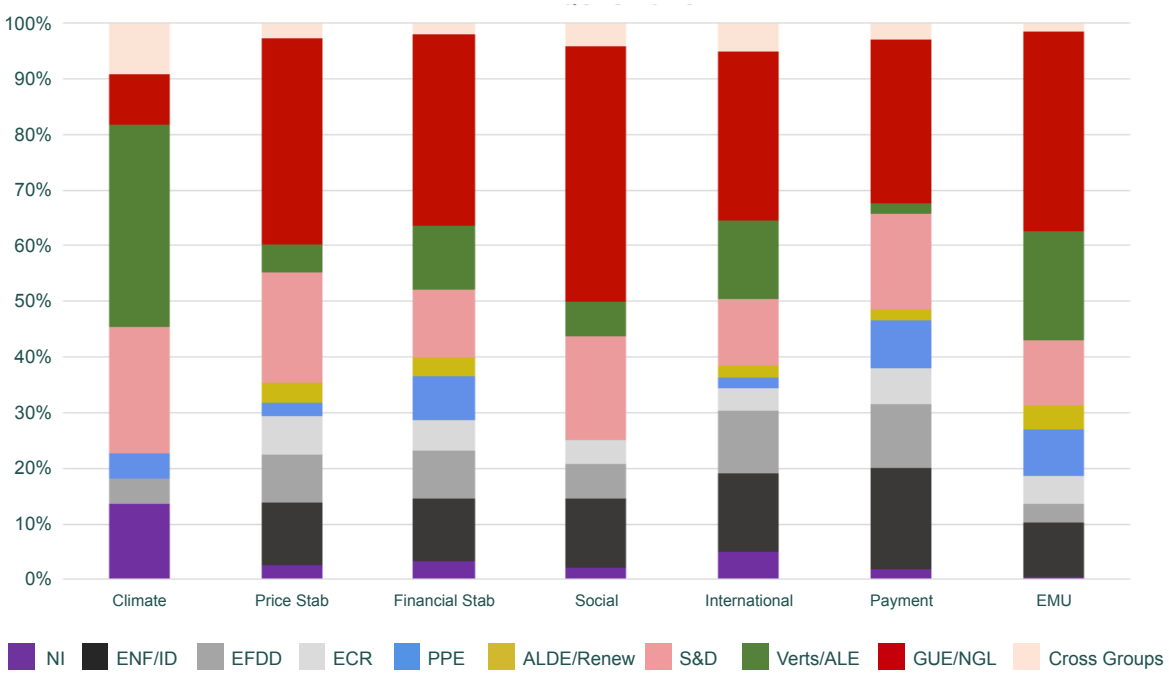
APPENDIX D

Share of each party group in interventions by topic

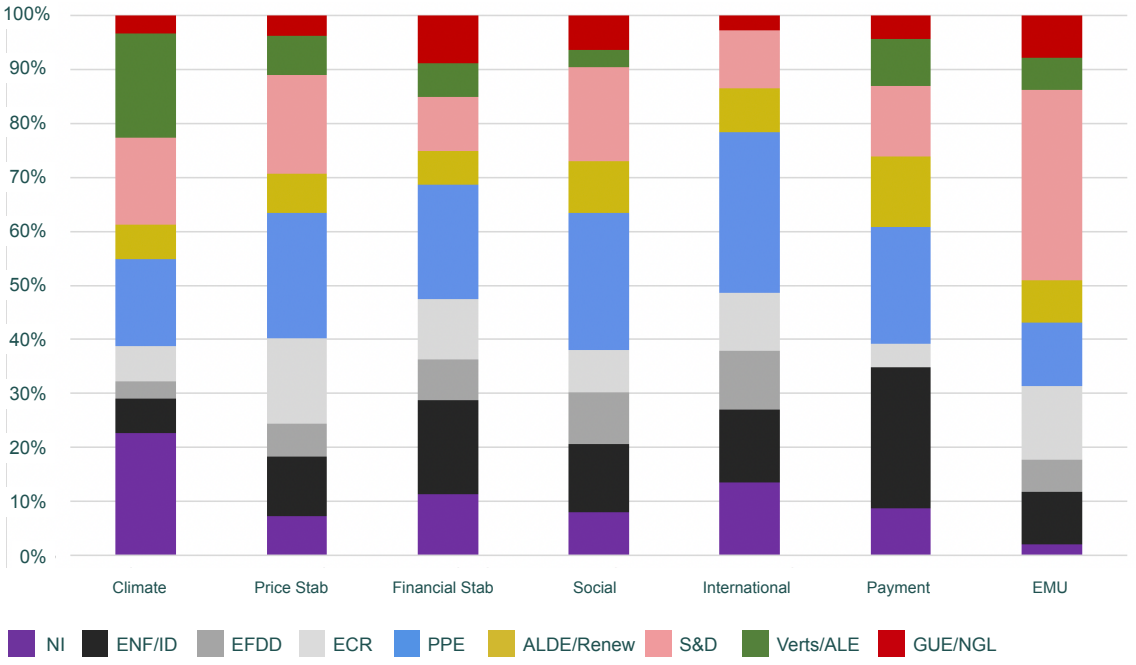
Monetary dialogues



Written questions



Resolution debates



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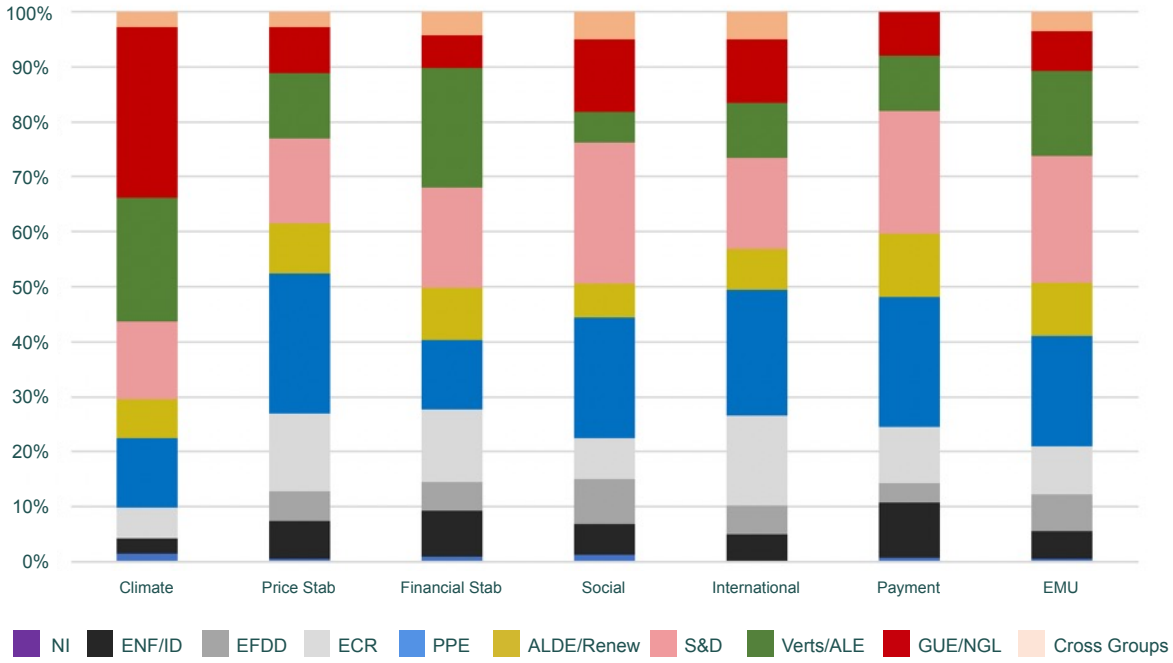

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