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SYMPOSIUM INTRODUCTION

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Central banks under stress: Reputation, accountability and regulatory coherence

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Abstract

This symposium homes in on an area of public administration that has been through a period of significant change in the last ten years. Since the global financial crisis, central banks have expanded their operations in financial markets, buying up vast quantities of assets as part of expansive monetary policy strategies. They have also played a leading role in the reform of financial regulation and have been entrusted with enhanced authority to supervise financial institutions. This activity has taken place amid heightened political contestation, with central banks increasingly viewed as the quintessence of a technocratic mode of governance that eschews traditional democratic control. The purpose of this symposium is to consider how central banks' reputation, accountability and regulatory roles have changed since the financial crisis, and what those changes tell us about the balance of power between independent regulatory agencies and elected policy-makers.

1 | INTRODUCTION

This symposium homes in on an area of public administration that has been through a period of significant change in the last ten years. Since the global financial crisis, central banks—particularly those of the advanced industrial countries—have taken unprecedented steps to shore up their financial systems and boost economic activity. They have expanded their operations in financial markets, buying up vast quantities of assets as part of expansive monetary policy strategies. They have also played a leading role in the reform of financial regulation and have been entrusted with enhanced authority to supervise financial institutions. This activity has taken place amid heightened political contestation, with central banks increasingly viewed as the quintessence of a technocratic mode of governance that eschews traditional democratic control. The rise of populist parties has further exacerbated this view (Goodhart and Lastra 2018; Tucker 2018). The purpose of this symposium is to consider how central banks have changed since the financial crisis, why they have changed in the ways that they have, and what those changes can tell us about the balance of power between independent regulatory agencies and elected politicians.

It can be tempting to see central banks as *sui generis* public agencies. The earliest central banks—the Sveriges Riksbank in Sweden and the Bank of England—were founded as private banks in the seventeenth century and accumulated public policy functions only gradually over the centuries. Today, central banks occupy a unique position as both banks and independent public agencies; they transact with governments and private banks, but also fulfil a broad range of monetary policy and regulatory functions. Capable of printing new money by fiat, central banks' choices over monetary policy, and as lender of last resort, have the potential to make or break financial institutions and governments' finances alike, especially in times of crisis. This gives central banks a position of structural power that few other public authorities can claim to possess (Dyson 2009). Contemporary central banks typically also operate with a degree of formal autonomy from political control. This independence is a product of the now widely institutionalized political and intellectual consensus that monetary policy-making, in particular, must be taken out of the hands of politicians whose electoral priorities would otherwise lead them into making 'time inconsistent', and inflationary, monetary policy choices.

Notwithstanding the unique characteristics of central banks, the articles in this symposium will be of interest to those with a wider interest in public administration. The symposium zooms in on three key concerns for central banks: reputation, accountability and regulatory coherence. Many of the reputational, accountability and regulatory challenges central banks have grappled with since the financial crisis will be familiar to public agencies operating in other spheres. For example, as the articles by Moschella and Pinto (2019) and Johnson et al. (2019) attest, notwithstanding their independence, central banks are sensitive to the need to build and maintain their reputation with the public, and they will shape their behaviour accordingly. What central banks are sensitive about, and how they respond to those sensitivities, will be of interest not only to political economists, but also scholars interested in theories of bureaucratic reputation.

Other articles in this symposium focus on issues of accountability that have long attracted the attention of public administration scholars, including how technocrats find legitimacy for their policy ideas (Ban and Patenaude 2019; Thiemann 2019) and the channels through which policy-makers can hold independent agencies to account over time (Högenauer and Howarth 2019). Finally, the article by Quaglia and Spendharova (2019) examines the conditions under which central banks have been able to develop coherent approaches to the management of cross-border bank failures. This research should be of value to others interested in how public administrations respond to the challenges of transboundary crisis management, working across multiple levels of governance (see, for example, Boin and Lodge 2016).

The articles in this symposium thus shed light on how central banks' reputation, accountability and regulatory role have adapted since the global financial crisis. To help contextualize these insights, the next two sections of this introductory article provide a historical overview of the evolution of central banking in the period immediately prior to and since the financial crisis. The fourth section then introduces the articles, while the fifth section highlights some implications from the analyses for scholars of public administration and political economy.

2 | THE END OF AN ERA IN CENTRAL BANKING

The global financial crisis marked a critical juncture in the history of central banking. In the three decades preceding the crisis, central banks around the world had undergone a degree of convergence. Following the demise of the Bretton Woods system of exchange rate pegs in the early 1970s, and the oil price shock of 1973, central banks faced persistently high rates of inflation coupled with high rates of unemployment. This prompted monetary policy experimentation, with central banks in many countries adopting strategies that involved targeting the growth of monetary aggregates, either by varying short-term interest rates or by directly controlling the monetary base (bank reserves and currency in circulation). Although the era of monetary targeting proved to be short lived, central banks did eventually succeed in bringing inflation under control. In some jurisdictions, notably the United States, this came at the expense of pushing interest rates sky high, precipitating severe recessions. For central banks, the enduring consequence of the inflation of the 1970s was that price stability came to occupy a pre-eminent position relative to their other macroeconomic goals (Capie et al. 1994, p. 29).

In the 1990s, central banking was transformed through three interlocking sets of changes. These were (1) the worldwide adoption of legal reforms establishing central bank independence; (2) convergence on 'inflation targeting' as the primary organizing principle for monetary policy; and (3) the emergence of a more technocratic, rationalized and seemingly 'apolitical' approach to policy-making within central banks.

While some central banks had long enjoyed de facto (or 'behavioural') independence from elected officials, the early 1990s saw scores of countries pass legislation to formally insulate their central banks from political control (IMF 2016). Justifying these reforms, central bankers typically pointed to economic theory (see, for example, Fischer 1994). Kydland and Prescott (1977) and Barro and Gordon (1983) had identified that monetary policy was prone to an inherent inflationary bias. Policy-makers, it was argued, control inflation in large part by managing the public's expectations about inflation and policy responses to it. They do so by pre-announcing their intentions, for example, by promising to raise interest rates at some point in the future. Yet, when the time comes to raise rates, politicians may be tempted to renege on their previous commitments, especially if it would be electorally convenient for boomtime conditions to persist. Crucially, these authors reasoned that market participants are rational and hence will not believe politicians' pre-commitments. Thus, the public would come to expect higher inflation, which itself would exert an upward effect on prices. This credibility problem provided the economic rationale for central banks to be made independent—for governments to delegate authority to a 'conservative central banker' (Rogoff 1985) with an anti-inflationary bias, insulated from short-term political incentives to renege on prior commitments.

Of course, this economic logic for central bank independence tells only part of the story of its widespread adoption. One cannot discount the policy entrepreneurship of international organizations such as the IMF, which spread their preferences through conditional lending schemes as well as technical assistance and training programmes (Johnson 2016). Equally, as McNamara (2002) argued, the spread of central bank independence (CBI) also reflected profound cultural transformations that have elevated this specific organizational form to a symbol of economic success. Whatever the precise motivations, central bank independence reforms can be said to have reflected the broad agreement among leading public officials—finance ministry staff and central bankers—over the desirability of establishing monetary stability (Baker 2006).

The second widespread change in central banking in the two decades leading up to the crisis was a convergence of monetary policy frameworks on a regime that can be described loosely as 'inflation targeting'. The most obvious feature of an inflation targeting regime is the public announcement, by the government or the central bank itself, of a numerical target (or range) for inflation. Between 1989 and 2007, some 27 countries adopted formal inflation targets (see Freedman and Laxton 2009). The purpose of such a target is to 'anchor' the public's expectations about the course that monetary policy will take. However, as Mishkin (2004) argued, inflation targeting is about more than just a nominal target; other features of such a regime include: (1) acknowledgement that a low and stable rate of inflation is the primary objective of monetary policy; (2) use of information on many variables—not just monetary aggregates or the exchange rate—for the purposes of setting policy instruments; (3) vigorous efforts by the central bank to communicate transparently to the public the reasons for its decisions; and (4) a focus on mechanisms to strengthen the central bank's accountability to legislatures and the public. Viewed in this holistic way, even countries such as the United States, which never formally announced a nominal inflation target, can be seen to have converged on the inflation targeting regime.

One corollary of the privileging of the inflation target was that other objectives—including those around financial stability—played a less prominent role. Indeed, prudential tasks became increasingly separate from monetary policy tasks during the 1990s and 2000s. Several countries—notably the United Kingdom and Germany—formally separated out prudential regulation and supervision from their central banks (Masciandaro and Quintyn 2009). Where prudential supervisory functions continued to reside within the central bank, they were generally regarded as secondary in prestige to monetary policy. The roots of this separation between monetary and prudential policy lay in the prevalence of orthodox economic ideas and a newfound belief in the efficiency of financial markets. In particular, notions of self-correcting markets allowed central banks to coalesce around the idea that maintaining price stability was a sufficient condition for maintaining financial stability. This period also saw the rise of the so-called 'Greenspan Put'. This was the idea—named after the long-serving Federal Reserve Chairman Alan Greenspan—that it would be better to clean up the mess of a burst financial bubble by lowering rates after the event than it would be to lean against the emergence of a bubble in the first place by raising rates ahead of time.

The third broad trend in central banking prior to the crisis was the emergence and spread of a scientized and rationalized approach to policy-making. As Marcussen (2009) identified, this trend took a number of forms, including: increasing prominence of economists and econometric research within policy-making; the establishment of new and prestigious research departments within central banks; the building of connections between central bankers and like-minded researchers in other organizations and university economics departments; and committee decision-making as a means of reducing subjectivity and individual bias. Inflation targeting—with its elevation of the inflation rate as a clear performance metric, and its focus on communication and transparency—was a core part of this overall trend. To some extent, the embrace of scientism and rationalization exemplified the wider New Public Management reforms that swept over much of the public services sectors of Western countries in the 1980s and 1990s. But scientism in central banking was also a way to defend the authority and legitimacy of monetary policy decisions after independence reforms placed those decisions beyond the day-to-day control of politicians.

3 | FROM INNOVATION TO RE-POLITICIZATION: CHALLENGES FOR REPUTATION, ACCOUNTABILITY AND REGULATORY ROLE

The period since the onset of the crisis in 2007 has been one of policy innovation and mounting pressure on central banks. Major Western central banks—the US Federal Reserve, the European Central Bank and the Bank of England—cut their nominal interest rates almost to zero by early 2009. With varying timing, they experimented with a range of unconventional monetary policies to help boost their stagnating economies. The best known of these—quantitative easing (QE)—involved using newly created money (bank reserves) to buy up large volumes of government securities and other financial assets. Like a cut in interest rates (impossible at the so-called 'Zero Lower Bound') the purpose of QE was to stimulate economic activity by raising asset prices and lowering the cost of borrowing throughout the economy.

Although such accommodative monetary policies have helped to boost demand absent a more vigorous fiscal response, QE has been far from uncontroversial. In the EU, the European Central Bank (ECB) faced an (ultimately unsuccessful) legal challenge that its bond buying programme amounted to monetary financing of government debt, something prohibited under the EU treaties (Lombardi and Moschella 2016). More troubling for central banks is the widespread criticism that QE, by exerting upward pressure on asset prices, has exacerbated wealth inequality (see, for example, Martin 2019). No doubt inspired by such criticisms, a burgeoning area of central bank research focuses on the distributional consequences of unconventional monetary policies (see, for example, Bunn et al. 2018).

Innovation in the monetary policy sphere was matched by the expansion of central bank mandates into new policy areas. From as early as 2007, a broad consensus emerged within the central banking community, and among sympathetic officials in finance ministries, that faith in the efficiency of financial markets had been misplaced, and that a new approach to financial regulation and supervision would be needed (Baker 2013). Around the world, central banks gained new mandates to conduct 'macroprudential' policy (see Cerutti et al. 2016); that is, to take action to identify and mitigate financial stability risks arising at the system level, rather than risks to the safety and soundness of individual institutions. Equally, the pre-crisis trend of shifting microprudential responsibilities out of central banks was partially reversed, with many countries passing reforms that strengthened the hand of their central banks as microprudential regulators and supervisors.

It would thus be tempting to conclude that central banks emerged as the major winners from post-crisis reforms of systems of financial regulation and supervision. But expanded mandates bring new pressures for central banks' reputation, accountability and regulatory roles. As in the monetary policy domain, central banks view reputation and credibility as key to their ability to obtain their financial stability objectives: both macroprudential regulation and microprudential supervision rely on sending clear, time-consistent signals to market participants about how policy will react to future economic or firm-specific developments. Yet the task of articulating a clear policy stance is made more difficult by the proliferation of objectives and the potential for policies taken in pursuit of one or other goal to conflict with one another. For example, a central bank may promise to tighten macroprudential requirements in future to enhance the resilience of the financial system to emerging threats from excessive credit and indebtedness, or from speculative bubbles. Yet doing so may conflict with the achievement of other macroeconomic goals, especially in situations where growth remains subdued and inflation below target.

These challenges to effective reputation management come at a time when the social and economic conditions that supported central bank independence and the pre-crisis inflation targeting regime show signs of weakening. For a start, the relationship between inflation and unemployment today looks very different from how it did in the 1970s when the economic theories underpinning central bank independence were formed (Yellen 2016; cf. Goodhart and Lastra 2018). Then, it was thought that stimulating demand in the short term would raise public expectations of higher inflation in the future, meaning that the economy could not grow faster in the medium term. Today, inflation appears less sensitive to changes in the unemployment rate, having remained low and stable in the post-crisis period, despite significant variation in unemployment. This may reflect the success of central banks in anchoring the public's inflation expectations. But it has also caused some to question whether central banks have struck the right balance between their price and macroeconomic policy objectives—and, indeed, the appropriateness of maintaining a separation between monetary policy-making and other forms of macroeconomic policy-making (Goodhart and Lastra 2018).

A receding risk of inflation also brings into question the continued ability of central banks to act with autonomy from political interference and poses new questions about the accountability of central banks. Historically, central banks have drawn strength from broad societal support for their policies focused on low and stable inflation. This support has sometimes been referred to as a 'stability culture' and is most associated with Germany, but also influences popular discourse over economic policy in many countries (see Tognato 2012; Howarth and Rommerskirchen 2013). With the rise of new populist movements, societal pressure for policies that favour growth in nominal wages and employment, or access to credit, shows signs of increasing. To the extent that concerns over inflation, and the memory of the financial crisis, recede in the public imagination, central bankers may find it more difficult to argue the case for imposing contractionary policies, even when their economic analyses call for such action. These developments heighten the accountability challenge for central banks—that is, their ability to execute their mandates in a time-consistent manner without appearing to disregard the concerns of elected politicians (and the wider public) to whom they are accountable.

Finally, the expansion of central banks' regulatory mandate, especially in the area of macroprudential regulation, poses a set of new challenges for the regulatory role that central banks perform in domestic societies. One such challenge is the need to provide a robust evidence base for discretionary policies that have potentially significant distributional consequences. Within the scientific and rationalized culture of contemporary central banking, policy-makers wishing to implement new financial stability policies need to ground their proposals in academic research and support them with quantitative *ex ante* impact assessments. Yet macroprudential policy is a new field and research on its usefulness and possible effects remains limited. As Thiemann (2019) identifies, the objectives of macroprudential policies, the tools themselves, and information upon which those tools should be calibrated, are all areas of considerable debate within the central banking community.

An even more fundamental regulatory challenge facing central banks is that of reconciling their mandates to preserve financial stability domestically with the wider policy objective of maintaining globally integrated financial markets. Central banks and other nationally constituted financial authorities cooperate bilaterally and through trans-governmental networks to agree minimum standards for internationally active financial institutions, and to supervise cross-border firms. The need for such cooperation arises from the risk of contagion of financial instability across jurisdictions, as was demonstrated in the global financial crisis. Since the crisis, there has been a significant expansion in the scope of financial activities subject to international standards and a recalibration of those standards to achieve greater levels of resilience. But the pace of development of international standards differs across different sectors: for example, global rules are more developed for banks than they are for insurance companies. Thus, in some areas, national authorities, including central banks, have moved ahead with methodologies and approaches without waiting for harmonized standards to be agreed internationally. Where international standards have been developed, the substance and timing of their implementation at the national level have tended to differ, reflecting national idiosyncrasies, such as differences in accounting standards, tax and insolvency laws, and the preferences of domestic interest groups. As the article by Quaglia and Spendzharova (2019) highlights, a key challenge facing central banks is establishing coherent regulatory regimes, which can minimize financial stability risks associated with market participants exploiting cross-jurisdictional regulatory divergences.

4 | CENTRAL BANKS UNDER STRESS: THE QUEST FOR REPUTATION, ACCOUNTABILITY AND REGULATORY COHERENCE

The contributors to this symposium delve deeper into the reputational, accountability and regulatory challenges brought about by the global financial crisis for central banks. In the first article, Moschella and Pinto show the difficulties that central banks confront in stabilizing markets' and households' expectations when they have to balance multiple and potentially competing objectives. In particular, the authors find that central banks' communication—which is one of the key tools through which they influence domestic economic activity—is affected by the bureaucratic and political risks that they confront. By applying a promising method to study public agencies based on public officials' speeches, the authors show that central banks craft their communication to cope with reputational challenges. In particular, the analysis of the US Fed between 2006 and 2016 reveals that that communication has been directed away from the traditional tasks that central banks perform (inflation and economic activity) as a way to defend the agency's reputation under conditions of economic uncertainty and political pressure.

The crisis has also brought about new reputational challenges for central banks by requiring them to adapt or develop policy-relevant information. Ban and Patenaude shed light on central bankers' engagement with fiscal policy issues. Monetary policy and fiscal policy are inherently connected, with central banks' actions in debt markets and their setting of interest rates directly affecting government borrowing costs. The authors unpack the policy debates over fiscal consolidation that had taken place in the wake of the crisis, showing how the production of expertise is shaped by distinct professional structures. Their innovative methodological approach, comparative professional fields analysis, allows them to make predictions about the policy positions of officials in public administrations based on their career backgrounds. In doing so, they challenge some conventional views about central banks as cohesive bastions of neoliberal consensus. Instead, they show that the crisis has contributed to the emergence of multiple policy views within the central banking community, with calls for reformism coming from a number of European central banks.

The policy changes in international central banking circles are also analysed in the contribution by Johnson et al. In particular, the authors raise the question of what lessons central banks have drawn from the crisis experience and how these lessons have impacted on the pre-crisis policy paradigm upon which central banks' reputation had been built. By combining computer-assisted and qualitative text analyses of the speeches delivered by central bankers around the world between 1997 and 2017, the authors find that central banks have carefully recalibrated aspects of pre-crisis thinking on monetary and financial stability policy, but this recalibration has not called into question some of the basic tenets of the pre-crisis monetary paradigm. In particular, the belief in central bank independence and the idea that monetary authorities should be responsible first and foremost for price stability have not been significantly impacted by the crisis and the attendant politicization of central banks' role.

Högenauer and Howarth draw attention to domestic accountability frameworks. In particular, the authors assess how the post-crisis politicization of central banks' role has translated into parliamentary scrutiny of these public agencies. Focusing on parliamentary debates in three Eurozone countries (Germany, France and Belgium), the authors find that political demands for accountability have been shaped largely by pre-existing relationships between political and monetary authorities.

Questions of accountability, and the means by which central banks legitimate their policy ideas, are also picked up in Thiemann's contribution. The author notes that the post-crisis agenda on macroprudential regulation has opened up uncharted territory for financial regulators and central banks. In implementing this new agenda, central banks have enjoyed large room for manoeuvre in deciding what macroprudential regulation exactly entails. At the same time, central banks have also been constrained in the implementation of the new regulatory agenda by the political risks that they confront as soon as they are involved in issues that are more visibly distributive than monetary policy is. As a result, Thiemann shows that pre-crisis accountability frameworks are extremely important to explain the divergences in the implementation of macroprudential regulation in the United States, the United Kingdom and the European Union.

In the final article, Quaglia and Spendzharova focus on the distinct challenge of 'regulatory incoherence'. Central banks usually perform a key role in acting as a transmission belt between international regulatory fora (where most of the post-crisis financial regulatory changes have been agreed upon) and domestic settings (where international rules have to be implemented). Quaglia and Spendzharova find that, following the post-crisis regulatory changes, central banks have been facing greater difficulties than in the past in ensuring the coherence between the international and domestic levels. Indeed, the politicization associated with the increased role of central banks in financial stability in domestic settings may have weakened their ability to influence implementation decisions.

5 | CONTRIBUTIONS

Although each contribution focuses on a specific challenge and its impact on central banks' behaviour, a major theme that runs through the symposium is that the post-crisis challenges have not gone unheeded: central banks have actively responded to them, most obviously by building new analytical capacity to take financial stability as seriously as price stability. Interestingly, however, these changes have been introduced not so much with the objective of substantively transforming the identity of these agencies, but rather to safeguard, and where necessary expand upon, their traditional role under changed economic and political circumstances. Two further themes running through the contributions to the symposium support this proposition. These are (1) that reputational concerns have played an important role in shaping central banks' post-crisis behaviour; and (2) that long-standing, jurisdictionally differentiated, institutional factors—including modes of legitimation of policy ideas, accountability frameworks and levels of central bank politicization—have conditioned post-crisis policy change, patterns of accountability, and ways of exercising authority in policy debates.

The importance of reputation as a determinant of central banks' behaviour is explicitly theorized in Moschella and Pinto's contribution, which builds on the scholarship in public administration that has helped illuminate how changes in the external environment translate into organizational behaviour through the filter of bureaucratic reputation (e.g., Carpenter 2010; Maor et al. 2013; Gilad et al. 2015; Busuioc 2016; Busuioc and Lodge 2016). The authors argue that central banks, as any public agency, face reputational costs for future policy reversals. As a result, central banks craft their behaviour in order to minimize those costs. Applying these insights to central banks' communication, the authors show that the Fed has defended its reputation under conditions of economic and political uncertainty by steering communication away from issues that characterize its primary organizational mission.

Johnson et al. also point to reputational concerns to explain the limited changes in central banks' policy paradigm in the wake of the crisis. In particular, they draw attention to a central tenet of central banks' reputation—credibility—as a potential key factor behind the gradual recalibration in central banks' policy paradigm. To preserve credibility, these authors argue, central banks chose not to abandon the core of their pre-crisis monetary policy thinking, and have instead layered new economic ideas and financial stability policies onto the old core. This argument is echoed in Thiemann's contribution, where the author points to the reputational risks that central banks confront in implementing the new macroprudential regulatory agenda. In particular, Thiemann identifies the difficulties that central banks have faced in establishing legitimacy for counter-cyclical macroprudential policies, given the disputed epistemological status of the financial cycle and measures aimed at curbing it.

If the articles in the symposium reveal a good dose of transformation, especially among advanced economy central banks, they also point to significant legacies from the pre-crisis era. For instance, Högenauer and Howarth point to long-standing differences in the way that central bank independence was interpreted by domestic politicians in different national settings to explain different patterns of central bank accountability and differing levels of politicization of national central banks in the European Union after the crisis. Similarly, Quaglia and Spendzharova highlight the traditional role that central banks have performed in international regulatory networks to account for their ability to develop coherent international standards for the resolution of international banks. In particular, central banks were well placed to act as the main rule-makers at the international level, given their dominant position within well-established trans-governmental networks involved in setting international financial standards. On the other hand, at regional (EU) and domestic levels, a greater role for other (non-central bank) officials and elected politicians contributed to national differences in the timing and substance of the implementation of new rules.

The articles by Thiemann and by Ban and Patenaude also point to the ways in which pre-crisis trends—in particular, those of scientization and rationalization—have conditioned post-crisis changes in central banking. Indeed, both these contributions engage directly with the broader debate on the role of expertise in shaping the policy outcomes of public administrations (Christensen 2017). In Thiemann's analysis, the difficulty of implementing counter-cyclical macroprudential policy is all the greater because of the importance placed within the central banking community on expertise and rigorous epistemological bases for risk analyses and policy tools. And while Ban and Patenaude do not set out to establish the importance of scientized modes of policy-making per se, their methodological approach—which is made possible by the fact that key central bank and IMF publications are replete with citations of academic and public sector research—is itself revelatory of the ways in which central bankers continue to gain authority and legitimacy for their positions when engaging in policy debates.

Overall, the symposium contributes to a sustained engagement between political economy and public administration. On the one hand, the articles point to the inherent political economy constraints that weigh on public agencies' behaviour. This is revealed, for instance, in Quaglia and Spendharova's analysis, where regulators' preferences in international regulatory debates are conditioned by the structure and preferences of private sector interests in their countries of origin. It is also evident in Moschella and Pinto's article, where officials' concerns over bureaucratic reputation shape their communication strategies and ultimately their power vis-à-vis elected politicians. But the symposium also shows that delegation to independent agencies does more than transfer the location of political contestation from elected to unelected officials. Rather, it opens up possibilities for independent agencies to exert an independent influence on policy outcomes. This is shown in Thiemann's findings that it is the reflexive agency of central bankers themselves, rather than vested interests or institutional constraints, that has been of particular significance in determining the extent of policy radicalism after the financial crisis. And as Ban and Patenaude's contribution highlights, studying the behaviour of independent agencies inductively can yield evidence that challenges established theories about the preferences of public officials, and the consequences of delegating power to them.

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