CMFA
WORKING PAPER

No. 004
2021

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April 29, 2021

CATO INSTITUTE | CENTER FOR MONETARY AND FINANCIAL ALTERNATIVES

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March 6, 2021

In recent years, warnings of a populist threat to central bank independence have proliferated. These warnings are based on a deep-seated antagonism between technocracy and populism. Central bankers, "with their PhDs, exclusive jargon, and secretive meetings," are the "rootless global elite the populist nationalists love to hate" (Rajan 2017). A concern, then, is that as populist movements gain strength, they will transfer the reins of monetary policy from these quintessential technocrats to "the people," eroding central bank independence and price stability (Buiter 2016, de Haan and Eijffinger 2017, Goodhart and Lastra 2017, Masciandaro and Passarelli 2018, Financial Times Editorial Board 2019).

I argue that to understand current challenges for central banks, we should question the assumed antagonism between populism and technocracy. Political scientists Chris Bickerton and Carlo Accetti (2021) claim that that advanced democratic states today are in a *technopopulist* age, "increasingly ordered around the combination of appeals to the people and to expertise and competence" (pg. 157). These appeals do not clash, for "both populism and technocracy are based on unmediated conceptions of the public good--popular will and an objective 'truth'" (pg. 155). They add:

> "Neither of these conceptions emerge out of a process of articulation and reconciliation between conflicting interests and values within society but are rather assumed to be given in advance of the political process itself. Both populism and technocracy dispense with the dimension of political mediation because they claim to have direct access to the ultimate ground of political legitimacy itself. This is reflected in their distinctive modes of political organization. Populism relies on the cultivation of a direct relationship of 'embodiment' between the populist leader and his or her electoral base while technocracy is based on an informal relationship of 'trust' between the technocrat and those he is supposed to govern, rooted in the assumption that the former possesses a specific 'competence' or 'expertise', tied to his or her personal qualities and professional

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> qualifications. Both populism and technocracy dispense with 'intermediary bodies' and other forms of mediation between society and politics, seeking to establish a more 'direct' kind of relationship between the two" (Bickerton and Accetti 2021 pg. 155).

This paper discusses central bank independence in the technopopulist age. First, I describe the inherent tension around the role of expertise in a democracy, and how this tension has been approached in the delegation of monetary policymaking to independent central banks. In particular, I explain over the twentieth century, we come to justify leaving such "far-reaching powers…in the hands of a small number of men" (Friedman 1962 pg. 180). The conventional justification for this delegation of power involves the use of transparency as a mechanism for providing accountability to elected representatives (Bernanke 2007). This arrangement has proved tenuous as democracy itself has evolved. Next, I discuss the transition from an era of ideological political logic to the current era of technopopulism. Technopopulism, which has its roots in a crisis of representation, is closely associated with online digital technologies that democratize participation in the public discourse.

Then I explain how the technopopulist influence is especially evident in recent pressures on central banks, changes in central bank communication, and recent amendments to the Federal Reserve's longer-run strategy. An important point is that under technopopulism, populists do not *reject* technocratic expertise, but instead *rely* on it to translate their causes into policy. Central banks thus face pressure to use their technocratic discretion to do more to serve the people, and to be directly accountability to the people rather than to elected representatives. In return for greater responsiveness, they gain even greater power and discretion. The technopopulist logic, I argue, implies that central banks will increasingly become "the only game in town," both reflecting and exacerbating democratic discontent.

Democracy, Delegation, and Central Bank Independence

Tension around the role of experts in a democracy is as old as democracy itself. Plato critiqued democracy for its tendency to undermine expert leadership using a famous analogy of sailors wrangling for control of the helm of a ship,

> …each claiming that it is his right to steer though he has never learned the art and cannot point out his teacher or any time when he studied it. And what is more, they affirm that it cannot be taught at all, but they are ready to make mincemeat of anyone who says that it can be taught, and meanwhile they are always clustered about the shipmaster importuning him and sticking at nothing to induce him to turn over the helm to them…They take command of the ship, consume its stores and, drinking and feasting, make such a voyage of it as is to be expected from such, and as if that were not enough, they praise and celebrate as a navigator, a pilot, a master of shipcraft, the man who is

> most cunning to lend a hand in persuading or constraining the shipmaster to let them rule (Plato, The Republic, Book VI).

The Athenian democracy experienced by Plato was a *direct* democracy: eligible adult male citizens attended and could speak at assembly meetings and voted on each piece of legislation by simple majority (Cartwright 2018). The relatively small size of the city-state made direct democracy possible. As the unit of governance expanded to larger nation-states, the practice of democracy underwent profound transformation into a *representative* system. “Representative democracy,” wrote French philosopher Destutt De Tracy in the early nineteenth century, “is democracy rendered practicable for a long time and over a great extent of territory” (Dahl 2021).

Along with the growing extent of territory and complexity of policy issues, representative democracy brought about new forms of mediation and delegation. Elected officials delegated many aspects of policymaking to technocrats (Fischer 1990, Ribbhagen 2013). Such delegation can reduce myopic, arbitrary, or capricious behavior on the part of elected officials, but may not reflect the will of the public (Peters). Thus, tension over the role of experts persists as a fundamental feature of modern democracies. As Wood (2019) puts it, “Should we always accept what is popular as a final say on matters to be implemented dutifully by neutral bureaucrats, or ought these Platonic guardians have the final say, enlightened as they are by their superior knowledge and foresight?”

The question of delegation and the role of experts is a crucial one for central banking. In one of the earliest essays on central bank independence (CBI), Friedman (1962 pg. 177-178) notes that “The device of an independent central bank embodies the very appealing idea that it is essential to prevent monetary policy from being a day-to-day plaything at the mercy of every whim of the current political authorities.” He adds that “there are political objections to giving the group in charge of a central bank so much power independent of direct political controls, but, it has been argued, there are economic or technical grounds why it is nevertheless essential to do so. In judging this statement, much depends on the amount of leeway that the general rule governing the central bank gives to it” (pg. 182-183).

Friedman notes that in the nineteenth century, when support for independent central banks began to develop, this leeway was small, since central banks’ governing objective was to maintain exchange stability. The Bank of England, for example, was constrained by the desire to keep England on the gold standard. When the Federal Reserve System was established in 1913, it was taken for granted that its leeway would likewise be narrowly limited by the necessity of maintaining equilibrium with the currency of other countries on the gold standard.

When the classical gold standard ended with World War I, CBI became “something meaningful, and not merely a technicality” (pg. 184), leaving central bankers more power and discretion. Friedman asks, “Is it really tolerable in a democracy to have so much power concentrated in a body free of democratic control?” (pg. 180).

Friedman decides not, and argues instead for a legislated money growth rule. Nonetheless, in the decades following Friedman's essay, statutory measures of CBI increased (Cukierman, Webb, and Neyapti 1992, Dincer and Eichengreen). A consensus emerged "that the goals of monetary policy should be established by the political authorities, but that the conduct of monetary policy in pursuit of those goals should be free from political control" (Bernanke 2010). That is, central banks should have instrument independence but not goal independence. This consensus was strengthened by a theoretical literature showing that monetary policy delegation could reduce inflationary biases arising from the time inconsistency problem and short-run political pressures (Kydland and Prescott 1977, Barro and Gordon 1983, Rogoff 1985).[2]

In practice, of course, central banks have almost never been fully insulated from politics. In previous research, I have shown that political pressure on central banks is prevalent regardless of legal central bank independence, and that populist or nationalist politicians are more likely to apply such pressure (Binder 2020b, 2021a). In the United States, presidents have pressured Fed officials and influenced Fed policy to varying extents throughout the central bank's history (Cargill and Driscoll 2013, Dorn 2019). This is generally frowned upon under the consensus that instrument independence should be protected, but is only natural given the inherent tension between democracy and delegation to experts. According to the consensus, this tension can be managed if central bankers are held accountable by providing "elected representatives a full and compelling rationale for the decisions they make" (Bernanke 2007).

Dincer and Eichengreen explain that "transparency is seen as a key element of accountability in an era of central bank independence. As central banks have become more independent and freer to choose their tactics, transparency has come to be seen as a mechanism enabling the public to assess whether the actions of central bankers are consistent with their mandate."

The idea that transparency could make delegation consistent with democratic principles (and could also improve monetary policy transmission) led to a transparency revolution in central bank communication (Poole 2001, Blinder et al. 2008). In 1975, the Fed began presenting semiannual testimony to Congress regarding monetary policy. In 1979, the Fed began to release semiannual economic projections, and in 1983, to publish the Beige Book. The Federal Open Market Committee (FOMC) began issuing post-meeting statements to explain its policy actions in 1994, and began issuing a statement following every meeting in 2000. Beginning in 2005, FOMC meeting minutes began to be released with a shorter delay.

In the financial crisis and Great Recession, and in the early part of the recovery, the Fed and other central banks increased their communication efforts and emphasized their commitment to transparency. For example, the Fed announced, in its January 2012 statement of longer-run

[2] Monetary policy delegation has also been justified by the "mostly general impacts" of monetary policy, in contrast to "particularist" policies that have different costs and benefits for identifiable groups, and therefore are "inherently and appropriately political" (Blinder).

goals and policy strategy, that an inflation rate of 2% was consistent over the longer run with its statutory mandate. And central banks experimented with various forms of forward guidance. But the crisis also put the question of expertise into sharp relief, simultaneously increasing public reliance on and eroding trust in authoritative institutions, including central banks (Roth 2009, Wälti 2012, Braun 2016, Haldane 2016, Binder 2020a).

As the arrangements that have supported the legitimacy of independent central banks face greater scrutiny, we more often hear echoes of Friedman's question: *Is it really tolerable in a democracy?* As I revisit this question, I think it is important to consider how democracy itself has changed even since Friedman's essay. His essay was published shortly before what Bickerton and Accetti (2021) identify as a transition period between two eras of democracy: the era of "ideological political logic" and the era of "technopopulism." The next section describes the distinguishing features of these eras and what the transition into technopopulism implies for the role of central banks in democracy.

Emergence of Technopopulism

Bickerton and Accetti (2021) describe the era of "ideological political logic," beginning around 1890, as characterized by "strong mechanisms of mediation between society and politics." These mediation mechanisms included most notably political parties, but also trade unions, religious institutions, and civic associations, all of which articulated particular interests and worldviews of groups of individuals. This type of partisan, ideological, and interest group-based politics certainly played a crucial role in the design of the Federal Reserve System in the United States. The system's unique structure reflects the compromises made by political parties on behalf of various interest groups, including agrarian and financial interests (Todd 2012).

By the 1960s, social and cultural trends, including secularization, the homogenization of national cultures, and a growing middle class, meant that social groups and communities had started to become less starkly defined by distinctive worldviews and values. In the decades that followed, political parties were therefore incentivized to collude rather than compete for specific sectors of the electorate: "Instead of seeking to create new mediating links between the society and politics, they capitalized on the collapse of mediating bodies to develop horizontal ties amongst themselves in ways that distanced them even further from voters" (Bickerton and Accetti 2021 pg. 121).

The global financial crisis and Great Recession accelerated this distancing, bringing about legitimacy crises for all sorts of mediating and authoritative institutions. These legitimacy crises are sometimes framed in terms of discontent with powerful technocrats leading to populist backlashes. But this is not quite right. The discontent is not with expertise itself, but with the way that expertise has been deployed by governments that seem insufficiently representative.

James (2019) claims that "The crisis of democracy is largely a crisis of representation – or, to be more precise, an absence of representation."

Bickerton (2020) explains, "Ideologies provided the glue that kept social groups and political representatives together. As this glue has disappeared, a gap has opened up between voters and governments." In this gap, *technopopulism* has emerged. Claims to represent "the people" as a whole and appeals to expertise are combined in a variety of ways, reflecting the important synergies between populism and technocracy (Berger 2020). Most importantly, both technocracy and populism are predicated upon a critique of representative democracy (Bickerton and Accetti 2017, Caramani 2017).

> "Even though appeals to the popular will and to competence are often rhetorically deployed against each other, there is also a deep affinity between them, which consists in the fact that they are both unmoored from the representation of specific values and interests within society and therefore advance an *unmediated conception of the common good*…This sets both populism and technocracy at odds with the traditional conception of party democracy as a system of 'regulated rivalry' between competing social interests and values that are all in principle equally legitimate" (Bickerton and Accetti 2021 pg. 3).

Technopopulism is closely associated with the politicization of expertise, and with policy disputes that are "spectacularized" and "deeply confrontational…personal qualities…tend to assume centre stage." Bickerton and Accetti (2012 pg. 12). Bickerton (2020) describes political debate under technopopulism as "along the lines of 'my expert versus yours', not a simple clash between populism and technocracy." Expertise is contestable and malleable, or subject to change (Brown 2015).[3]

Technopopulism has co-developed with online digital technologies that lower transaction costs for collective action and democratize participation in the public discourse (de Blasio and Sorice 2018). These facilitate a return to more direct democracy, which in Plato's day was enabled by the smaller size of the polity. For example, Italy's Five Star Movement, which emerged in the midst of economic distress and low public trust in the democratic process, espouses internet-based direct democracy as a solution (Ivaldi et al. 2017). The movement's leader, Beppe Grillo, describes his blog as an "instrument at our disposal to realize a true democracy," inviting citizens to deliberate on key issues to harness collective intelligence (Leavy 2018). Similarly, the Podemos movement in Spain is led by a former university professor, Podemos makes use of

[3] Jensen et al. (2012) link the contestability of expert knowledge to the emergence of the information society, which "paves the way for extensive distribution of knowledge and information that is open to all without necessarily having gained the endorsement of professional or institutional authorities." The potential for expertise to be politicized comes from "inherent subjectivity of what constitutes 'knowledge' and the fragility of its authoritative status" (Wood 2019).

digital platforms where voters can contribute policy ideas and vote directly on party leadership (Leavy 2018).

The Five Star Movement and Podemos are frequently cited examples of technopopulism, but note that Bickerton and Accetti (2021 pg. 20) do not use the term technopopulism merely to describe a particular category of political actor, party, regime, or institution. Instead, "technopopulism is better understood as an organizing *logic* of political competition, characterized by a set of incentives and constraints that result in contemporary political actors increasingly adopting both populist and technocratic forms of discourse and modes of political organization, at the expense of more substantive ideological orientations."

In the United States, both the Trump and the Biden administrations operate under this logic. Donald Trump's race against Hillary Clinton in 2016 was often described as a contest between a populist and a highly competent politician. But Bickerton (2020) explains that "Trump's strategy has not been to dismiss all expert opinion out of hand. Instead, he has deployed 'his' experts. He has also made much of his ability to read data and provide his own interpretations." Moffitt (2020) describes how the Biden campaign offered "a privileging of 'rationality', and the offer of the grownups being in charge once again." He adds:

> Biden was able to pull together a loose coalition of disparate groups in the name of defeating Trump … But what now? … What on earth do these groups have to agree on? 'Decency'? 'Normalcy'? These are not the basis for a sustainable ideological project or the makings of newly forged political identity. They have served their purpose as part of an electoral strategy, but there is little long-term to grasp on to here... As Biden calls for unity, compromise and consensus, it is important to keep in mind that such a form of politics often ends up eventually feeding into the desire for populism.

The technopopulist logic can have far-reaching implications even beyond electoral competitions. We can even see technopopulist logic at work in the attempted short squeeze of GameStop in January 2021.[4] My interest in this piece is on the consequences for central banks.

Technopopulism and Central Banks

This section discusses technopopulism as it pertains to central banks, especially the Federal Reserve. Recall that technopopulism combines appeals to expertise and to the people in new ways, and reflects deep dissatisfaction with representative democracy and mediating institutions in the face of a large gap between society and politics.

[4] Reddit users on the "wallstreetbets" subreddit--an online chatroom with over 3 million members--coordinated to drive the GameStop stock up 1500% in two weeks, squeezing out hedge fund short-sellers (Li 2021). Much of the trading took place on an app called "Robinhood," which describes its mission as "democratizing finance."

This dissatisfaction implies that central bankers face pressure to use their expertise to do *more* to serve "the people." Some of this pressure comes from politicians themselves, who deploy "their" experts as a source of legitimacy. And some comes from the public, who can more effectively translate their causes into policy by influencing technocratic agencies than by working through nominally democratic, but unresponsive, institutions like Congress (Krein 2020).[5] Central banks face pressure to be *directly* responsive to public wishes as a form of unmediated accountability to the people.[6] To gain legitimacy, central banks combine appeals to expertise with appeals to the people. In exchange for greater responsiveness, central banks are granted greater power and discretion. This even further increases the pressure on central banks to do more. Monetary policy debates and central bank communications also reflect key features of policy discourse under technopopulism: politicization and contestability of expertise, spectacularization and confrontation, emphasis on personal characteristics, and use of technologies for "digital direct communication."

Pressures on the Fed

The influence of technopopulism is evident in Trump's relationship with the Fed during his presidency. He was far more vocal and confrontational in his criticisms and attempts to influence Fed policy than were other recent United States presidents. President Trump took his opinions directly to Twitter, where he urged the "boneheads" at the Fed to cut interest rates to zero or even lower. His tweets provided his own interpretations of economic conditions, often blended with nationalist sentiment, to support his policy preferences. For example: "It is incredible that with a very strong dollar and virtually no inflation, the outside world blowing up around us, Paris is burning and China way down, the Fed is even considering yet another interest rate hike. Take the Victory!"[7]

Technopopulist pressures on the Fed can come from both the right and the left. For example, a left-wing populist group called the Fed Up Coalition pressures the Fed to support "regular folks who are struggling in the economy,"[8] and works with outside experts, including academic and think tank economists, to promote their high-priority cause of "full employment" monetary policy.[9] Cox (2021) predicts that President Biden will be more cordial toward the Fed than

[5] In the United States, public confidence in Congress is quite low (Gallup 2021).

[6] Mulgan (2000) classifies accountability as an "ever-expanding concept" because of its tendency to acquire new scopes and meanings. The meaning of "accountability" has expanded to include responsiveness (Gausti and Buštíková 2020).

[7] @realdonaldtrump, December 17, 2018.

[8] "The National Campaign for a Strong Economy: Fed Up." Accessed February 20, 2021 at http://whatrecovery.org/.

[9] See for example Baker, Rawlins, and Stein (2017), a policy report on full employment monetary policy that lists Fed Up, the Center for Economic and Policy Research (CEPR), and the Center for Popular Democracy as contributors.

President Trump was, but that a vocal wing in his party will push the Fed to help with pressing social issues like racial equality and climate change.

Notably, many of President Biden's core group of economic advisors are prominent members of "#EconTwitter, an eclectic group of economists and other commentators that share data, analysis and memes about economic policy on the social media platform" (Guida et al. 2021). The monetary policy discourse on Twitter combines technocratic and populist appeals in a very public, sometimes spectacularized arena that allows visible votes of confidence in the forms of likes, retweets, comments, and even gifs.[10] Commentators on monetary policy brandish not only their models and their professional credentials, but also their networks and their carefully cultivated public personas to establish themselves as "your expert."

The Twitter discourse can reach beyond the platform itself. Levitz (2021) describes how the mainstream media's conventional wisdom is increasingly shaped by the "cantankerous chatter of their Twitter feeds."[11] Policymakers themselves also take notice:

> "Over the past year, many of these "very online" economists have been pushing from the outside for the federal government and the Federal Reserve to pursue big spending and slightly higher inflation in their bid to help the labor market fully recover from the Covid-19 pandemic… The Twitter discourse is so robust that policymakers who don't tweet are compelled to monitor the discussions, or, in Twitter parlance, 'lurk.' Federal Reserve Chair Jerome Powell, for example, has talked about the econ debates he's followed on Twitter" (Guida et al. 2021).

One reason this "lurking" is necessary is that the Twitter discourse may interact or interfere with central bank communications. [12] And monetary policymakers do more than just "lurk" on Twitter. They not only monitor, but also participate in, the discourse. Indeed, as I will describe, changes to central bank communication provide the clearest evidence of how central bankers are responding to technopopulism.

Central Bank Communication and Discretion

A revolution in central bank communication began several decades ago (Blinder et al. 2008). Central banks increased the transparency of their communication to make more precise

[10] In the replies to one of former Treasury Secretary Lawrence Summers' tweets warning about potential inflationary consequences of President Biden's coronavirus relief package, Twitter users left gifs of Sponge Bob Square Pants, the Simpsons, Winnie the Pooh, Bon Jovi, a cat, etc.

[11] Levitz (2021) adds, "Nevertheless, the republic of tweets is no popular democracy…Like social media itself, meme-fueled populist uproars are liable to privilege spectacle over substance, the concerns of college-educated young people over those of those less online constituencies, and the hasty embrace of (ideologically affirming) conclusions over the exercise of epistemic humility."

[12] In an online experiment (Binder 2021b), I showed that President Trump's tweets about the Fed, and commentary on the tweets from the Washington Post, affected respondents' responsiveness to information about the inflation target and their confidence in the Fed.

information available and improve monetary policy predictability. Transparency also aimed to facilitate monetary policy transmission and promote accountability to elected representatives (Bernanke 2007).

During the global financial crisis, Great Recession, and recovery, the Fed and its peers began to express more intense eagerness to influence household expectations. In prior research, I have documented how the Fed struggled to reach households (Binder 2017a, Binder 2017b). Many households are uninformed about the Fed and its policies, most notably its inflation target. Federal Reserve communications tend to garner relatively scant mainstream media coverage, though press conferences, added in 2011, do boost coverage. When the Fed and other central banks began ramping up their social media efforts, it was unclear whether this would have much impact. As it turned out, of course, the social media push and continued. By 2019, a Bloomberg article had the title "Reggae. Puppies. Whatever It Takes, Central Banks Want Attention."

Why would central banks so desperately want attention? My initial interpretation was that central banks needed to compete for households' limited attention for the usual reasons: to help consumers make more informed decisions and to facilitate policy transmission. To some extent this is true, despite limited evidence that central banks can effectively use consumer inflation expectations management as a policy tool to boost stabilize consumption (see review in Binder and Brunet 2021). However, central banks' recent attention-seeking efforts also reflect something more: a distinctly technopopulist influence. Central bankers appeal simultaneously to the people and to their own expertise, using candid communication and attention-grabbing tactics in pursuit of populist engagement and, ultimately, legitimacy.

There are many examples of how the rhetoric of central bank communication has changed to refer more frequently to the people, communities, families, "all Americans," "those left behind," etc. (Guida 2019, Powell 2021). But the technopopulist influence is best captured in a 2016 Financial Times interview with Minneapolis Federal Reserve President Neel Kashkari (Fleming and Donnan 2016). Kashkari said that "You are not going to have the population as a whole understand all the nuances of what we are talking about here. They need to trust us." The Financial Times article continues:

> Mr Kashkari praised the work of Janet Yellen, the current Fed chair, in speaking directly and candidly in explaining the central bank's policies, but said the central bank needed to go even further still. Mrs Yellen was "trying to do the right thing for the country", and if people got to know her and other people across the Fed system "they would be very proud we have this institution in our country". However, he added, "we don't really let them see in…The press conferences [held quarterly by the Fed chair] are a step in the right direction and Chair Yellen is very candid in those press conferences and addresses the questions directly. That's positive."

This is *not* communication that aims to make more precise information ("all the nuances") publicly available. Rather, it puts more emphasis on leaders' personalities ("if people got to know her," "let them see in") and aims at shaping the *feelings* of the public towards the central bank and its leaders ("trust us," "be very proud"). Kashkari implies that the Fed has access to a truth that the public lacks the expertise to understand, and also claims to have "the right thing for the country" at heart. We see him make both the populist claim--"to exclusive representation of the people by a personal leader, validated through plebiscitarian means by a direct appeal to a disorganized mass"-- and the technocrat claim--"to a particular type of competence or expertise that presumptively entitles its successor to legitimately rule and…involves a direct relationship of trust between the possessor of this competence and those he or she is supposed to rule over in this way" (Bickerton and Accetti 2021 pg. 28, 32-33).

The Financial Times Editorial Board (2019) recommends that to "survive populist attacks," central bankers should "remain calm and tell the unvarnished truth." [13] But in a technopopulist age, "unvarnished truth" is not so simple, and central bankers know this. Central bankers still cite statistics and models, and refer to their frameworks and the work of their research staffs. But they do so in a way that recognizes the "breakdown of institutional authority which has undermined trust in official information" (Bennett and Livingston 2021). Given the increasingly contested nature of expert knowledge, central bankers are more willing to also appeal to "new forms of expertise from below" (Grundmann 2017, pg. 31).

For example, Mary Daly, President of the Federal Reserve Bank of San Francisco, recently tweeted:

> "What is the real unemployment rate? Not 6.3%. How can we know? Look around. Millions of people on unemployment benefits. Lines at food banks. Countless workers out of the labor force taking care of families. This is a long way from full employment."[14]

Another interesting example comes from Chairman Powell (2021):

> "We need only look to February of last year to see how beneficial a strong labor market can be. The overall unemployment rate was 3.5 percent, the lowest level in a half-century. The unemployment rate for African Americans had also reached historical lows (figure 1). Prime-age labor force participation was the highest in over a decade, and a high proportion of households saw jobs as "plentiful." Overall wage growth was moderate, but wages were rising more rapidly for earners on the lower end of the scale. These encouraging statistics were reaffirmed and given voice by those we met and conferred with, including the community, labor, and business leaders; retirees;

[13] Plato also says, "The pilot should not humbly beg the sailors to be commanded by him -- that is not the order of nature" (The Republic, Book VI).

[14]@MaryDalyEcon, February 17, 2021.

> students; and others we met with during the 14 Fed Listens events we conducted in 2019."

Note how the Chairman claims that the statistics he cites were "reaffirmed" and "given voice" by various community members, anticipating a lack of trust in official statistics taken at face value. Chairman Powell also mentions the Fed Listens events, a series of meetings in 2019 with union members, small business owners, residents of low-income communities, retirees, and others. The listening events are curiously reminiscent of Emmanuel Macron's "Great March," a "fact-finding mission" across France conducted by policy specialists and public opinion experts. Bickerton and Accetti (2021) point to the Great March as a salient manifestation of technopopulism in France.

Many participants in the Fed Listens events suggested that the Fed should tailor its communications to different audiences and communicate more simply with the public.[15] The other clear takeaway, according to Chairman Powell, was "the importance of sustaining a strong job market, particularly for people from low- and moderate-income communities. Everyone deserves the opportunity to participate fully in our society and in our economy" (Fed Listens 2020 pg. v).

The Fed Listens events included careful consideration to the effects of monetary policy and labor market conditions on women and minorities. The logic of technopopulism can also help explain why the Fed has increased its emphasis on the interests of marginalized groups. Both populism and technocracy "have the pretension of standing for the interests of the social 'whole'," which "makes them particularly vulnerable to claims of exclusion or marginalization. Whoever can prove that the particular interests of their specific identity group are not being adequately taken into account is able to attack a populist's or a technocrat's conception of the whole for not representing them" (2021 pg. 167).

Several of the Fed's peers have made similar changes to their communications. Tortola and Pansardi (2018) conduct a content analysis of the entire corpus of ECB presidential speeches and find that their measure of "charismatic rhetoric" increased substantially beginning in 2010. The ECB recently changed its mission statement from "Our mission is to serve Europe's citizens" to "Our mission is to serve the people of Europe." This seemingly minor wording change reflects the "perceived necessity of reimagining the ECB's foundation of legitimate governmental authority" through rhetoric linking the ECB to "the people" (Lokdam 2020). Similarly, in 2014, the Bank of England changed the text banner on its website to read "Promoting the good of the people of the United Kingdom by maintaining monetary and financial stability."

The Appendix provides several examples of how the home pages of central bank websites in 2021 compare to several years earlier. They feature larger photos of leaders and more content

[15] The tailored or personalized communication approach has been adopted by many other politicians, notably President Trump (Maly 2018).

related to salient issues like inequality, mobility, racism, inclusion, and the environment, which have become more prominent topics in central bankers' speeches (Powell 2019, Daly 2020).

And leaders of the Fed Up Coalition interpret the technopopulist turn in Fed communication as evidence of progress toward their goals. In 2019, Fed Up Coalition leader Connie Razza commented that "We've seen it over time, not just with Powell but also with Yellen and at some of the regional banks as well: greater attentiveness to how people are actually living in the economy" (Guido 2019). Changes in communication are inherently noteworthy since the Fed claims to use "mere words" as a primary policy tool (Yellen 2013). But the technopopulist influence goes beyond mere words.

A prime example came on August 27, 2020, when the Fed amended its Statement on Longer-Run Goals and Monetary Policy Strategy. With these amendments, the Fed adopted an *average* inflation targeting (AIT) strategy and began to refer to "shortfalls of employment from its maximum level" rather than "deviations from its maximum level."[16]

Chairman Powell (2020) notes that "This change may appear subtle, but it reflects our view that a robust job market can be sustained without causing an outbreak of inflation." Thus, the amendments seem to imply at least somewhat easier monetary policy in the coming years, as favored by the Fed Up Coalition and much of #EconTwitter. The Chairman's explanation for the amendments includes both populist and technocratic elements. For example, he repeatedly cites how "the Fed Listens events helped us connect with our core constituency, the American people," in his discussion of the changes, but he also provides technical motivations, like the decline in the equilibrium real interest rate, and cites dozens of academic papers and technical reports (Powell 2020).

The amendments themselves are vague enough to leave monetary policymakers enormous flexibility. For example, the strategy does not specify a time horizon over which average inflation will be computed. Cleveland Fed President Loretta Mester said that AIT "isn't really tied to a formula," leading Marte and Schneider (2020) to report that Fed policymakers will "do their own math on 'average' inflation… Fed policymakers differed over just how much more inflation they will tolerate or what metrics they will be looking at - a complication for investors or households setting expectations about the future."

The Fed's repeated claims to competence, claims to representing the interests of "the people," and efforts to build trust serve to justify this discretion. And with more discretion comes greater need to make such claims. Remember: ""You are not going to have the population as a whole understand all the nuances of what we are talking about here. They need to trust us."

[16] https://www.federalreserve.gov/monetarypolicy/guide-to-changes-in-statement-on-longer-run-goals-monetary-policy-strategy.htm

Whither Central Bank Independence?

My primary goals in this paper are descriptive and interpretive. I hope that I have convinced the reader that the logic of technopopulism provides a useful lens for understanding the pressures on central banks and central banks' responses. In particular, we can begin to see how a rise of populism in the U.S. and elsewhere has *not* led to a more restricted role for central bankers, as might be expected given the traditional equating of populism with "anti-expert and anti-technocratic sentiment" (Buiter 2016). Populists (in and out of office) have not seized power *from* central banks. They have found it more effective to work with and through central banks, giving "their experts" greater discretion, rather than through elected officials and majoritarian institutions.

Resulting changes, like the amendments to the Statement on Longer-Run Goals and Monetary Policy Strategy, increase monetary policymakers' discretion. I can only predict that this in turn will invite more pressure and increase the "spectacularized and confrontational" nature of policy disputes, forcing central bankers to double down in their appeals to "the people" and to their own competence in the hopes of preserving legitimacy. In these appeals they will promise even greater responsiveness while requesting even greater discretion. We have seen, and will continue to see, greater pressure on the Fed to pursue a variety of distributional and environmental goals that are less directly tied to its Congressional mandate, but of high public salience (Honohan 2019).

What does this mean for central bank independence (CBI)? This is not so straightforward, since there is not a single agreed-upon definition of CBI. In addition to the distinction between goal independence and instrument independence, it is not clear whether CBI refers to independence *from elected politicians* or from all sorts of political pressures. Friedman (1962 pg. 180), for example, refers to independence from "direct control by the legislature," whereas Bernanke (2010) refers to freedom from "political control." This seems like a minor distinction, but is quite important in the technopopulist environment. In the case of the Fed, pressures from unelected people and organizations seem to have had more influence than pressures from elected politicians like President Trump.[17]

This distinction may help explain a puzzling discrepancy between central bank governors' and academics' views about CBI, as reported in a survey by Blinder et al. (2017). One question asked, "How much independence do you believe your central bank either relinquished, saw taken away from it, or gained during the crisis?" Although 45% of academics thought that central banks had lost independence, only 4% of governors thought so, and 13% of governors thought their central bank had actually gained independence. Another question asked, "How much is your central bank's independence threatened now or in the near-term future?" This

[17] Chairman Powell forcefully asserted the Fed's independence from President Trump following Trump's tweets about the Fed.

time, 28% and 9% of academics saw a moderate or large threat, respectively, compared to just 7% and 2% of governors. In response to other survey questions, substantial shares of both governors and academics reported hearing discussions of expanding the central bank mandate.

Central bankers might not interpret the trends toward increased discretion and expanded mandates as threats to CBI because they have not become more responsive to *elected* officials. But academics might interpret the same trends as threats to CBI, perhaps because they conflate CBI with its original aim of reducing inflationary bias. They might equate CBI with a Rockoff (1985)-style "conservative" central banker, who places a larger weight on inflation stabilization than in the social objective function. Or they may have in mind a Barro and Gordon (1983)-style model in which the independent central banker builds a reputation for low inflation.[18] But we are long past the days when Fischer (1994, p. 293) wrote:

> "An important reason to expose central bankers to elected officials is that, just as the latter may have an inflationary bias, the former may easily develop a deflationary bias. Shielded as they are from public opinion, cocooned within an anti-inflationary temple, central bankers can all too easily deny ... that cyclical unemployment can be reduced by easing monetary policy."

Central bankers, no longer cocooned within an anti-inflationary temple, see their power and discretion *grow* in exchange for greater responsiveness to the people. It is the elected officials themselves who are not sufficiently responsive to public needs.

Technocracy and populism are not antidotes to each other; more of one does not imply less of the other. More populism is not a "threat" in the sense that it will reduce the technocratic control of monetary policy. And greater technocratic discretion will not protect monetary policy from populism. The real threat is that *making central banks "the only game in town" not only fails to resolve the underlying democratic discontent, but also exacerbates it*. "Increasingly atomized individuals are bound to get a sense that political representation is being hollowed out, even if--or indeed precisely because--political actors claim to represent the substantive interests of society as a whole in a 'direct' and 'unmediated way'" (Bickerton and Accetti 2021 pg. 157).

In my opinion, this strengthens the case for limiting monetary policymakers' discretion by implementing rule-based monetary policy. I have previously outlined some of the economic and communication benefits of a nominal gross domestic product level targeting (NGDPLT) rule (Binder 2020a). But any well-defined, quantitative target clarifies the meaning of accountability and helps distinguish accountability from responsiveness. Reducing technocratic discretion also reduces the impetus to work through the central bank to achieve a variety of policy goals that

[18] Even Friedman, who preferred legislative monetary rules over an independent central bank, did approve of central bankers' tendency to be "'sound money men,' at least verbally" (pg. 178).

are better left to the political process. This is our best hope for “converting monetary policy into a pillar of a free society rather than a threat to its foundations” (Friedman 1962 pg. 194).

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Appendix 1: Central Bank Websites

Figures 2, 3, and 4 of this appendix show screenshots of the homepages of the websites of the Federal Reserve Bank of New York, the Federal Reserve Bank of San Francisco, and the European Central Bank, respectively, in 2013 or 2014 and in March 2021. The 2013 or 2014 homepages were accessed using the Internet Archive Wayback Machine at https://archive.org/web/.

Figure 1 Website of the Federal Reserve Bank of New York, March 2013 (top) and March 2021 (bottom). Accessed using the Wayback Machine Internet Archive.

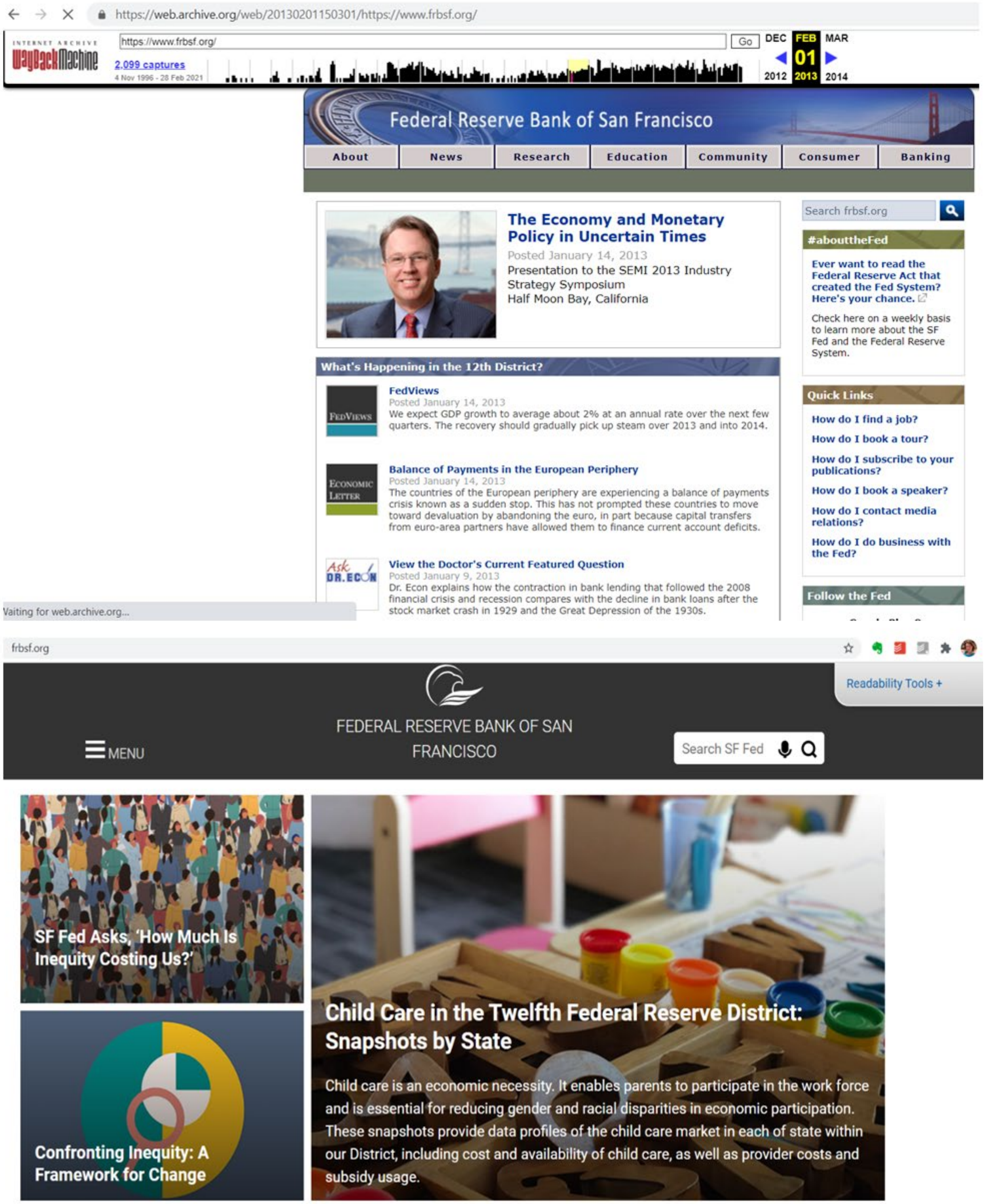
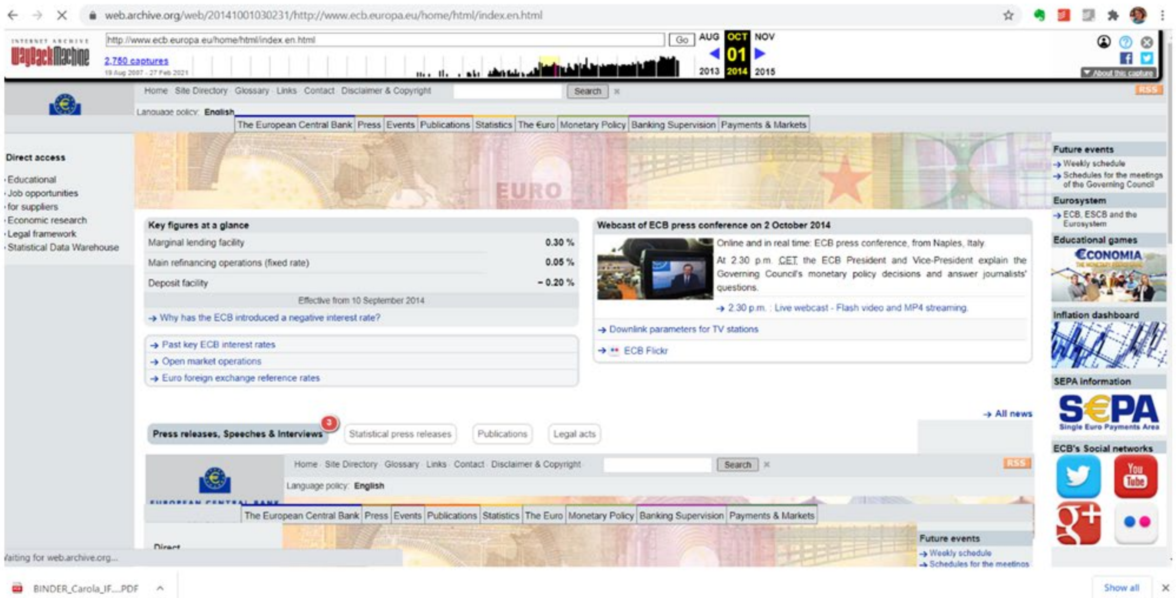


Figure 2 Website of the Federal Reserve Bank of San Francisco, February 2013 (top) and March 2021 (bottom). Accessed using the Wayback Machine Internet Archive.



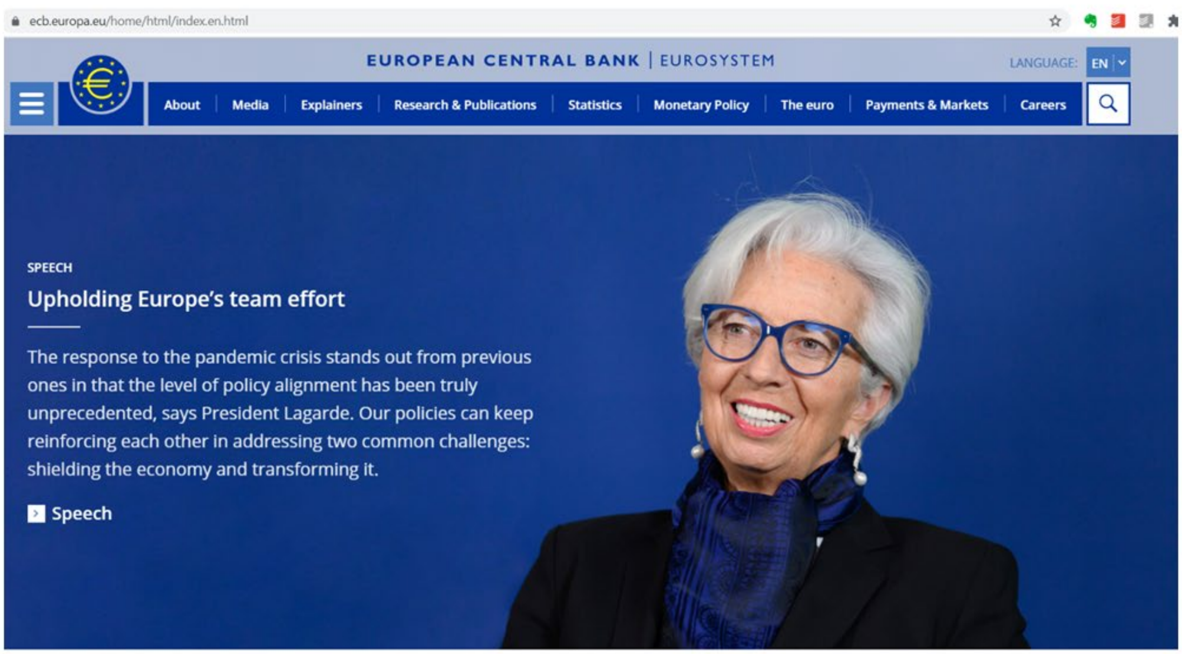


Figure 3 Website of European Central Bank, October 2014 (top) and March 2021 (bottom). Accessed using the Wayback Machine Internet Archive.