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Performing central bank independence: The Bank of England's communicative financial stability strategy

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Abstract

Central bank independence (CBI) has been one of the most significant regulatory state developments of the last three decades. Following the 2008 financial crisis, many central bank mandates were extended to include a responsibility for financial stability. Some commentators claim this jeopardizes CBI by drawing central banks into contested political issues that can impact financial stability, in what we term an independence in decline thesis. Through a detailed study of the Bank of England's financial stability communications employing the Comparative Agendas Project (CAP) codebook, we subject this independence in decline thesis to scrutiny. We show that since the extension of the Bank's mandate in 2011, Bank officials have discussed a wider range of more contentious policy issues. However, these communications appear to date to have largely reinforced the Bank's reputation for technical competence and political neutrality. In this sense, central bank "communicative agency" can be deployed to protect CBI performatively, while CBI can in turn be studied and understood as an ongoing communicative performance act. We find that repoliticization is a more contingent process than much central banking literature has allowed for, while financial stability communications are a potentially powerful regulatory instrument deserving of more scholarly attention.

Keywords: central banks, financial stability, independence in decline, performativity, regulatory communicative agency.

1. Introduction

Central bank independence (CBI) is an integral feature of most contemporary regulatory states (Jordana & Levi-Faur, 2005; Rapaport & Levi Faur, 2009; Thiemann & Stellinga, 2023). It has been widely interpreted as a depoliticization strategy in which government officials seek to institutionally insulate certain areas of public policy from the cut and thrust of politics (Buller & Flinders, 2005; Burnham, 2001). It is consequently foundational to understanding the tensions that exist between politics and administration in democratic societies, evident in the contested and evolving relationship between administrative discretion and elected officials (Appleby, 1949; Carpenter & Krause, 2012; Long, 1952).

Following the global financial crisis of 2008, changes in central bank policy actions and responsibilities have led to widespread arguments that CBI is under threat from a process of mandate drift and re-politicization.[1] A broad range of commentators and experts have expressed a view that CBI can only be maintained through a narrow model based on inflation targeting. Moves away from the "narrow mandate model" are seen to produce a form of "overreach," jeopardizing the entire institutional construct, in what might be termed an "independence in decline" thesis (Balls et al., 2018; Buiter, 2016; Goodhart & Lastra, 2018a, 2018b, 2023; Issing, 2018). New financial stability powers, for example, were, in some quarters, expected to draw central banks onto more politically contentious policy domains (Balls et al., 2018; Goodhart & Lastra, 2018b). At the same time, detailed empirical studies have also begun to identify strong and robust patterns of topic expansion in central bank

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communications on monetary policy, associating this with a process of central bank politicization (Diessner & Lisi, 2020; Moschella et al., 2020). These studies reflect a growing scholarly interest in the practices, processes and consequences of "regulatory communication," examining how regulatory agencies use communication to engage in reputation management (Bach et al., 2022; Busuioc & Rimkutė, 2019; Carpenter & Krause, 2012; Gilad et al., 2015; Maor et al., 2013), as well as a literature on communicative central banking, which examines how a performed economy of words shape market and agent expectations (Blinder et al., 2001, 2008; Harmon, 2019; Holmes, 2009, 2014; Moschella et al., 2020; Schonhardt-Bailey, 2013).

In this article, we offer a first initial assessment of the veracity of the CBI in decline thesis against a national case by drawing on the concepts of regulatory communication and communicative central banking, applying them to the financial stability communications of an early mover central bank, the Bank of England, which gained financial stability powers in 2011. We find that there is an expansion in both range of topics mentioned and the frequency of those mentions in Bank financial stability communications, following the allocation of formal responsibilities in 2011. We also go beyond this, to examine the tone and messaging the Bank adopts and ask whether this draws a political counter-reaction, as evidenced by press coverage reporting growing political contestation that challenges and questions the central bank's "independent" institutional status. Our analysis demonstrates that the Bank has attempted to use its communicative agency to dampen and counter perceptions of creeping politicization arising from "issue spillover" and that these efforts have been largely successful. The Bank's financial stability communications have shaped and steered wider political expectations toward a general sense that the Bank is an independent, technical, and largely non-political institution. Political contestation of the Bank's communications has been limited in scope and frequency as a result. This suggests CBI may be a more resilient institutional construct than the independence in decline perspective has allowed for and that central banks have some agency to performatively reconstruct their own independence.

The article makes three broad contributions. First, we add to the literature and findings on post-crisis central bank communication and politicization in the field of monetary policy (Diessner & Lisi, 2020; Moschella et al., 2020), by considering whether and how financial stability responsibilities can be a key driver of an expansion in the topics a central bank communicates on. While the topic expansion identified by the above literature in monetary policy is largely confined to economic policy and performance, the pattern we identify for Bank of England communications on financial stability is a more pronounced one, going beyond traditional economic policy to include political and constitutional change, the systemic implications of climate change and distributional questions of inequality. We demonstrate this quantitatively by coding over 400 speeches made over 20 years using the Comparative Agendas Project (CAP) framework to identify the range of issues discussed by bank officials in speeches, and through further qualitative analysis of speech content which reveals financial stability responsibilities are the primary stated reason for giving speeches on non-traditional central banking topics. Overall, this is suggestive of a more far-reaching proliferation in central bank communications than the existing literature has accounted for, and moreover financial stability responsibilities can be a major driver of this.

Second, we go beyond the existing literature that mainly treats regulatory communication as a reactive defensive strategy that responds to precise criticisms, allegations, or some other public judgment, by addressing specific audiences (Bach et al., 2022; Gilad et al., 2015; Maor et al., 2013). In contrast, we identify how regulatory communication can take a more proactive, pre-emptive general form, by seeking to cultivate and manage the expectations of a wide range of public, political, and market actors. We explore a process Busuioc and Rimtke (2019, p. 549) call "institutional self-presentation"—an expectation shaping and construction exercise in which prior *regulatory successes* are emphasized to cultivate and evolve an existing reputation (Busuioc & Lodge, 2016, p. 253). We offer one of the few empirical studies of this aspect of regulatory communication. We show that when institutional self-presentation involves efforts to cultivate a new reputation in a new policy area, efforts to contain and manage expectations by emphasizing institutional and mandate limitations can feature more prominently than promoting successes, especially when such efforts are motivated by a desire to maintain a prior institutional status quo (independence).

Third and most significantly, we contribute to understanding of the potential durability of CBI and debates about post-crisis politicization. Politicization has generally been treated as a given in existing studies of central bank communicative strategy. It has either been viewed through a proxy such as falling public approval, which the central bank responds to by attempting to develop a communicative legitimating strategy

(Moschella et al., 2020), or as something a central bank drives itself by communicating on and reaching into fiscal policy that in turn equates to politicization (Diessner & Lisi, 2020). The independence in decline perspective also largely assumes that politicization follows automatically from an extension of central bank activities. In contrast, we adopt a higher threshold by treating politicization as a contingent, interactive, and socially constructed phenomenon that depends on what audiences believe and how they react to institutional communications, strategies, and actions, including the extent to which they contest these communicatively and discursively (Schmidt, 2008). In short, the question of how an issue is talked about and how that is reacted to is as (if not more) important than the fact it is talked about at all. This in turn means central banks have potential agency to manage and contain politicization through communicative strategy. In this respect, we offer the first assessment of the veracity of the independence in decline perspective and illustrate how CBI can be understood as a resilient institutional social construct (Hall, 2006). We show how CBI involves an ongoing performance act that constantly remakes and reconstructs independence through communicative strategy, with the potential performative effect of "subject formation," in which the language an institutional agent adopts can shape others' expectations, beliefs, and actions, ultimately reproducing and reinforcing the very phenomenon it purports to describe (Callon, 1998; MacKenzie, 2006). Central bank financial stability communications are therefore a potentially powerful policy instrument that can shape the form and politics of the regulatory state, by institutionally reinforcing the construct of CBI (see endnote 13 as an example).

After a discussion of CBI, communicative strategy and politicization, the article is divided into three main empirical sections. The first of these sets out our methodology and findings in relation to the speech coding exercise, where we identify a phenomenon of topic proliferation following the assignment of new financial stability responsibilities that we refer to as "issue spillover." The second empirical section qualitatively analyses the tone and discourse present in several key set piece speeches on financial stability delivered by Bank governors across the period and documents how these have become increasingly technical, measured, and qualified over time. In the third section, we select some of the most notable and potentially politically contentious speeches made by Bank officials during the two-decade period studied and track press coverage of these speeches, looking for signs of political contestation and counter-reactions, and present our findings in relations to this.

2. Central Bank Independence, politicization, and communicative strategy

The case and rationale for CBI is well known. Forward-looking rational agents, it is claimed, anticipate that efforts to administer monetary stimulus will stoke inflation, with no boost to output or employment, creating a "time inconsistency" problem (Barro & Gordon, 1983; Kydland & Prescott, 1977). "Time inconsistency" means that politicians are unsuited to taking monetary policy decisions because of a temptation to dash for growth ahead of elections. This problem can be best negated by vesting monetary policy decisionmaking with an inflation-prioritizing central bank insulated from political pressures (Rogoff, 1985). Inflation targets are seen as a device for bringing market expectations into line with public authorities' stated intentions, giving them "credibility" (King, 1995). Despite the prior existence of some examples of independent central banks, a global consensus on CBI really took institutional hold in the 1990s (Borio, 2011; Polillo & Guillen, 2005; Rapaport & Levi Faur, 2009).

Probably the quintessential example of this 1990s consensus was represented by the monetary policy framework introduced in the United Kingdom following the election of a New Labour government in 1997 that established "operational independence" for the Bank of England. Under the terms of operational independence, the Bank's mandate is still set by the government and approved by Parliament, while the Bank's actual inflation target is set by the Treasury. Within these limits, the Bank or, more specifically, its Monetary Policy Committee (MPC), is given the authority to set the Bank Rate so as to meet its inflation target. The idea that the Bank was and ought to be treated as "operationally independent," with its decisions not being second-guessed or challenged for party political reasons was soon firmly established. In effect, the United Kingdom adopted a not untypical "narrow mandate" model of independence, in which one mandate, an inflation target of 2% was to be achieved by one instrument, the central lending rate (Balls et al., 2018; Buiter, 2016; Goodhart & Lastra, 2023).

Political science literature on the Bank's new "independence" largely interpreted this as a form of depoliticization strategy or statecraft (see Buller & Flinders, 2005; Burnham, 2001; Hay, 2004). While the reality of ever fully stripping the politics out of central banks has frequently been disputed (Burnham, 2001; Kirshner, 2003; Watson, 2002), it is widely accepted that CBI has rested on conscious elite efforts to depoliticize, or at least to institutionally insulate central banks from direct political intervention and debate.[2]

2.1. The independence in decline thesis

After the financial crisis, a combination of monetary activism, the formal allocation of new financial stability responsibilities and public discourses asserting that central banks had become the "only game in town" and "over mighty citizens" (El-Erian, 2017; Rajan, 2012; Tucker, 2018) fears that the pre-crisis narrow mandate model of CBI was under intense pressure and might even be unsustainable, became prominent. Unsurprisingly, some of the gravest warnings of potential threats to CBI arising from this came from those heavily associated with the Bank of England's own pre-crisis narrow mandate model of independence (Balls et al., 2018; Buiter, 2016; Tucker, 2020). This together with the Bank's own status as an early convert to a macroprudential approach to financial stability (Baker, 2013a, 2013b, 2020), vested with a new mandate to protect the resilience of the UK financial system and new Financial Policy Committee (FPC) for that purpose from 2011, makes the Bank of England an extremely apposite case for testing the veracity of the independence in decline thesis.

The independence in decline thesis is our own term for a broad but widely held perspective with three elements. First, a claim that as central banks take on more responsibilities they are drawn into more areas of public policy, that are often more politically contentious, resulting in central bank "overreach" (Diessner & Lisi, 2020). Second, such "spillover effects" as we refer to them, can enhance institutional risks for independent central banks, by creating widespread perceptions that central banks are becoming more political actors. Third, this in turn can draw a political counter-reaction, which both questions and challenges the central bank's "independence." This is a broad position held by former policymakers, some renowned central banking academics, and a number of commentators (see endnote 1). The exact political mechanisms, dynamics, and course of this re-politicization process are rarely specified in these arguments and generally, it is assumed that if central banks begin to engage with a wider range of issues and activities, re-politicization is likely to follow.

For example, the primary intellectual architect of 1997 Bank independence, Ed Balls, the Chancellor's then Chief Economic Advisor, contends that "unlike monetary policy, new financial stability powers may require the central bank to co-ordinate with the government and other regulatory institutions, and to venture into more politically treacherous areas (such as housing) with first order distributional consequences" (Balls et al., 2018 pp. 4–5). This, the authors continue, results in "a worry that new financial stability reforms will jeopardize hard won independence in monetary policy, by diluting the focus on inflation targeting." A similar view, expressed by Charles Goodhart and Rosa Lastra, holds that "financial stability responsibilities complicate life for central banks because a single objective, with a single instrument is much easier to communicate and manage, than a system with multiple objectives, which might at times require trade-offs." Moreover, financial stability measures "can impact directly on non-financial actors, and could be regarded as outside the ambit of central banks" (Goodhart & Lastra, 2018b). The resulting increased interactions between Treasuries and politicians and central banks then risk producing a "blurring of independence in the field of financial stability, which may also raise questions for central bank independence more broadly" (Goodhart & Lastra, 2018b). In both of these examples, (re)politicization is something assumed to more or less follow automatically from central banks' enhanced financial stability responsibilities.

2.2. Communicative strategy and politicization

One of the primary purposes of this article is to show that the extension of the Bank of England's remit to include financial stability has resulted in a greater premium being placed by the Bank on how it communicates about its role (on communication and central banking more generally, see Harmon, 2019; Holmes, 2009; Schonhardt-Bailey, 2013, and specifically the Bank's own thinking, Haldane, 2017). First, this requires evidence that central bank communications expand *because* of financial stability responsibilities to include a broader range of topics, some of which may be considered "political," but which require consideration because of their potential to impact financial stability. In this respect, this article builds on recent studies in monetary policy that find a pattern of topic expansion to be robust, but largely confined to economic policy and performance, while assuming that is either a response to (Moschella et al., 2020), or leads to politicization (Diessner & Lisi, 2020). Taking a different approach, we treat re-politicization as an altogether more contingent, interactive, discursive process (Schmidt, 2008; Wood & Flinders, 2014), that requires evidence of both direct contestation and challenge, as well as widespread assertions and perceptions of inappropriate political behavior by the central bank.

Moreover, such a focus on communication should also alert us to the potential for the central bank to constrain and manage "politicization" through their communications, indicating that "re-politicization" might be a much more contingent and malleable process than the independence in decline perspective has allowed for, with central banks themselves having considerable agency to shape that process through communicative strategy. We build on the insight in work on regulatory communication that words are actions that enable regulatory agencies to foster, protect, and cultivate their own reputation with outside actors (Bach et al., 2022; Gilad et al., 2015; Maor et al., 2013). In particular, self-presentation involving efforts by institutions to legitimate themselves and to shape audience perceptions and expectations of organization behavior, can entail more than an emphasis on prior regulatory success (Busuioc & Rimkutė, 2019, p. 549). Self-presentation can also involve clearly establishing the limitations of mandate and remit, so as to contain and manage future expectations of what an institution can and will do. The process of politicization assumed to occur in the independence in decline perspective, will therefore in part depend on the content and effectiveness of the communicative strategies developed by central banks and the subsequent wider reactions to that messaging. We now turn to the content of Bank of England financial stability communications before coming onto consider their style, framing, and reception.

3. Topic proliferation and issue spillover: A coding exercise

Topic proliferation in central bank communications has been found to be a robust pattern in monetary policy in two studies deploying structured topic modeling as the basis for coding ECB speeches (Diessner & Lisi, 2020; Moschella et al., 2020). The topics identified in these studies still relate to either aspects of economic governance, or of economic performance more generally. For authorities and institutions charged with delivering financial stability, as tricky as that is to define, tracking multiple risks and monitoring a range of developments becomes imperative. It is not unreasonable to expect that this in turn may require central banks to communicate on a wider range of topics to demonstrate awareness of the risks these issues pose for financial stability to watching market, media, and public audiences: thus demonstrating preparedness, technical capacity and knowledge (Braun, 2015). Some of these issues may in turn be politically contentious, explicitly relating to specific political risks, or be of a highly distributional nature. This is a phenomenon we refer to as "issue spillover." In neo-functionalist accounts of European integration, "spillover" occurs where integration in one economic sector creates pressures for further economic integration within and beyond that sector (Haas, 1958, for the original exposition; Moravcsik, 2005; Niemann et al., 2019; Rosamond, 2000, for commentaries). Applied to the context of central banking, we use "spillover" to refer to the way in which the granting of additional financial stability powers to central banks intensifies boundary problems that are integral to financial stability as a complex and diffuse policy area (Goodhart & Lastra, 2010, 2018b).

The specific boundary problem we are concerned with here relates to the increasing difficulty of drawing clear lines around which issues central banks should and should not be involving themselves with in relation to their remit to promote financial stability. This leads us to an empirical question. Has the Bank of England found itself commenting on a wider range of issues, since it was allocated the formal financial stability mandate of reducing systemic risk and enhancing resilience in 2011? To answer this question, we developed an original dataset of over 900 speeches made by senior officials[3] from the Bank of England between 1997 and 2017. Speeches represent useful sources because they are strategically delivered: audiences are chosen by senior officials and messages crafted accordingly, while senior Bank representatives engaged in speech acts are more likely to be guided by concerns of reputation and institutional protection (Moschella & Pinto, 2019).[4] Compared to answers given by Bank officials in response to questions asked of them at Parliamentary committee meetings, or in the Bank's own Financial Stability reports, speeches constitute moments when Bank officials can choose which issues to talk about and what and how to communicate. Speeches are also addressed to multiple audiences, their format is much less constrained than other official documents and they represent a highly public and accessible form of communication.

Of the 900 speeches we analyzed, over 417 discussed in some way, issues relating to financial stability. For this sub-set of speeches relating to financial stability, we then used the coding framework developed within the CAP to identify the range of issues bank officials raised when they were talking about financial stability.[5] Initiated by Frank Baumgartner and Bryan Jones in the early 1990s, the CAP is a major and important exercise examining and explaining changing policy agendas, initially in the United States but, subsequently, in numerous European countries, Canada, Israel, New Zealand, and Australia (http://www.comparativeagendas.org/).[6] At the heart of the CAP is a codebook and a set of established procedures for coding statements made by politicians or other actors, whether in manifestoes or wide-ranging speeches like the Queen's Speech in the United Kingdom, in terms of 19 "major" (shown in Table 1) and 250 "minor" policy issues relating to functional areas of policy, such as macroeconomics, health and agriculture (major codes) or agricultural trade, government subsidies to agriculture, unemployment and higher education (minor codes) (Dowding et al., 2015).

While the CAP framework is designed for coding at a micro, quasi-sentence level to provide highly detailed accounts of the content of the policy agenda, we have applied the framework in a slightly different way for the purposes of this study. We coded at the speech level. Where a speech discussed an issue covered in the codebook, an appropriate code was allocated, as one instance of a spillover issue outside of monetary policy and or financial stability.[7] We did not seek to measure how much of the speech was devoted to a particular issue, merely that there was a discussion of the issue. As such, a speech could not have the same code allocated to it multiple times. However, some speeches could have multiple CAP codes allocated to them (depending on the range of issues discussed) as they sometimes discussed more than one spillover issue. Unlike other studies that employ structured topic modeling to measure subject intensity (Diessner & Lisi, 2020; Moschella et al., 2020), we were not seeking to offer a measure of the predominance of monetary policy and price stability concerns in central bank communications, relative to other issues of economic policy. We were casting our net more broadly to build up a picture of the range of issues central bankers were discussing in speeches and of how this was changing across a 20-year time period. In other words, our interest was not in the overall proportion of a speech, or number of words devoted to a spillover issue, but the number of speeches in which a spillover issue was discussed, including speeches that discussed more than one spillover issue. We were thus interested in the total number of spillover issues (or codes) present in Bank speeches, the frequency of their occurrence across different speeches and changing patterns in that over time, so we could understand whether the Bank has been talking about a wider range of topics, including those not typically the preserve of central banks, since the allocation of financial stability responsibilities.

Table 1 Major policy codes, Comparative Agendas Project

1. Macroeconomics
2. Civil Rights, Minority Issues, Immigration and Civil Liberties
3. Health
4. Agriculture
5. Labour and Employment
6. Education
7. Environment
8. Energy
10. Transportation
12. Law, Crime, and Family Issues
13. Social Welfare
14. Community Development, Planning and Housing Issues
15. Banking, Finance, and Domestic Commerce
16. Defence
17. Space, Science, Technology and Communications
18. Foreign Trade
19. International Affairs and Foreign Aid
20. Government Operations
21. Public Lands and Water Management (Territorial Issues)

Our first finding, summarized in Figure 1 shows that there was, unsurprisingly, an increase in the number of speeches discussing financial stability issues following the 2008 financial crisis and that this trend accelerated following the establishment of the FPC in 2011. The Bank moved from delivering an average of 10 speeches a year which included a discussion of financial stability issues during the pre-crisis years to (1997–2008) to delivering over 40 a year in the post-crisis, post-FPC period (2011–2017). The question that led the coding exercise was to what extent has talking about financial stability also led Bank of England officials to talk about a wider range of policy issues as captured by the different major codes within the CAP?

Here, the data in Figure 1 shows that, in the period 1997–2017, as the Bank begins to discuss financial stability issues more frequently (blue bar), there was an associated rise in issue spillovers (orange bar) related to policy issues which are the subject of major codes. The orange bars represent how many times issues outside of the traditional monetary and financial sphere are mentioned as the period progresses (spillover). In the 14 years prior to the FPC's creation (1997–2010), there were 46 references (codes allocated) to spillover issues in Bank speeches as we have defined them (including macroeconomy and macroeconomics outside of monetary policy and financial stability, but excluding housing, see endnotes 8 and 9): an average of 3.3 a year. In the seven years between 2011 and 2017, there were 99 references (codes allocated) to spillover issues in Bank speeches: an average of 14.1 per year (an increase in the annual rate by more than four times). As a proportion of the total number of financial stability speeches made by the Bank, however, spillover occurrence remains relatively constant in both time periods. In the pre-FPC period, spillovers occur at a rate of 0.34 per financial stability speech delivered, and for the post-FPC period, the rate is 0.35.[8] This demonstrates that financial stability speeches are associated with spillover in both time periods. If financial stability is by nature a driver of spillover and topic proliferation, we would expect to see roughly constant proportions of spillover relative to speeches in both periods, as evidenced here. What changes in the second post-FPC period, however, is that as the total volume of financial stability speeches increases, so does the recorded total number of instances of spillover (and it is the total number of instances that is the significant figure for the independence in decline thesis, because potentially each instance creates a possibility of political counter-reaction and contestation). The Bank is consequently commenting on issues outside of the monetary and financial domain more often (twice as often in half the time period) and with some greater degree of variance (the total number of different codes increases by 3) as it speaks more regularly about financial stability. This is important because this greater frequency has the potential to both make the Bank's comments on non-traditional issue areas more visible, and drive claims of "politicization."

In short, the data represented in Figure 1 are entirely consistent with the spillover argument. The timeline suggests a clear acceleration in this pattern after the establishment of the FPC in 2011: illustrating how formal institutional functional responsibilities can drive such trends, with the very presence of the FPC creating a need

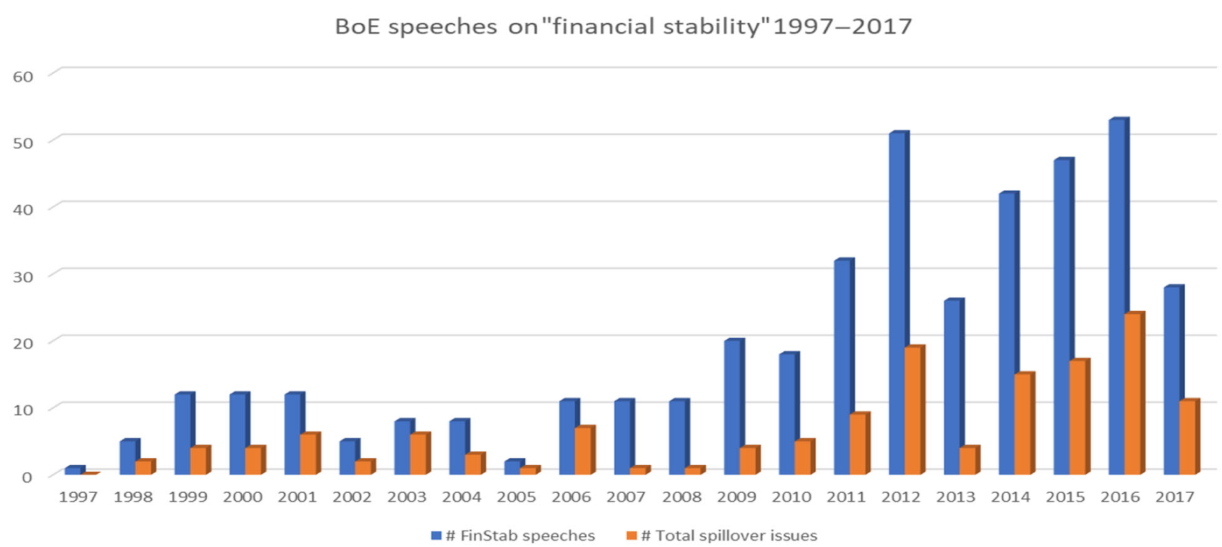

Figure 1 Bank speeches on financial stability and issue spillovers. BoE, Bank of England.

for analysis and public messaging on a broader range of issues. Discussion of some aspects of issue spillover areas was apparent in the pre-FPC period, particularly in relation to the creation of the European Single Currency and corporate governance. However, there has since been a clear increase in the incidence of communications involving issue spillovers beyond core central banking areas to areas including corporate bonuses; the European Union and the Euro Area crisis; inequality and wage stagnation; Scottish independence; climate change; and Brexit. Notably, Table 2 reveals three more codes featuring in the post-FPC period with these issues being spoken about more than twice as often in half the time period.

4. Managing topic proliferation and spillovers communicatively

Our findings to this point show that the broadening of the Bank of England's mandate to include financial stability has led the Bank to discuss a much wider range of policy issues, including issues that are the subject of mainstream political debate and contestation (e.g., Scottish independence, the Brexit referendum, inequality, and climate change).[9] Importantly, however, the above data cannot tell us anything about the *manner* in which the Bank speaks about these issues, nor whether the things it says (and the way it says them) are regarded by other actors as being politically contentious. Understanding this is crucial for testing the validity of the independence in decline thesis.[10] The next two sections of analysis deal with each of these issues in turn. In this section, we comparatively analyze key set piece speeches on financial stability made by two Bank governors, Eddie George and Mark Carney. These speeches were chosen because the two Governors were in office at either end of the period studied in the article (George in the pre-FPC period, Carney post-FPC), and their speeches discuss

Table 2 CAP coding

Pre-FPC coding (1997–2010)		Post-FPC coding (2011–2017)	
Code	No. of occurrences	Code	No. of occurrences
105: Macroeconomics: National Budget	4	100: Macroeconomics: General	1
331: Health: Disease Prevention	1	105: Macroeconomics: National Budget	10
700: Environment: General	1	107: Macroeconomics: Tax Code	1
800: Energy: General	1	202: Civil Rights: Gender Discrimination	2
1303: Social welfare: Elderly Assistance	1	500: Labour: General	1
1501: Domestic Comm.: Banking	2	600: Education: General	1
1504: Domestic Comm.: Consumer Fin.	3	705: Environment: Air Pollution	5
1520: Domestic Comm.: Corp. Man.	11	1300: Social Welfare: General	5
1619: Defence: Foreign Operations	1	1501: Domestic Comm.: Banking	6
1706: Technology: Telecommunications	5	1520: Domestic Comm.: Corp. Man.	27
1707: Technology: Broadcast	1	1615: Defense: Civil	2
1802: Foreign Trade: Trade Agreements	1	1700: Technology: General	1
1910: International Affairs: W. Europe	1	1706: Technology: Telecommunications	11
1927: International Affairs: Terrorism	7	1800: Foreign Trade: General	1
1999: International Affairs: Other	1	1803: Foreign Trade: Exports	1
2001: Government Ops: Intergovt. Relations	4	1906: International Affairs: Int. Fin.	1
2099: Government Ops: Other	1	1910: International Affairs: W. Europe	19
		1921: International Affairs: Spec. Country	1
		1927: International Affairs: Terrorism	1
		2005: Government Ops: Appointments	2
Total	46	Total	99

CAP, Comparative Agendas Project; FPC, Financial Policy Committee.

politically sensitive issues or events such as European Monetary Union (EMU) and the creation of the European Single Currency and Brexit. This comparative qualitative cross-examination allows us to assess the tone of Bank communications in both periods.

Immediately following the move to operational independence in 1997, senior Bank of England officials gave several speeches addressing themes of financial instability. In this early phase of independence, when the Bank had no formal financial stability mandate, two specific patterns were identifiable. First, the Bank viewed its role as giving voice to "market sentiments" as a disciplining force: projecting market concerns and fears into wider public debates and narratives as considerations to inform future policy. Second, financial markets were projected and reified as largely rational, efficient entities most likely to be destabilized by outside forces, such as political interference, IT failure, terrorist attack, or natural disasters. In considering the emerging issue of European Economic and Monetary Union, for example, Governor George (1998a, p. 6) explained how markets looked dimly on the Single Currency project because it was driven by "political determination" rather than an underlying and necessary economic convergence. Likewise, in relation to the Asian financial crisis, "opaque links between government, firms and financial institutions" were identified as "creating an impression that borrowing would be implicitly underwritten by government," producing a crisis of distorted misallocation and moral hazard (George, 1998b, pp. 2–3).[11] These were bold parsimonious pronouncements on the causes of financial instability, with clear if simple policy implications relating to the need to limit distortionary state intervention and place trust in market decisions and adjudications.

In the period following the establishment of the FPC, this rather simplistic, anti-government ideological tone gave way to a more circumspect, cultivated technical character in Bank financial stability communications. In part, this was a natural outgrowth of an increasing acceptance of an endogenous understanding of financial risk as internal to markets and market models (Baker, 2018). This has drawn Bank communications toward more detailed analyses of market risks and their internal transmission mechanisms, while seeking to offer reassurance and shape market expectations and adjustments through the presentation of data. Bank speeches on financial stability have consequently struck a more technical tone over time.

This pattern has also been evident when the Bank has felt compelled to speak on some of the most salient and contested political issues of the day. In speeches on Scottish independence (Carney, 2014a) and the European Union referendum (Carney, 2015a), Governor Carney carefully confined himself to claims about causal properties and relationships. In relation to Scottish independence, he outlined the benefits of currency and banking unions in producing deeper and more liquid financial markets, more transparent pricing and in reducing barriers between markets: setting this against the loss of exchange rate flexibility and monetary policy independence in a standard cost–benefit analysis. Carney's main point on financial stability was deliberately non-committal, emphasizing the importance of an independent Scotland putting in place regulatory arrangements that managed the relationship with the UK financial system. The details of what such arrangements would look like were conspicuously avoided. The speech was in this respect highly circumspect, characterized by notable strategic silences (Maor et al., 2013), especially around questions that could be regarded as "political." For example, in the question-and-answer session that followed, Carney (2014c) emphasized he would not comment further on Scottish independence, saying that the issues he had spoken to related "directly to our responsibilities": emphasizing that it was not his role to offer opinions on solutions let alone the broader economic questions of Scottish independence. Bank communications were in this way increasingly driven by explaining and outlining the limits of the Bank's new financial stability mandate (institutional self-presentation), while demonstrating to watching audiences the fact that the Bank was prepared for different eventualities.

In a similar pattern, in a keynote speech in October 2015 on the forthcoming European Union (EU) referendum, Carney (2015a, p. 2) recounted the details of a technical Bank of England report on the implications of UK membership. He emphasized at the outset, that his analysis was "solely concerned with how EU membership affects the Bank's ability to achieve its core objectives of monetary and financial stability" rather than being a "comprehensive assessment of the pros and cons of the United Kingdom being in Europe." The speech contrasted markedly with Governor George's earlier 1998 speech which took a more conspicuously political position in effectively rejecting EMU as a politically driven project that was eliciting a negative market reaction. In this sense, a clear pattern is that the careful communication and performance of political neutrality appear to have become a more prominent concern for senior Bank personnel following the delegation of a more formal financial stability mandate in 2011. Whereas George was overtly critical of the creation of the European Single Currency, nearly two decades later Carney delivered a speech that did little more than publicly demonstrate that the Bank was prepared for the impact of the referendum, whatever its outcome, in the context of the "rightly circumscribed" responsibilities of the Bank and the "narrow meager exam question" he had been set (Carney, 2015a, p. 3).

A further example of the growing performativity of Bank financial stability communications came in Carney's treatment of climate change. In Carney's (2015b) most well-known speech on the subject, he distinguished between physical, liability, and transition risks and considered the implications for the insurance industry, including the need for market actors to incorporate the results of climate science into business models and underwriting plans for financial stability reasons. While physical risks were mainly exogenous in nature, a key issue, Carney explained, was how these would be internalized in the balance sheet management of liability risks and assets, as endogenous variables. In his account of these transition risks, Carney (2015b, p. 11) considered that "an abrupt resolution of the tragedy of horizons was itself a financial stability risk," in which "a wholesale reassessment could 'destabilise markets, and lead to pro-cyclical losses and a system wide tightening of financing conditions'." Carney's primary message emphasized the importance of market actors making forward-looking incremental adjustments to business models and risk assessments that would enable the insurance sector to remain resilient to climate change. "The more we invest with foresight; the less we will regret in hindsight." Carney constructed a desirable trajectory of gradual market-led adjustment and response to climate change, highlighting the insurance sector's particular incentives to respond.

The speech was a classic instance of central bank performativity. Spoken words were intended to shape future market expectations, gently encouraging market-led adjustment strategies, while providing reassurance by projecting confidence that market actors would make the necessary adjustments through advances in catastrophic risk modeling and provisioning. Again, the discursive construction and communication of CBI was a central theme and objective of the speech. Financial policymakers, Carney (2015b, p.12) noted, "will not drive the transition to a low-carbon economy. It is not for a central banker to advocate for one policy response over another." He dismissed the use of adjusting prudential requirements and the capital regime to accelerate the transition to a low carbon economy. These instruments were better designed to solely protect financial stability. "More properly our role can be in developing the frameworks that help the market itself to adjust efficiently." A central bank's role in this context, Carney (2015b, p.12) spelled out, was to be communicative. "To develop consistent, comparable, reliable and clear disclosure around the carbon intensity of different assets." Making the right information available in this way was expected to smooth price adjustments. Carney's speech effectively circumscribed central bank and state responsibilities. In this context, independent central banks' proper role was established as a minimal one of market guidance through information provision and communication. Even in a context of responding to an existential climate crisis, one which Carney explained was of personal importance to him, outlining and promoting what CBI constituted in a financial stability context was a major focus of the speech. While it is true that Carney's promotion of market-led adjustment is itself a normative position, overall the speech represented a clear attempt by the Bank governor to present a technical assessment of financial market risks induced by climate change.

In short, the analysis presented here reveals that the Bank's communicative financial stability tone has evolved over time, from George's bullish, direct approach, to Carney's more circumspect and qualified tone. Absent any formal financial stability mandate, George had greater freedom to opine on financial stability matters and their direct policy implications. Once a formal financial stability responsibility was established, a primary concern for Carney was to sketch and establish what this meant for the parameters of Bank action and communication in a context of its revised and evolving independence. One possible interpretation is to suggest the pattern was simply a function of differences in leadership and governorship styles. But the increase in Bank speeches and communications on all matters, but especially financial stability points to a more orchestrated evolution in Bank communicative strategy in a changing institutional and political context. Heightened public focus on the Bank was accompanied by the assignment of new formal financial stability responsibilities in an area that is notoriously difficult to define, against a backdrop of growing political and constitutional rancor. This combination of prevailing political context and new financial stability responsibilities pushed the Bank toward commenting on more politically contentious subjects. The Bank responded by devoting much of its financial stability communications to painstakingly explaining and defining what its evolved independence in the field of financial stability entailed (institutional self-presentation, Busuioc & Rimkutė, 2019). This has been part of a careful conscious communicative strategy that sought to dampen perceptions that the Bank was straying into political territory, while building understanding of the Bank's limited technical remit among watching audiences.

5. Media coverage and political counter-reactions

While the evidence in the last section showed the Bank has attempted to use its communicative agency to dampen and counter perceptions of creeping politicization arising from policy spillover, the third element of the independence in decline thesis suggests political counter-reactions might nevertheless still arise. In this section of the paper, we assess the success of Bank efforts to manage and shape perceptions relating to its evolving independence in its financial stability communications in terms of responses to speeches on more politically contentious topics. Due to limits of time and space, we confine ourselves to a review of UK newspaper coverage of Bank speeches, as this offers a snapshot of high-level public discourse and an insight into political and social reactions to the Bank's financial stability communications both before and after FPC creation. Further research, as senior Bank of England staff have noted, might forensically consider public attitudes and reactions (Berger et al., 2011; Haldane, 2017). The media does however play a crucial role in intermediating central bank messaging and in shaping wider societal sentiments. Accordingly, we focus on reactions to six important speeches from both the pre- and post-FPC periods. While the sample size here is small, mainstream newspaper coverage of Bank speeches is relatively uncommon. The technocratic nature of Bank speeches means that it is generally only high-profile or politically salient speeches that generate broader media coverage and debate, so from the outset the potential *n* is limited due to a relatively small available data set. Moreover, we are concerned with uncovering political contestation and counter-reaction to Bank speeches. If there is little evidence of this being present in the case of the very highest profile speeches on the most politically contentious speeches, which has determined our selection, the chances of finding it in relation to lower profile speeches are significantly lower. Consequently, the small sample size results from availability and necessity, but is still potentially instructive in relation to evidence of political contestation and counter-reaction.

In order to select the most appropriate speeches for this analysis, the Bank's financial stability speeches were ranked according to their potential political salience by considering both: (i) if the speech directly commented upon a conspicuous major political event or issue; or (ii) were assigned a high level of different codes during our prior CAP coding exercise (indicating a potentially contentious speech that touched upon a range of policy issues).[12] Topics covered in these speeches range from the Asian Financial crisis, EMU and corporate fraud in the pre-FPC period to Brexit, climate change, inequality and Scottish independence in the post-FPC era. We investigated responses to these speeches in seven of the UK's most prominent and politically important national newspapers from across the political spectrum: *The Financial Times*, *The Guardian*, *The Times*, *The Daily Mirror*, *The Daily Mail*, *The Independent*, and *The Daily Telegraph*, including their reporting of reactions from politicians and other social and political actors.

Newspaper articles are generally short and tend to be either balanced narrative accounts of Bank communicative events or make a single argument vis-à-vis the Bank's position. Cases where no coverage was found or where the article was simply recounting the speech were simply coded "n/a," as our intention was to understand the extent and nature of media and more general political contestation of Bank speeches as reported. In order to analyze and organize the newspaper articles that did exhibit a clear response, we developed and employed an "appropriation-rebuttal" framework that helps to distinguish different types of reactions to bank communications. This framework is applied to media coverage of the 12 selected speeches and helps us to categorize whether the message and analysis of a Bank speech was either endorsed and praised (appropriation), or contested and critiqued (rebuttal), in terms of the general tone of the reporting of the speech by each outlet, including discussions of whether the Bank was overstepping its institutional remit in the view of both the author, and or other political and policy actors. We also further distinguished between the nature of the agreement/disagreement, so as to decipher whether any disagreement was more a "political" appropriation or rebuttal of the Bank's remit, or a more "technical" challenge and critique of the substance of the analysis. This in turn created a simple two by two matrix for locating speeches (see Table 3). This analytical framework cannot offer a full and definitive account of

Table 3 Appropriation–rebuttal framework

Appropriation—Technical (AT): positive endorsement of the veracity of Bank's argument	**Appropriation—Political (AP)**: positive endorsement of the Bank's decision to discuss an issue
Rebuttal—Technical (RT): rejection of the veracity of the Bank's argument	**Rebuttal—Political (RP)**: criticism of the Bank's decision to discuss an issue

Table 4 Pre-FPC speeches and media reaction

Speech	Key issue	*Times*	*Guardian*	*FT*	*Telegraph*	*Daily Mail*	*The Mirror*	*Independent*
1. E. George, 28 May 1998	Asian financial crisis	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2. E. George, 21 October 1998	The euro	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. A. Large, 23 March 2004	Globalization & regulation	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4. D. Clementi, 21 February 2001	Volatility in bond markets	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5. D. Clementi, 14 March 2002	Public finances	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6. E. George, 13 June 2000	The euro	n/a	n/a	n/a	n/a	A/P	n/a	n/a

FT, *Financial Times*; FPC, Financial Policy Committee.

Table 5 Post-FPC speeches and media reaction

Speech	Key issue	*Times*	*Guardian*	*FT*	*Telegraph*	*Daily Mail*	*The Mirror*	*Independent*
1. M. Carney, 21 October 2015	Brexit	A–P	A–P	A–P	A–P	A–P	n/a	A–P
2. M. Carney, 29 September 2015	Climate change	R–P	A–P	A–P	R–P	R–P	n/a	n/a
3. M. Carney, 29 January 2014	Scottish independence	A–T	A–T	A–T	A–T	A–T	A–P	n/a
4. A. Haldane, 29 October 2012	Inequality—occupy protests	R–T	A–P	R–T	n/a	n/a	n/a	n/a
5. M. Carney, 27 May 2014	Inequality/ remuneration	A–P	n/a	n/a	n/a	A–P	A–P	n/a
6. A. Haldane, 14 April 2012	State regulation of finance	n/a	n/a	n/a	n/a	n/a	n/a	n/a

FT, *Financial Times*; FPC, Financial Policy Committee.

UK media responses to Bank of England communications but is used here to leverage valuable insights into the character of wider political discourse surrounding the Bank and responses to its communicative activities across a two-decade period.

As set out in Tables 4 and 5, the evidence demonstrates that the Bank's communications are being appropriated and rebutted to a much greater extent in the post-FPC era, reflecting the fact that the profile of central banks has never been higher and their responsibilities never greater (Haldane, 2017, p. 2). The strongest pattern here is for Bank messages to be "appropriated" politically by different media outlets in order to support a specific *prior* editorial stance. This pattern did not occur in the pre-FPC era, where the dominant pattern was for Bank speeches to be ignored altogether. In this period, there was only one instance of a selected Bank speech being commented upon: when the *Daily Mail*, a notably Eurosceptic publication, politically appropriated Eddie George's previously referenced speech critical of Economic and Monetary Union.

The tables show that political scrutiny of Bank communications has risen in the period since the financial crisis. Unsurprisingly, as central banks have become more prominent policy actors, they have also attracted more political attention. However, appropriation (political and technical), represented by the green and pale blue squares, is the most common pattern. A number of findings emerge from this exercise. Firstly, there is a high degree of political appropriation, whereby a newspaper and other political actors suggest that the Bank has made an appropriate and necessary intervention. Reaction to Carney's 2015 speech on the forthcoming EU referendum, for example, led to a chorus of newspapers agreeing that the speech was appropriate and necessary for the Bank to deliver. In every case, a pattern of appropriation was present for this speech. Different newspapers then claimed that the weight of Carney's analysis pointed toward "Remain" or "Leave," depending on their prior editorial stance, despite Carney emphasizing he was not offering a view on this. Notably, all of the reports also applauded Carney for striking the right tone as a central bank governor.

Only two speeches were subject to rebuttal. The first was Carney's 2015 climate change speech covered in the previous section. Three newspapers on the political right (*The Times*, *Daily Telegraph*, and *Daily Mail*) all took issue with the speech on political grounds (red R-P in Table 5): suggesting the topic was beyond the scope of a central bank Governor, despite Carney confining himself to the relationship between climate change and financial stability and setting out clear limitations to central bank actions. Elsewhere, Carney was praised, with the *Guardian* noting "that if climate change catches investors unawares it could present a major threat to financial stability and he [Carney] should be commended for raising the issue." The *Financial Times* similarly noted that "ideas for greater corporate disclosure of carbon risks are something of an anti-climax. This is sensible." Overall, the tone of criticism remained relatively muted and personalized, rather than entailing any sustained critique or questioning of the Bank's independent status. The other speech in the rebuttal category was delivered by Andy Haldane (2012a) to the protest movement *Occupy* in 2012 at a point when he was Executive Director for Financial Stability. That speech addressed the relationship between the financial crisis and inequality. Both the *Times* and the *Financial Times* took issue with technical issues relating to the source and implications of inequality (yellow R-T in Table 5), but the criticisms were mild and mainly directed at Occupy rather than contesting the centrality of Haldane's message. Once again this did not result in sustained questioning of the Bank's independence.

Across the period, the speeches analyzed do reveal increased scrutiny of the Bank and some marginal questioning and challenge of its positions in limited cases. However, the stronger pattern is one of the apparent acceptance and valuing of Bank analysis, accompanied by attempts to use it to lend support, authority, and credibility to prior positions. The latter in turn implies Bank financial stability analyses are valued and respected for their technical credibility, following the creation of the FPC, while the media coverage we looked pointed to a high level of elite acceptance of CBI.

6. Conclusion

Existing literature on regulatory communication has shown how it is often motivated by reputation management, mainly protection against threats to an agency's reputation (Gilad et al., 2015; Maor et al., 2013; Moschella & Pinto, 2019). In this article, we have sought to show that regulatory communication can also be used for less defensive and more proactive purposes, involving the creative construction and evolution of institutional reputation, by establishing and communicating what a revised CBI entailed in the context of new formal financial stability responsibilities. This has involved efforts by the Bank of England to proactively shape wider perceptions and expectations, by effectively performing its independence through public communication and explaining the limits of its mandate through a form of institutional self-presentation (Busuioc & Rimkutė, 2019).

Faced with a new formal financial stability mandate, the Bank of England has been drawn into talking about a wider range of often politically contentious issue areas. This "issue spillover" has been an observable, measurable phenomenon. According to our coding, the total number of times Bank speeches discussed issues outside of the traditional monetary and financial domain, increased from 46 in the period 1997–2011, to 99 from 2011 to 2017, after the formal financial stability mandate was established. Moreover, this goes far beyond the pattern identified in the existing literature in relation to central bank communications in the area of monetary policy, where topic expansion was still largely confined to various areas of economic policy (Diessner & Lisi, 2020; Moschella & Pinto, 2019). We found topic proliferation included areas such as major constitutional change, inequality, and climate change. However, Bank officials have largely anticipated and successfully mitigated the threat of perceptions of creeping politicization connected to this through a carefully calibrated set of communications that have sought to perform, communicate, and reinforce Bank independence as a major strategic priority in their speech acts (institutional self-presentation). In this way, both communicative and co-ordinative Bank discourses (Schmidt, 2008), have overlapped, and been part of a proactive communicative strategy which has sought to buttress Bank independence in a changing and uncertain political and institutional context, resulting in a form of evolutionary institutional consolidation and stability.[13]

The Bank's financial stability speeches have also received far more media and public attention in the period since the financial crisis and the granting of new financial stability powers. In the pre-crisis era, only one high-profile Bank financial stability speech elicited a notable media reaction in one outlet. In the post-FPC era, 83% of the high-profile speeches we identified were responded to by three or more outlets. Yet we found that this greater degree of media and public scrutiny is not necessarily translating into a greater degree of political contestation. A more common pattern is political (and some technical) appropriation of Bank analyses by media outlets and in political debate more generally. Questioning and critiquing the appropriateness of Bank financial stability commentary is rare, relatively mild, and has been restricted to two isolated cases, neither of which have resulted in a more sustained questioning of CBI. The Bank's communicative strategy appears, therefore, to have managed the policy spillover issue relatively successfully, while constructing and reinforcing an evolved sense of Bank independence, that appears to enjoy a reasonable degree of elite media and political acceptance suggesting CBI may be a more resilient and sticky institutional phenomenon than many have allowed for.

In particular, the independence in decline thesis may overestimate the ease with which re-politicization can occur. In part, this is because the communicative agency of central banks and its performative effects in neutering political counter-reactions has largely been overlooked to date. The lesson here is that CBI can and should be treated as an ongoing contingent communicative performance and interaction, with future research probing differential reactions to that performance from different audiences. Future research will also need to consider the issue of time and whether the current "relative success" of communicative strategy can be maintained, or whether once institutional assumptions are established and "taken for granted," they can be disturbed (questioned and revisited) through their constant reinforcement (Harmon, 2019). Strategic silence, for example, may become a beneficial strategy once an institutional reputation is established (Maor et al., 2013). In this respect, while CBI will always be disputed as a concept, what really matters is the extent to which people come to believe and behave as if a central bank is independent, including the central bank itself and crucially as documented in this paper, the capacity of central banks to steer that in the face of both institutional and political challenge.

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Data availability statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

Endnotes

1 For example, the founder of the London School of Economics Financial Markets group, and renowned scholar of central banking Charles Goodhart told central banking audiences, "Look back with nostalgia at your time of independence, it

was nice while it lasted" (quoted, Marsh, 2021). In December 2022, *The Economist* magazine published a special issue warning of "The insidious threats to central bank independence." Writing in the *Financial Times*, Chris Giles (2022) has warned of declining central bank independence. Numerous former policymakers have made similar warnings (Balls et al., 2016; Buiter, 2016; Issing, 2018). Survey evidence from professional economists suggests beliefs that CBI is declining are widespread (see Blinder et al., 2017; Den Haan et al., 2017). Note that most of these voices are specialist expert insider ones, rather than political and public ones, though anecdotal evidence points to growing political pressure on central banks. In the United States, India, Turkey, and the United Kingdom, there has been evidence of growing tension and conflict between elected leaders and central bankers. Nevertheless, we argue in this article that the path to re-politicization may be less straightforward than is commonly assumed.

2 Our contention in this paper is that what matters most is not whether CBI is indeed a logical fallacy, or an institutional fiction (McNamara, 2002), but more whether a critical mass of actors come to believe, act, and behave as if the central bank is independent.

3 We looked at speeches delivered by senior bank officials, not just the Bank Governor, to maximize the available data.

4 While the authors have extensive experience of interviewing central bankers, we have decided to confine analysis to the content and language of speeches to allow that data to speak for itself, rather than recounting sometimes personalized and idiosyncratic interpretations that result from interviews.

5 Every Bank speech delivered between 1997 and 2017 is available on the Bank of England website (919 in total). Those containing references to financial stability issues (417) were coded according to the CAP framework. Coding was undertaken by a research assistant. That coding was then cross-checked by all authors and boundary cases were discussed collectively. The original data set is available upon request.

6 Cumulatively, this body of work is associated with the claim that policy agendas tend not to change gradually, but, rather, are subject to periods of relatively stable attention punctuated by periods of suddenly shifting attention or punctuated equilibrium.

7 National macroeconomic performance and or the macroeconomic mix beyond monetary and financial policies were classified as a spillover issue. Likewise, where fiscal policy—budgetary positions, and or tax policy was discussed this was also classified as a spillover. Discussion of housing was however not classified as a spillover issue. In every instance, house prices and mortgage lending were talked about in terms of systemic financial risk, with implications for monetary policy, and or financial stability. On the basis that it is hard to perform financial stability, or price stability, without considering lending and price movements in the housing sector, we feared including housing in the coding might artificially inflate (distort) our spillover results. Adopting a more conservative approach, with housing omitted from the findings, the intensification in spillover still appears pronounced, suggesting the decision did not affect the results. The point about a central bank talking about house prices as a potential source of financial risk being entirely on mandate was made by several people reading earlier drafts of the paper.

8 These figures are arrived at by taking the total number of instances of spillover and dividing them by total number of financial stability speeches (in both periods).

9 The expansion of spillover issues in the Carney era documented in the previous section, were in every instance of a major speech we looked at in this section, justified in terms of the Bank's new financial stability responsibilities.

10 Our methodological claim here is that simple content analysis recording numbers of themes and topics mentioned is insufficient. Rather analysis of the messaging and tone of speeches requires some consideration of key passages of key speeches in both time periods in terms of their wording. Obviously, this cannot be done for every speech, but identifying some of the more prominent speeches in both periods and offering an analysis of the messaging in them can be instructive in shedding light on differences in how issues are spoken about and handled.

11 Also see the speech by Clementi (2001), which portrayed the major risk to financial stability as exogenous shocks, such as the terrorist attacks of 9/11, but generally lauded and congratulated financial markets on their sophisticated incorporation of Information Technology into Value at Risk models enabling them to more effectively manage risk than ever before.

12 These speeches were ranked, selected, and agreed upon by the authors collectively. For pre-FPC era, see George (1998a, 1998b, 2000), Large (2004), and Clementi (2001, 2002). For post-FPC era, see Carney (2014a, 2014b, 2015a, 2015b) and Haldane (2012a, 2012b).

13 Bank independence was recently arguably challenged by the short-lived Premiership of Liz Truss. A government stimulatory tax package aimed at high earners produced a sharp depreciation in Sterling and dire fiscal projections. The Bank launched an intervention in October 2022 to buy government debt to shore up the position of UK pension funds facing temporarily high bond redemption costs. The Bank's governor explained the intervention was motivated by the Bank's financial stability mandate, was temporary and had a clear end date, but because of the Bank's independence did not imply a longer-term funding of the government's financial position (Bailey, 2022). In short, the Bank forcibly asserted

and performed its independence through its financial stability communications in a fashion that would largely have been anticipated by the analysis in this paper, contributing to the eventual fall of the government, illustrating the resilience of CBI and the potential power of financial stability communications as a regulatory instrument.

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