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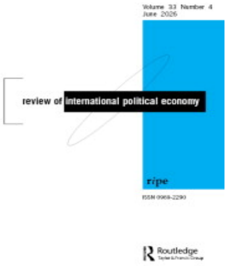

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Too political to delegate? Financial stability and the politics of depoliticization

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ABSTRACT
This article argues that many of the most discussed strategies of central bank depoliticization no longer work in relation to their new post-crisis financial stability mandates. Central banks therefore had to come up with a set of new strategies of *denial*, *reduction*, *boundary work*, the creation of *satellite issues*, and the adoption of a *one-tool-one-goal* paradigm for this policy area. While these mechanisms have so far been largely successful in keeping politicization at bay, it will be shown that each strategy creates its own contradictions and fragilities, which might yet prove self-undermining. Most importantly, attempts by central bankers to reduce the number of goals and tradeoffs considered in the calibration of financial stability policies constantly run up against a broader understanding of relevant social goals invoked by other actors in the policy space. To demonstrate this, the article traces several key macroprudential policy initiatives in Germany and the UK.

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Introduction

The last decade has seen a significant and rapid expansion of the powers afforded to central banks (Coombs & Thiemann, 2022). Particularly noteworthy is the re-discovery of financial regulation as a key aspect of central banking. Largely outsourced to agencies concerned with consumer protection, fair conduct, and transparency prior to the Great Financial Crisis (GFC), this area has now firmly been claimed as a key policy making domain of central banks under the name of 'macroprudential policy'.

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Whereas previous microprudential approaches had almost exclusively focused on individual banks and other financial agents following a methodologically individualist logic, the new macroprudential paradigm shifts the focus of regulators to dynamics within the financial system as a whole and allows central banks to intervene accordingly (Baker, 2013). Underlining the scale of the transformation, recent scholarship shows that some central banks (e.g. the Bank of England (BoE), which forms one of the main case studies of this article) now spend an almost equal amount of space in their official communications talking about financial stability, as they do on monetary policy (Baker et al., 2024).

Even as there was thus considerable enthusiasm among both practitioners and academics with regard to this new policy approach, this has always been accompanied by some wariness about the potential conflicts of interest and politicizing dynamics resulting from the delegation of such far-reaching powers of intervention to central banks (Baker, 2015; Tucker, 2016). This article examines and conceptualizes the ways in which central bankers have sought to neutralize these politicizing dynamics, paying particular attention to what this means for the way we understand the challenges facing central banks more broadly.

In doing so, it contributes to the wider literature on the depoliticization of central banks (Baker, 2015; Berman & McNamara, 1999; Best, 2016, 2018; Marcussen, 2009; Moschella, 2024; van 't Klooster, 2020; Woodruff, 2019). This literature has so far tended to almost exclusively look at monetary policy to draw general conclusion about the problems with central bank independence, without paying attention to the way in which financial stability mandates can introduce very different challenges and opportunities for central bank independence and legitimacy that nevertheless feed back into the general problems faced by these institutions today. To bring macroprudential policy back into the debates of central bank legitimacy, the article starts by outlining the particular challenges that this policy area poses for central bankers' self-identity as technocratic agents, and the strategies that they have used to neutralize them. As will be shown, the nature of macroprudential policy meant that strategies that had proven particularly useful in the monetary realm (especially the focus on rules-based policy making) were not available in the case of macroprudential policy, thus requiring central bankers to adopt different strategies to keep politicization at bay.

Just as in the case of monetary policy, however, these strategies are fragile and might prove unsustainable in the long run. To demonstrate this, the article first reconceptualises issues that have so far mainly been captured under the label of 'distributional consequences' as *value conflicts* and *transformational choices*. These new categories, it will be argued, better capture different aspects of the political nature of financial stability policy. To demonstrate this, they will be applied to a set of key macroprudential case studies, all of which point to a dual problem with the depoliticization strategies used by central banks. First, in their denial of political content of macroprudential policy, the distortions and omissions of current technocratic debates rest on problematic ideological foundations. Second, the actual political overflow of macroprudential policy is so strong that it is unclear whether these strategies will even work in the long term, or whether they will prove self-destructive (on this issue see also Baker, 2015; Tucker, 2016).

At a theoretical level, the article makes several further contributions to a set of interlinked literatures on depoliticization and technocratic governance. First, in showing the merits of using the concepts of 'value conflicts' and 'transformational choices' rather than just 'distributional consequences' in the case of macroprudential policy, the article challenges scholars studying technocratic governance more broadly to reflect on whether distributional effects are really the most appropriate and comprehensive way of understanding the political nature of technocratic choices in different policy areas. While the concept of 'distributional consequences' will still have an advantage in some cases (including some that will be considered in the empirical part below), the article also shows its limitations in understanding certain nuances that the value/transformational choices framework can bring out in different contexts.

Second, the five strategies of depoliticization that the article theorizes in the case of macroprudential policy are directly relevant for both the literature on the depoliticization of central banks in general (Best, 2018, 2024; Braun & Downey, 2020; van 't Klooster, 2020; Woodruff, 2019), as well as the one on the politicization of macroprudential policy more specifically (Baker, 2015; Baker et al., 2024). In particular, it will be shown how each strategy necessarily implies a potential counter-strategy that would lead to a politicization of macroprudential policies and the central banks in charge of this policy field. The framework provided by this article in this regard should thus be of equal relevance to those who seek to avoid, and to those who want to pursue a greater politicization of either central banks or macroprudential policy.

At an empirical level, the article constitutes one of the first studies to trace how macroprudential distributional issues/value-conflicts have looked like in practice. Previous scholarship on this issue has often asserted that such conflicts will likely arise, but has remained at an abstract conceptual level, without specifying what this means through concrete examples (e.g. Baker, 2015). This is particularly problematic given that the concept of 'distributional consequences' can mean many things, ranging from a mere adjustment in the relative wealth of economic actors to a complete reordering of the financial system by making previous practices and business models unviable. While this article does not make any normative claims about the desirability or otherwise of different types of politicization, by examining what exactly is at stake within real world macroprudential interventions, it nevertheless provides a factual basis for future discussions of this issue.

The rest of this article is structured as follows. First, I will provide a very brief overview of the macroprudential approach and its history. Second, I will summarize the findings of the existing literature on the depoliticization of central banks and outline why they cannot unproblematically be transferred to the macroprudential arena. This will be followed by a short discussion of the constructivist approach to depoliticization used in this article and the methodological choices underlying the empirical analysis. Third, I will trace the five main strategies of depoliticization of macroprudential policy within central banks and outline how they differ from those in the monetary realm. Fourth, I will explore the limits and contradictions of these strategies within four case studies of macroprudential policy in action. The article concludes by reflecting on what all of this means for the future of independent central banks more generally.

Macroprudential policy in context

The backdrop to this article is the meteoric rise of central banks as guardians of financial stability in the wake of the GFC (Coombs, 2022; Ibrocevic, 2022; Jacobs & King, 2021; McPhilemy, 2016). This rise was conditioned by the consolidation of a macroprudential agenda which had previously been largely absent from regulatory debates. In the 90s and early 2000s, the reigning regulatory paradigm was that of 'microprudential' policy. This approach assumed that financial markets were largely self-stabilizing, and that the main role of public authorities would be to ensure transparency, competition, and consumer protection. Supervisors would inspect banks and other financial institutions with the goal of assessing compliance with existing laws and to ensure that the money and investments of consumers were not put at risk unnecessarily. However, much less focus was placed on broader dynamics, such as risks emerging from the entanglement between institutions, the interactions between the financial system and the real economy, and potentially dangerous cyclical behavior within the financial system itself. Not only was there a lack of mandates and responsibilities for this broader oversight, but due to the previous neglect of these issues, regulators lacked the data and knowledge needed to understand these systemic issues (Thiemann, 2024).

All this changed after the financial crisis of 2008. Very quickly, a consensus emerged among regulators that the missing macro-lens was the reason why 'nobody saw this coming'. The majority of observers also agreed that central banks were the agents that were best placed to develop the macroprudential approach, and their mandates were widened accordingly. Most progress has been made to date in the areas of banking and housing. At an analytical level, macroprudential theorists have been able to bring to the fore the cyclical dynamics that operate in both areas, and the devastating consequences that downturns can have. At a practical level, central banks are now able to intervene in these cycles by countercyclically setting capital levels for banks and implementing restrictions related to mortgage credit. Even permanent (as opposed to countercyclical) regulations are now also often calibrated with macroprudential considerations in mind.

Many people have drawn attention to the parallels between the macroprudential approach and Hyman Minsky's 'financial instability hypothesis'. According to Minsky (1978, p. 10), 'Stability […] is destabilising' because when things are going well, everyone becomes more prone to taking on risks. These risks, moreover, initially do not look like risks at all because when the economy is growing at a healthy pace and credit it abundant, it seems easy to service future debts. Ultimately, however, increasing indebtedness will become unsustainable. If the mood shifts, the economy declines, and credit becomes scarce, many economic agents will find it impossible to refinance their debts and therefore become insolvent. At this point, negative feedback spirals in the financial system, and the wider economy will feed on each other and lead to economic decline.

In many ways, macroprudential practitioners agree with this assessment. Where their thinking diverges is in how they envision solutions. Minsky proposed a wholistic approach toward financial instability, which would involve a wide variety of actors (including the government) and policies (including fiscal and monetary tools) to 'lean against the wind' during the upswing (Nikolaidi, 2021, p. 32). In doing so, he was less concerned with establishing the boundaries required by a depoliticized approach to financial stability. By contrast, when developing the macroprudential approach, central banks were guided by the ideal of a technocratic policy agenda that could be directed by central banks without dragging them into overt political conflict. As such they were careful of associating macroprudential policy only with a technical set of tools and interventions that could be wielded by independent central banks, while defining those policies that cannot be depoliticized (e.g. fiscal policy, welfare policy, more general housing policy) as lying outside of the macroprudential sphere. The importance of this boundary work will be discussed in more detail below. For now, it is important to note that central bankers from the very beginning were keenly aware that even those policy tools that could relatively easily be outsourced to independent central banks risk drawing them into political conflict more so than is the case with monetary policy (Baker, 2015; Tucker, 2016).

Depoliticization and Central banks

That current notions of central bank independence are problematic has almost become a truism within the political economy literature. In the wake of the GFC in particular, many scholars have turned their attention to the shifting nature of central banks and what this implies for democratic accountability to conclude that there are serious problems with the way in which these institutions are insulated from formal politics. Two strands within this research programme can be distinguished. First, one strand has tended to focus on the post-crisis evolution of central banks to ask what *novel* problems this poses for questions of independence and legitimacy (Best, 2016; Musthaq, 2023; Schmidt, 2016; van 't Klooster, 2020). A second strand has taken an even broader view and asked to what extent claims to political neutrality of independent monetary policy were ever plausible – often to conclude that they were not (Berman & McNamara, 1999; Best, 2018; Braun & Downey, 2020; Clift, 2020; Jacobs & King; 2021; Moschella, 2024).

While a vibrant and insightful literature on the problems of depoliticized central banks has thus emerged over recent decades, there is also a problem: So far it has exclusively focused on monetary policy to discuss the future of central banks. This is problematic given that it is now also widely acknowledged that new financial stability mandates have radically transformed the self-identity of central bankers and are part of the reason for both their expansion and the ever present 'threat' of re-politicization (Coombs & Thiemann, 2022). A recent survey of the speeches of the Bank of England easily confirms the importance of this field to central bankers: There are now at least as many speeches that focus on some aspect of financial stability policy as there are on monetary policy (Baker et al., 2024). It is thus crucial to consider this area when drawing conclusions about the feasibility of and problems with central banking independence. It is this that this article seeks to do.

These issues are particularly urgent because the strategies of depoliticization most frequently discussed in the literature on central banks do not seem to travel unproblematically to this new policy area. One of the most discussed of those strategies is the attempt to formulate a rules-based policy regime, which might still create winners and losers, but in a way that is detached from the agency of individual central bankers within this rules-based frame, who can therefore not be held directly accountable for resultant distributional effects (van 't Klooster, 2020; Best, 2025). Closely linked to this is the creation of more or less formalized numerical goals (e.g. the widely adopted 2% inflation target) against which central bank performance can be assessed by their political principals (Burnham, 2001;

Flinders & Buller, 2006). To justify the omission of other goals, central bankers then often evoke Tinbergen's famous principle to explain that the single policy tool (i.e. the policy rate) they have at their disposal cannot be used to achieve several different goals at once (see Braun & Downey, 2020 for a comprehensive critique of these claims).

These strategies, however, do not easily transfer to the area of macroprudential policy. Macroprudential practitioners from the very beginning emphasized that considerable discretion is needed if they want to capture emerging instabilities as and when they arise, and that a rules-based framework could easily be gamed by the financial industry to ultimately make it ineffective (Bundesbank, 2015; Tucker, 2009). Central bankers have also so far found it impossible to agree on a simple indicator akin to the 2% inflation target that could capture the 'success' of macroprudential policies (Thiemann, 2024). Finally, the incredible variety of macroprudential tools made it impossible to claim that central bankers could not pursue multiple goals through multiple tools – though as will be shown below, they still evoked a variation of Tinbergen's principle to limit the intrusion of politics into their policy making process. This limited applicability of depoliticization strategies found in the area of monetary policy makes it particularly important to investigate how central bankers seek to counter the threat of depoliticization in the area of macroprudential policy. As will be shown below, the unique challenges associated with financial stability policy often required central bankers to adopt a different set of strategies.[1]

When investigating these issues, this article takes a constructivist approach to depoliticization, which views it as the process whereby issues that *could* be talked about as explicitly value-laden political questions are cast as either apolitical (usually technical) choices, or as lying out of the realm of human choice altogether (Baker et al., 2024; Hay, 2014). The main implication of this conceptualization of depoliticization is that there are no inherently political and inherently apolitical issues (as such it is quite different from those approaches that try to measure the level of politicization through the frequency of mentions of a particular topic without examining *how* this topic is talked about – see Tucker, 2018). Rather, the level of depoliticization of a policy or policy area is a contingent ideational outcome of active discursive efforts (Baker et al., 2024). At the same time, treating the level of politicization of different policies as contingent social constructions, of course, does not mean that they are beyond critique. Not only do these outcomes automatically open themselves to critique in terms of how compatible they are with other widely held goals such as democracy or equality but, as will be shown below, the depoliticization strategies themselves can also be analyzed in terms of potential distortions or contradictions that they engender.

Methodology

In what follows, I seek to empirically trace the strategies of macroprudential depoliticization and their effects. To do so, I will focus on two countries with the most different macroprudential regimes: the United Kingdom (UK) and Germany. The UK was one of the earliest adopters of the macroprudential policy programme and has centralized the relevant competencies in an exceptionally powerful committee within its central bank (James & Quaglia, 2020). Germany, on the other hand, has an only weakly developed macroprudential regime overseen by a tripartite committee consisting of the central bank, its main financial regulator (BaFin), and the Ministry of Finance (Bundesbank, 2013). This makes it particularly significant that the strategies observed in this article are equally pronounced in both countries, suggesting that they are not associated with any particular institutional setup. Limiting the analysis to two countries was necessary to achieve the required level of depth in tracing the actions and discourse of different actors.

The empirical material analyzed consists of 202 central banking speeches, 103 regulatory notes and announcements by financial regulators, 56 submissions by experts and other stakeholders to parliamentary consultations on macroprudential initiatives, transcripts from 24 parliamentary debates leading up to important macroprudential legislation, 36 financial stability reports, 29 official letters from supervisors, as well as a large number of other reports from central banks, international organizations (IOs), non-governmental organizations (NGOs), think tanks, lawyers, and other stakeholders in the macroprudential enterprise. All empirical material was analyzed through an in-depth qualitative content analysis to trace the discursive strategies of different actors, as well as their policy actions over time.

Given that the main aim of this article is to investigate how central banks seek to depoliticize their actions within the broader political arena, the analysis is based entirely on public documents. These documents represent what Vivien Schmidt has termed the 'co-ordinative' discourse (i.e. the discourse through which policy-makers seek to influence each other) as well as the 'communicative' discourse (through which they seek to influence their wider constituents) (Schmidt, 2008). While the level of depoliticization of central banking deliberations behind closed doors might be interesting in their own right, this is somewhat separate from the processes of wider political depoliticization that are the focus of this article. As such they are not the subject of the empirical analysis below, and no claim is made as to the content of such 'pre-public' contestation within central banks.

Because of their importance to central bankers' attempts at neutralizing politicizing pressures (Baker et al., 2024), speeches played a particularly pivotal role in the empirical analysis. The sample of speeches was selected in two stages. First, I collected all speeches containing 'macropru' and its derivatives (including German spellings), or 'financial stability' in the title for the time period between 2009 and 2023. This yielded 62 articles for the BoE and 81 for the Bundesbank. This was then supplemented by a random selection of speeches which did not contain these keywords in their title but were filed under 'financial stability' in the respective online archives of the two central banks to yield a total of 202 speeches from the two countries. These speeches were then analyzed in their original language, which in the case of the Bundesbank included both German and English.

I started the empirical analysis by reviewing what both academic and practitioner literatures have identified as the greatest 'threats' that macroprudential policy poses to the apolitical status of central banks. These include the distributional effects that macroprudential policies may have, the need for co-ordination with and spillover effects into other policy areas, and the discretion needed to carry out many macroprudential policies (Baker, 2015; Tucker, 2018). I then carried out a deep qualitative analysis of the central banking speeches and publications in particular, where I focused on the rhetorical and intellectual strategies that were employed to neutralize this perceived threat. This was done inductively and iteratively until saturation occurred and no new strategies could be identified. A random sample of 46 speeches from the same pool was then re-analyzed and coded to confirm that the five strategies are indeed the dominant ones through which central bankers seek to depoliticize this policy area. This exercise showed that these strategies present in nearly all speeches, and each one of them was invoked with relative frequency.

Strategies of depoliticization

As central bankers are generally well aware, acknowledging all the political and social choices involved in the administration of macroprudential policy risks drawing central banks into difficult debates that would politicize their actions and threaten their legitimacy and independence (Baker, 2015; Tucker, 2016). To avoid this, central banks tend to make use of a variety of discursive strategies that help maintain a technocratic aura (Best, 2024). In this section, I will outline the five main strategies that central banks have used to avoid the overt politicization of macroprudential policy. The next section then outlines in more detail the limits and some of the potential problems with these strategies.

The first strategy is simple *denial* of the fact that different value tradeoffs might be involved in the formulation of macroprudential policy. In this vein, central bankers have often argued that all sorts of social goals, including economic growth, consumer protection, and effective monetary policy transmission in fact require a stable financial system, and that therefore strong macroprudential policy actually *helps* realize these other aims, rather than involving zero-sum tradeoffs with them. As the then Deputy Governor of the Bank of England Andrew Bailey put it when discussing the pursuit of a wide variety of goals that include consumer protection and competitiveness:

> Too often, I hear people say that achieving financial stability needs somehow to reflect a balance with other objectives […] I'm sorry, but while these objectives are of course very important, the best way to achieve them is by establishing a stable financial system. (Bailey, 2011, p. 4)

Especially in the UK in the aftermath of the GFC, these assertions had a lot of plausibility, as the reduction of uncertainty and chaos and the restoration of trust and credit flows seemed indeed generally desirable whatever one's specific goals were (BoE, 2012).

However, there are obviously also limits to this line of argument. If there were no tradeoffs between macroprudential policy and other goals, then it is hard to see why one would not just opt for a maximalist approach toward financial stability, such as hundred percent reserve banking (Cochrane, 2014). A second strategy that central bankers have pursued from the very beginning was that of acknowledging some tradeoffs but *reducing the dimensions* considered in the formulation of macroprudential policy to a two-dimensional plane consisting of two goals: financial stability and aggregate economic growth. It was then claimed that an optimal balance between the two should be found through careful analysis and expert discussions (see Hüther, 2013 for a summary of the macroprudential cost-benefit analyses of different central banks and their methodologies).

The two strategies of *denial* and *reduction* of course always co-existed. Central bankers from the very beginning engaged in a mix of discursive strategies of either trying to point out that there is no conflict between macroprudential policy and other aims, or raising the hope that an 'optimal' solution can be found regarding the tradeoff between economic growth and financial stability (Bundesbank, 2013). The latter aim is captured rather well by members of the Bank of England's executive committee such as Alex Brazier, when he explains that:

> [A]fter a point, another unit of capital buys a much smaller fall in the probability of bank failure. There may be seriously diminishing returns. And at the same time, it's possible that ever more bank capital may not best serve the real economy. *It may be prudential. But it may not be macroprudential.* (Brazier, 2016, p. 3, emphasis added)

Here, the very concept of macroprudential policy is defined as being about a calibration of the optimal tradeoff between prudential regulation and aggregate economic growth.

The strategy of reducing the choice of optimal macroprudential policy to a two-dimensional tradeoff between GDP growth and financial stability is particularly significant because of the way in which it informs the regularized cost-benefit analyses which tend to drive central banks' policy stances. Central bankers in both Germany and the UK have been adamant that evaluation and cost-benefit analyses should be a key task of macroprudential authorities and should inform the way in which they use their policy tools over time (BoE, 2014b; Buch, 2015). In undertaking these analyses, they then tend to focus exclusively on the level of aggregate GDP at the expense of other effects or goals. The reduction of the dimensions considered in these cost-benefit analyses helps macroprudential authorities avoid politicization because it enables them to claim that there can be an optimal technical solution to the question of appropriate levels of capital. The latter would be impossible if several conflicting political goals were taken into account. The Bank of England thus describes its cost-benefit analysis of macroprudential capital buffers in the following way:

> Within this framework of gross costs and benefits, Bank staff could then find the level of capital which *maximised the net benefits*. Beyond this point the marginal benefit of adding another unit of equity falls, relative to the additional cost. (BoE, 2017, emphasis added).

A similar sentiment can be observed in relation to housing sector interventions, where the Bank also focuses exclusively on aggregate GDP when conducting the cost-benefit analysis that informs its main policy stance, while relegating the impact of macroprudential interventions on other goals such as inequalities to an 'other impacts' section at the bottom of its reports (e.g. BoE, 2014b, 2014a; see also the discussion of satellite issues below). The same is true in Germany, with the Bundesbank being particularly adamant in warning of the 'dangers' of taking other goals/ dimensions into account when constructing macroprudential policy and conducting evaluations of the success and efficacy of previous interventions (Buch, 2016).

As Paul Tucker points out, the problem with trying to optimize the balance between financial stability and economic growth is that ultimately what the correct balance is can only ever be a value-laden decision. Ideally, the polity as such would have to determine the relative level of risk and reward it wants to bear in this regard (Tucker, 2016). Even more importantly for this article, the attempt to reduce the optimal balance of macroprudential policy to two goals is itself problematic. As the next section shows, many of the different values and goals that have clashed in the formulation of macroprudential policy do not pertain to economic growth as such. Macroprudential policies are often highly relevant for issues such as inequality, justice, consumer rights, and long-term visions for financial and social policy, regardless of their relationship to economic growth. Once central bankers choose a particular measure (i.e. maximization of aggregate GDP) as the overriding goal through which the desirability of macroprudential interventions is assessed, they thus automatically open themselves up to contestation from different actors who think that this should not be the only (or even main) goal through which the tradeoffs involved in macroprudential policy production are understood.

A third strategy corresponds to what Jacqueline Best (2024) has called the creation of *satellite issues*. In this case, central bankers do acknowledge that some other goals might be important to macroprudential policy, but rather than including them in routine policy discussions, they are discussed separately and often in a non-regularized manner. When it comes to macroprudential interventions in the housing market, the Bank of England for instance considered the issue of inequalities and published its own working paper that concluded that inequalities can indeed be temporarily worsened by these interventions (Peydró et al., 2020). However, these inequalities are not included in the day-to-day debates around macroprudential policy, or indeed its key analytical apparatus guiding individual decisions in a routinized manner in either of my case studies (AFS, 2017, AFS, 2022; BoE, 2016). In Germany they are almost completely absent from the main calculations informing the macroprudential stance of the Bundesbank, while in the UK they are similarly excluded from the cost-benefit analysis of different policy paths and relegated to an 'other impacts' section instead (BoE, 2014b).

The fourth strategy consists of attempts to frame controversial issues as lying 'outside' of macroprudential policy to avoid central banks being drawn into political debates. The significance of this *boundary work* strategy can best be demonstrated by looking at a counterfactual: When post-Keynesian scholars such as Minsky looked at financial instability and potential solutions, they generally did not limit themselves to any specific set of policies or tools. In so far as fiscal policy, welfare policy, housing policy, etc. can be used to mitigate systemic risk, they would be considered as potentially valuable for the fight against financial instability. Indeed, a strong case can be made that the reason why during the GFC massive losses at certain German banks did not lead to a credit crunch like in Britain has more to do with Germany's general growth model (and the role of finance within it), welfare policy, and housing strategy, than with technical financial regulation in the narrow sense (Kotucha, 2024). Obviously, to take such a broad strategy in defining macroprudential policy would be incompatible with the technocratic vision of central banks and quickly draw them into wider political debates. Their preferred strategy therefore was to narrow the definition of macroprudential policy to only include those policy tools which can be outsourced to independent agencies and used as part of a 'one-tool-one-goal' paradigm (see below). Policies that did not fit that mold on the other hand are designated as lying 'outside' of macroprudential policy, regardless of how much they actually impact on financial stability. As outlined in the next section, the problem with this strategy is that, as a result, an increasing number of policies that directly impact financial stability are not discussed by those with the greatest knowledge of financial stability issues, thus potentially hampering the achievement of deeper levels of stability that would rely on broader co-ordinated efforts.

This leads to the fifth strategy, which consists of stressing that the multitude of tools available means that rather than using one tool to achieve a variety of goals, a better strategy would be to find *one tool for each goal*. Here, the depoliticizing strategy is in some ways the exact opposite of that used in relation to monetary policy, where central bankers often argued that they have to limit the goals they pursue because they only have *one* tool (i.e. the policy rate) at their disposal (Braun & Downey, 2020, p. 9). It is important to consider what this strategy for macroprudential depoliticization implies. First of all, it often involves transferring tools that have been used for many different political and social purposes in the past (e.g. loan-to-value (LTV) ratio requirements which determine the size of the down payment that aspiring mortgage holders have to make) to central banks, where they can now only be used to pursue a very narrowly construed notion of financial stability. Given that these tools are now no longer available to pursue other goals, governments would have to find other instruments if they wanted to do so. What is more, given that other goals are now no longer considered when using tools such as LTV ratios, there is a great chance that they will have 'negative externalities' on issues such as housing access, inequalities, etc. that are simply ignored in day-to-day policy decisions (see below).

In practice, the strategy of stressing the importance of the one-tool-one-goal rule has often been combined with the strategy of reduction outlined above to lead to an active policing by central bankers of the goals that were considered when discussing macroprudential policy. Speaking about the limits and dangers of macroprudential policies, the person responsible macroprudential regulation at the Bundesbank, Claudia Buch, for instance explicitly warned about what she called the 'risk' that other goals could inadvertently be taken into account in the creation of macroprudential policy:

> Like all economic interventions, macroprudential measures could have side effects […] it could happen that in the policy process of creating macroprudential instruments, other goals that have very little to do with financial stability as such, are included. (Buch, 2016, p. 6, author's translation)

To mitigate against these 'risks', she suggests regularly evaluating these policies and assessing to what degree other goals 'intrude' into the formulation of macroprudential initiatives.

Similarly, when responding to the fact that proposed insurance regulations in Germany seek to maintain incentives for insurers to maintain engaged in certain markets considered of public interest, the Bundesbank commented that:

> It is to be critiqued, that possibly a regulatory measure is used to achieve a political economic goal […] A risk based supervisory/regulatory regime is – especially from a financial stability perspective – incompatible with inappropriate incentives to invest in certain types of assets. (Buch, 2016, p. 5, author's translation).

As will be shown in the next section, in promoting a regime exclusively focused on balancing financial stability with aggregate growth, the Bundesbank was in fact often directly opposed many other societal interests, which sought to make the regulatory regime responsive to a wide range of goals that include, but are not exhausted by financial stability and growth.

So far, I have mainly considered the five mechanisms in isolation. However, it is important to note that they are actually mutually reinforcing and serve a common goal: to make macroprudential policy decisions amenable to objective evaluation in way where optimal solutions emerge that experts can put forward without appearing to engage in value-laden (and thus political) argumentation. Particularly central to this is the strategy of reduction, which, as outlined above, seeks to reduce the relevant choices to a tradeoff between just two dimensions (financial stability and GDP). This reduction is a necessary ingredient for depoliticization in this area, because taking other goals into account would inevitably embroil central bankers in political debates where the 'best' solution clearly depends on the relative value one attaches to different ideals.

The strategy of boundary work helps central bankers maintain this reduction to two dimensions, by excluding from consideration those areas where reduction is particularly difficult to achieve because of the inevitable overflow from other dimensions. However, even within what are now considered to be core macroprudential domains (and which therefore cannot be excluded through boundary work), this overflow can at times threaten to make a broadening of relevant dimension inevitable. In these cases, the creation of satellite issues can help central bankers demonstrate that they are indeed paying attention to other relevant issues, without this actually informing their decision-making process, which tends to continue to be largely two-dimensional. While seemingly broadening the discourse of central bankers, they thus help maintain the reduction at the center of macroprudential policy making. All of this is further reinforced by the one-tool-one-goal argumentation of central bankers, which claims that even if there were other important issues involved, they should be addressed through different tools – even if it is not always clear what they would be.

The strategy of denial, finally, operates somewhat separately from the other strategies in that its claims (at least if taken very literally and at face value) are not necessarily compatible with what central bankers are saying elsewhere. As such it should be seen as a mainly hyperbolic rhetorical strategy that downplays potential negatives associated with stricter regulation, without necessarily needing to match the more fine-grained and deeper reasoning displayed elsewhere. However, its frequent use in speeches meant to appease those who focus on negative aspects of macroprudential policy means that it is important in its own right.

The intrinsically political nature of macroprudential policy

The previous section has shown that key to the macroprudential depoliticization strategies has been the notion that, in so far as there are tradeoffs involved in macroprudential policy making at all, they can be plotted on a two-dimensional plane consisting of financial stability and economic growth, and that an 'optimal' solution to this can be found through technocratic deliberation. Policy tools, moreover, should be able to be easily transferred to the central bank without creating too many spillover effects into other politically charged areas that would threaten their legitimacy. In what follows, I will use a wide variety of illustrative examples from many of the main areas of macroprudential policy to show that these assumptions are inherently problematic. While these examples are not meant to be exhaustive of macroprudential initiatives, they do cover many of the most significant areas of macroprudential policy, and they are important enough in themselves to show the significance of the limits to the depoliticization strategies outlined above.

To bring this out more clearly, I will also introduce the notions of 'value-conflicts' and 'transformational choices' as an analytical frame through which to understand the political nature of macroprudential decisions. It has often been suggested by observers and practitioners alike that macroprudential policy might have 'distributional effects' (Thiemann & Stellinga, 2023; Tucker, 2016). Yet, very little has been written about the nature and extent of these distributional consequences. This is significant because the vague notion of 'distributional consequences' can mean many things. At one end of the spectrum, it might just refer to situations where preexisting economic actors are slightly worse off, while at the other end it could profoundly shape the types of practices and business models in the economy, increase social inequalities, or drive certain actors out of business. For the purposes of this article, I will therefore complement the rather vague notion of 'distributional consequences' with the stronger and more specific claims that macroprudential policies usually involve making important decisions about tradeoffs between a multitude of different incommensurable goals (i.e. value-conflicts) within society, and that they can facilitate or hamper deeper transformations of the economy that are not usually captured in macroprudential cost-benefit analyses.

The concept of 'value-conflicts' is meant to be complementary – rather than in opposition – to the more common terminology of 'distributional effects'. A focus on distributional choices can be particularly helpful in highlighting the 'objective' effects of a policy. The value-conflict lens, by contrast, has a comparative advantage when it comes to the various types of politics at stake – in particular the goals that different political actors have – which can lead to unique problematisations of the same policy and its distributional consequences. This is the case even when it comes to relatively traditional questions of inequality, where we can either focus on the (objective) distributional results of a policy, or the multiple value-laden goals (various notions of equality, social pacification, maintenance of aggregate demand, justice, etc.) that might inform the stances of different actors on this issue. As I will argue below, the relative advantage of the value-conflicts lens becomes even more pronounced when more complex issues and goals (including environmental goals, certain vision for the economy, different stances on desirable economic behaviors, and multiple perspectives on the intrinsic worth of economic and social processes) are at stake.

The concept of 'transformational choices', moreover, is meant to bring attention to the fact that, in addition to the effects on GDP over different time horizons that central bankers tend to foreground, macroprudential interventions might also have consequences for different visions and imaginaries relating to the long-term transformation of the economy that are sometimes only loosely connected to questions of economic output. This includes the preservation of non-for-profit models among small banks and alternative investment funds in Germany, the greening of the economy, the financialization of the everyday, levels of decentralization, and the ability of governments to finance themselves at favorable conditions going forward. Most importantly, the effects of many of the transformations discussed below simply lie beyond the usual time horizons considered in typical macroprudential cost-benefit analyses, thus making it even more difficult to properly integrate them into a depoliticized decision-making process (Carney, 2015).

I will explore these issues in two steps. First, I will look at the way in which the strategy of reduction operates in the more general central banking discourse to produce a unique stance on the desirability of credit growth that hides and marginalizes wider value tradeoffs that have been important to other actors at different times. Second, I will examine a set of case studies from the three most important areas of macroprudential policy (banking, housing, and market-based finance) to demonstrate some of the practical consequences of macroprudential interventions for the issues discussed above. Together, these examples show the fragility and inherent contradictions of the depoliticization strategies governing this domain.

Determining appropriate levels of debt

One of the key sources of power of central banks is their ability to shape narratives and 'sense making' about the economy (Abolafia, 2010; Coombs, 2022). Diagnostic discourses produced by central banks not only structure their own thinking about desirable policy paths, but they also have considerable power to shape the expectations and beliefs of other political and economic actors, including their sense of what courses of action are seen as legitimate and desirable (Holmes, 2014; Wansleben, 2018). In what follows, I use the example of the discourse on credit grow and its desirability to outline the role that the mechanisms of depoliticization outlined above can play in shaping such discourse. As will become clear, while the strategy of reduction in particular helps to imbue a particular view on desirable credit levels with a scientific and apolitical aura, it does so at the cost of unduly suppressing the real value-choices at stake.

That credit-growth is very much a political and social issue has been particularly well articulated in the literature on financialization, which has long problematized the increasing levels of indebtedness at both the household and firm-level. While sometimes it has done so on the basis of the potential negative effects that high levels of indebtedness can have on stable economic growth and development (Fuller, 2016), its critiques also often go much further than this. They include a problematisation of the attendant financial subjectivities, inequalities, dependencies, and the penetration of financial logics into new spheres of society (Langley, 2007; Mertens, 2017; Watson, 2009). All these point to different potential value-conflicts (e.g. between certain types of efficiency, the desirability of financialized subjectivities, a just society, autonomy, as well as economic growth) that are not easily captured in terms of GDP alone.

Approaching the question of appropriate levels of credit growth from a depoliticized perspective that largely reduces the question to a two-dimensional issue involving tradeoffs (or synergies) between economic growth and credit growth, central banks involved in macroprudential policy similarly deal with the question of whether high and increasing levels of indebtedness are desirable. After outlining the total levels of indebtedness of British households before and after the GFC, Jon Cunliffe, the person responsible for macroprudential policy at the Bank of England and member of the monetary policy committee, for instance, asks: 'Should we expect – *or want* – credit growth to return to its pre-crisis path, growing more than twice as fast as GDP? This is an important question for the Financial Policy Committee of the Bank of England' (2016, p. 3, emphasis added) only to conclude that 'credit or debt is not "bad"' and that 'there are good reasons […] why advanced economies may have been able to sustain and indeed benefit from an increase in the level of credit to GDP' (p. 3).

He arrives at that conclusion by ignoring most of the dimensions of the issues tackled by the financialization literature, and focusing instead on the way in which secular downward trends in real interest rates and spreads over the risk-free rate make higher debt levels sustainable in GDP terms:

> To the extent that the fall in interest rates was the result of structural factors that are likely to last for a long time, the increase in the level of household debt is more likely to be sustainable. And indeed, recent work in the Bank of England suggested that much of that fall could well be due to persistent structural factors. (Cunliffe, 2016, p. 6)

For these reasons, the Bank of England (as indeed most other central banks) tends to focus on building up resilience to extreme peaks within the credit cycle, rather than tackling the trend of high or even increasing indebtedness as such (Tucker, 2016).

Given that central banks are not only the most knowledgeable and influential actors when it comes to questions of the regulation of credit growth, but also the only ones who wield tools that can directly affect the future trajectory of credit expansions, statements such as the one above clearly matter (Holmes, 2014). Ultimately, the strategy of reduction to the two dimensions of financial stability and economic growth in this case tends to contribute to a stance of central banks that by and large legitimizes current trends of financialization. Such a stance is further cemented by the models that central banks use to make sense of some of these issues. One of the most common of these is the 'credit-to-GDP gap' measure and the accompanying 'Basel buffer guide' that are used by almost all central banks to assess whether current levels of credit growth are sustainable. Given that these models measure deviations from the long-term trend, they tend to implicitly justify a continuation of past trajectories (Kotucha, 2025). This was forcefully brought to public attention when Sweden's central bank rejected these very models on the basis that it thought that the long-term trajectory of increasing credit growth was undesirable, and a model and buffer guide that only define deviations from this trend as problematic and misleading (Ekholm, 2014).

This examination of the discourse on appropriate levels of credit growth thus highlights both the ways in which the mechanism of reduction works in practice, as well as its limits. It is only by reducing the dimensions of the analysis to two goals (financial stability and aggregate GDP) that central banks can claim to arrive at an 'optimal' solution through scientific investigation. At the same time, the very choice of aggregate GDP as the only admissible goal should be seen as political in its own right, as the contrast with other views on the relevant tradeoffs in the case of credit growth made clear. Similar issues arise at the level of concrete macroprudential initiatives in the areas of housing, banking, and market-based finance.

Macroprudential interventions in the housing sector

The most common way for macroprudential policy makers to intervene in the housing market is by restricting the amount of credit that banks are allowed to extend to borrowers relative to either their income, the value of the house, or the total debt levels of individual mortgagees (He et al., 2016). These regulations in turn are expected to make it more likely that borrowers will be able to repay their loans, that the collateral is sufficient for banks to recover their losses, and they might even slow down the level of credit creation and thus dampen house price increases.

Ultimately, the idea is that a more stable housing system with less pronounced booms and busts would be beneficial to most people. However, as the Bank of England itself has noted, the way that these housing tools work is by restricting the amount of credit (and thus the prospect of becoming a house owner) of the lowest income strata of society (Peydró et al., 2020; for a similar assessment in the German context see Demary & Haas, 2015). For higher income borrowers, housing loans usually make up a smaller proportion of the total value of their house and their income, and these requirements are thus unlikely to affect them. Those on precarious jobs and low income on the other hand tend to spend more of their salary on debt repayments and are less able to make bigger down payments (Demary & Haas, 2015). What is more, according to the Bank of England's calculations, even a moderate increase in the calibration of macroprudential tools such as the LTV ratio requirement could easily lower the home ownership rate by several percentage points while forcing people to spend more years in the family home (Miles, 2011). To make matters even more complicated, mortgage regulations have always been closely bound up with the more general questions of the desirability of the financialization of the everyday touched upon above, which add several further layers of value-conflicts to this issue.

There are thus strong reasons to suggest that macroprudential policy in the housing sector involves several potentially conflicting goals (e.g.

financial stability, the reduction of inequalities, welfare/housing goals, economic growth) that are all affected by the tools used by central banks. One way of dealing with this would be to make these tradeoffs explicit and treat each macroprudential decision as at least partially value-based, rather than a technical optimization exercise. Taking these other goals into account, moreover, would mean that more attention would have to be paid to particular historical conjunctures. The tradeoffs involved in macroprudential housing sector interventions would simply look different in a period of sustained growth and decreasing inequalities, compared to times when there is a cost of living crisis combined with a crisis in housing affordability. There would also be a strong argument for coordinating macroprudential actions with other housing and welfare policies. As Braun and Downey (2020) point out, such coordination between central banks and other parts of the government used to be standard operating procedure, but this fact has been forgotten in what they call a moment of 'collective amnesia'.

In so far as central banks have considered the distributional impacts of macroprudential housing interventions, however, this has been a separate theoretical exercise that concluded that overall the effects of macroprudential policies on inequality are tolerable (e.g. Peydró et al., 2020). These issues have not been integrated into the main analytical apparatus and the day-to-day policy discussions of central banks, where the idea of 'one-tool-one-goal' and the ideal of a rational technical solution that 'optimises' macroprudential responses still dominate. This is particularly evident in the cost-benefit analyses, which still focus exclusively on aggregate economic growth and financial stability (AFS, 2017; BoE, 2014b). In other words, when considered at all, inequality has tended to take the form of a satellite issue that is separate from the main decision-making process guiding the application of macroprudential tools.

Macroprudential interventions in the banking sector

Similar issues arise in relation to banking regulation, where there are many examples that show how tradeoffs between different goals are inevitable. For the purposes of this article, I will focus on the issue that has garnered particular attention within the wider literature because it threatened to derail international negotiations around Basel III and its European implementation: the treatment of Germany's system of small and medium sized savings and co-operative banks, which own more than half of the country's financial assets (Bülbül et al., 2013).

During the GFC, small banks have played a key stabilizing role, and many commentators believed that it is due to their continued lending activities at a time when big internationally active banks were struggling that Germany has avoided a credit crunch (Hardie & Howarth, 2013).

Most importantly, the reliance of local banks on traditional deposit-taking activity meant that they continued to have access to a stable source of financing throughout the crisis years. They also had not invested in those securitized products that proved particularly vulnerable when mortgage markets collapsed. The stable and prudent business models of these small banks also benefited larger banks which were often entangled with their smaller peers who continued to park their money with them at a time when other funding sources dried up. While the fact that these particularities of the German banking system prevented a cyclical credit crunch would in many ways make its preservation a key macroprudential issue on paper, in reality the politics of boundary work meant that it was not usually considered part of the macroprudential agenda at all.

Instead, the focus has often shifted to a potential problem with these banking models: their relatively low profitability, which might eventually make it more difficult for them to accumulate capital. Due to their small size, they will also potentially find it harder to comply with many of the new (macroprudential) regulations introduced in the European Union (EU) (Jovanović et al., 2017). The Bundesbank, as Germany's main macroprudential advocate, has often responded to this in two ways. First, it stressed that tighter financial regulation of this sector is simply necessary (Wuermeling, 2020). Second, it even often encouraged consolidation as a route toward greater profitability (Dombret, 2011).

This has been met with a fierce response from a broad coalition of actors including local governments (e.g. BVKOM, 2012), academics (e.g. Bülbül et al., 2013; Burghof, 2020), those involved in promoting co-operatives as an alternative economic model (Jovanović et al., 2017), and of course the small banks themselves. These actors often stress the unique role that these small banks play in Germany's decentralized economy (Klagge et al., 2017), their importance to local governments, their unique economic value (Burghof, 2020), and their stabilizing function (Hardie & Howarth, 2013). Many of these advocates worry that consolidation within the banking sector would ultimately centralize the provision of credit within urban centers and transform the German economy into a more 'arms-length' system. They therefore strongly pushed back against the advocacy of the Bundesbank to encourage consolidation for financial stability reasons (Burghof, 2020). Rather than applying macroprudential regulations conceived with big transnational banks in mind to the fundamentally different savings and co-operative banks, this coalition wanted to see these banks regulated through a bespoke regime that takes into account their distinct business models. The point is that many of the arguments for the special status of this system of public and nonprofit banks did not necessarily revolve around predictions of economic growth as such, but involved a host of different values and imaginaries that these actors wanted to preserve. Ultimately, what is at stake here are also broader structural transformations as represented in the preservation or destruction of the particular German system of small banks, and potentially the shape of its decentralized economy.

Macroprudential policy and market-based finance

While the macroprudential agenda has been most firmly established in relation to banking and housing, central bankers are currently trying to extend this to the area of market-based finance. The investment fund sector is a key example, which they have argued can pose some of the same risks as the banking sector (Cunliffe, 2017). In trying to extend macroprudential policy into this area, however, they have faced resistance from other regulators. While scholarship on this issue has often highlighted the epistemic disagreements underlying this contestation (i.e. whether it is correct to claim that this industry bears similarities to banking), it is clear that the conflict was also partially about diverging goals (James & Quaglia, 2023; Macartney et al., 2024). While central bankers have tended to follow the macroprudential script outlined above and stressed potential negative effects on GDP, securities regulators in particular have been more concerned with consumer protection, fairness, and transparency, which they argued constitute the appropriate lenses for fund regulation. These are clearly value-based choices as much as epistemic questions.

In addition to these bigger struggles over the appropriate 'frames' and 'goals' of investment fund regulation, many smaller – but equally important – issues arise at the level of actual policy design. Specific fund regulations can, for instance, make it more difficult to channel finance to infrastructure projects or help governments finance their debts even as they make the financial system safer. In Germany in particular, it has also often been pointed out that some proposed macroprudential regulations could endanger the practices of smaller co-operative and other non-for profit funds (e.g. by requiring the hiring of a professional risk manager when co-operative statutes would prohibit the employment of people from outside the community that the fund serves) (e.g. ABA et al., 2016). Of course, some of these issues can be solved by implementing certain exclusions and relaxations. Just as in the case of banking regulation, however, the question of who to accommodate and what is worth tweaking and changing, if anything, highlights the inherently political nature of financial stability policy and has led to acrimonious debates in which central bankers have often occupied one side (Finanzausschuss, 2020).

A similar picture emerges when it comes to other areas of market-based finance, in particular private assets and shadow banking. Here too, central banks' financial stability-oriented recommendations have often explicitly clashed with other goals such as the availability of funding for the green transition, cheaper government financing, greater provision of venture capital to make Europe's tech industry more competitive, etc. (see also Claudia Buch's quotes in the previous section). Many of these constitute transformational choices involving a complex type of politics, and as such (and as central bankers themselves have acknowledged) they often lie outside of the medium-term time horizons that tend to dominate macroprudential cost-benefit analyses (Carney, 2015). Most importantly, as the indicative list of competing goals above suggests, they inherently involve value-conflicts that could threaten the depoliticized framework if taken into account when making macroprudential decisions. While a reduction to two dimensions and an exclusive focus on the time-horizon associated with business and credit-cycles might (for now) help keep this type of politics at bay, the decision to do so is clearly political in its own right. In so far as it pits macroprudential actors against others who contest their orientation on political grounds, it is also inherently fragile.

The examples from some of the key macroprudential initiatives and debates discussed in this section cast considerable doubts on the sustainability of the depoliticization strategies outlined above. Rather than being a purely technical exercise of economic 'optimization', deciding on a macroprudential course of action clearly involves making decisions about the relative preference that should be given to different normatively inspired goals (e.g. financial stability, greening of the economy, the preservation of certain features of the financial system, the availability of financing for certain purposes, equality, consumer rights, transparency, etc.). What is more, some of these courses of action might be implicated in broader transformations of the financial system and the economy – such as the long-term fate of the system of small local banks in Germany, the viability of certain co-operative models, or the availability of certain types of financing – which simply cannot be reduced to a simple metric such as the level and trajectory of GDP, and which tend to lie outside of the horizons considered in most macroprudential cost-benefit analyses.

Conclusion

This article has started with the observation that the depoliticization and democratization of central banks literatures have so far almost exclusively focused on monetary policy rather than macroprudential policy. This represents a significant lacuna, given that financial stability mandates are not only increasingly important for the identity and day-to-day work of central bankers, but macropru is arguably quickly becoming a crucial policy area in its own right. Those focusing on monetary policy have often zoomed in on post-crisis developments, and the various strategies of de-/re-politicization that have accompanied it, to assess the overall sustainability and legitimacy of strong notions of central banking independence. Whether the findings in this regard are also relevant for macroprudential policy, however, is an open question, which this article has sought to answer.

In this vein, I have shown that while the strategies of depoliticization are often different from those in the monetary realm, they are ultimately equally problematic. Central to the attempt to depoliticize macroprudential policy is the strategy of *reduction* by which central bankers seek to eliminate all social goals except for aggregate GDP maximization and financial stability from the decision-making process. This is reinforced by *boundary work*, the creation of *satellite issues*, and the *one-tool-one-goal* paradigm.

To demonstrate the political salience of these moves (and thus the fragility of the attempt to depoliticse macroprudential policy) I have sought to complement the more 'traditional' notion of distributional choices with a focus on value-conflicts and transformational choices. Both of these, of course, often involve distributional issues, but they provide a more fine-grained lens to understand the different dimensions of the politics involved. Adopting this lens and applying it to some of the most important macroprudential initiatives and controversies in my two case studies has thrown into sharp relief the problems with claims that objectively 'correct' (i.e. value-free) solutions can be found to the question of optimal policy in this area through technocratic knowledge gathering alone.

While the normative question of whether and how macroprudential policy should be repoliticised lies beyond the scope of this article, its findings nevertheless form an important basis for future scholarship on this issue. In particular, the theorization of the five mechanisms point toward five forms that politicization (whether desired or not) might take. Particularly important is the prospect of a challenge to the reduction of macroprudential policy to two goals (financial stability and GDP growth) and the linked idea that a scientific optimal calibration of macroprudential policies that maximizes aggregate welfare can be found. If actors were to question whether aggregate GDP should be the main metric through which the costs and benefits of macroprudential interventions are assessed, or whether other issues should also be taken into account, this would inevitably introduce incommensurability (because other goals often cannot be expressed through an aggregate GDP measure) and thus value conflicts into the analytical process. Similarly, the widening of macroprudential policy along Minskian lines to include highly politicized policy domains such as fiscal and welfare policy (i.e. a reversal of the *boundary work* strategy outlined above) would inevitably shatter the idea that macroprudential policy as an apolitical technical exercise – as would, of course, the elevation of what are currently *satellite issues* to the main decision-making processes and cost-benefit analyses, or the abandoning of the *one-tool-one-goal* strategy.

Note

1. The exception to this is the creation of 'satellite issues', which Jacqueline Best first outlined in the context of monetary policy, but which I will show to be just as important in the case of macroprudential policy.

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