

Beyond Central Bank Independence: a critical examination of a long-debated idea and its implications

Giacomo SBRENN¹

¹Università degli Studi di Bari "Aldo Moro"

giacomo.sbrenna@uniba.it

Extended Abstract: The role of the central banker has changed several times in the last centuries. Some features now taken for granted – particularly their independence – are the result of a long process intertwined with both economic theory and historical developments. However, there is ongoing debate concerning the role of these key technocratic figures in contemporary societies. A growing consensus highlights how monetary policies, far from being neutral, significantly impact the real economy, income distribution and the financial sector.

This essay critically examines the doctrine of Central Bank Independence (CBI), challenging its portrayal as a neutral technical solution to inflation and arguing instead that it represents a deeply political institutional framework with significant distributional implications. The analysis proceeds through three interconnected dimensions: historical evolution, theoretical critique, and empirical investigation.

Historically, the essay traces CBI's origins to the 1920s, when figures like Montagu Norman and institutions such as the League of Nations promoted independence as a mechanism to prioritize price stability and creditor interests over democratic accountability. This framework gained momentum through the late twentieth century, culminating in widespread adoption across both advanced and developing economies, often enforced by international financial institutions.

The theoretical critique dismantles the foundational assumptions underlying CBI, particularly the notion of monetary policy neutrality. Drawing on the Post-Keynesian perspective, the essay argues that independence does not eliminate political dependence but rather reorients it—from democratic governments toward financial sector interests. This "finance dependence" manifests through various channels and at different levels. On a personal scale the revolving-door phenomena, and systematic scale a bias toward lender interests over workers' claims.

Lastly, the empirical contribution employs a Structural Topic Modeling (STM) on a recently published dataset of over 9,000 distribution-related speeches by central bankers from 107 countries (1986-2023). The analysis reveals that higher CBI levels significantly correlate with reduced attention to distributional and labor-market topics, and increased focus on public debt and creditor interests, especially with a negative sentiment. These effects are particularly pronounced in developing economies and are driven by different sub-components of independence: policy independence affects distributional discourse, while lending independence shapes debt-related communication.

The essay concludes that central banks inevitably depend on social actors; advocating independence from government merely substitutes dependence on financial capital. Rejecting the depoliticization of monetary policy, it calls for democratic reforms including expanded mandates, accountable governance structures, and genuine coordination between monetary and fiscal authorities to serve collective social purposes rather than particularistic financial interests.

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1 Introduction

The role of the central banker has evolved during the last two centuries. Some features now taken for granted are the result of a long process deeply intertwined with both economic theory and historical developments. Even Central Bankers themselves have changed considerably, even in their own compositions. A clear example is the FED, with a shift towards the academization of its practitioners and the quantification of its policies (Acosta and Cherrier, 2021).

However, every change implies decisions, usually followed and preceded by discussions. Nowadays, there is an ongoing debate concerning their accountability and the role of these key technocratic figures in contemporary capitalist societies (Goodhart and Lastra, 2018). A growing consensus highlights how monetary policies, far from being neutral, significantly impact the real economy, income distribution, and the financial sector. Moreover, the rise in public debt accumulation in response to the poly-crises and the absence of coordination between monetary and fiscal policy undermine the effectiveness of both.

Even though the changes that occurred in Central Banking are numerous, the revolution toward independence can be seen as one of the most important. Although being a long-standing concept, its meaning has evolved over time. From whom should the monetary authority be independent? While central banks worldwide have increasingly gained independence from governments over the past 30 years, the same cannot be said regarding their independence from particular interests of the financial and banking sectors. Given their role as key overseers of financial stability, the risk of regulatory capture is a serious concern—exacerbated by the “revolving door” phenomenon, where top central bankers transition into the private sector.

Building on these insights, this research employs a political economy framework to critically analyze the concept of central bank independence. First, it traces the evolution of this idea through history. Thus, it examines the theoretical justifications that have been developed in order to support this framework. Second, several critiques advanced in recent years are reviewed and expanded. A particular focus is placed on the relationship between the financial system and the central bank. Third, it discusses the implications for the democratization of technocratic decision-making in monetary policy. Lastly, a textual analysis concerning the influence of the Central Bank’s independence on the topics in their speeches is developed. Overall, the aim

of this chapter is to give a comprehensive view of the existing literature on the Central Bank independence framework, while finding novel empirical evidences on the impact of the independence framework over the propensity of central bankers to deal and discuss about distributive stances.

2 Independence an old ongoing song

When debating the independence of Central Bankers, a first step is to acknowledge that the concept itself has never been a monolithic bloc. A first necessary step is considering from whom the central bank should be independent. On the one hand, Central Banks are a fundamental institution within the capitalist system, and their existence has always been characterized by a close relationship with the State, particularly the Government. On the other hand, the Central Bank is nevertheless the "bank of the banks", with a close and strong direct channel with the financial system. Obviously, the claim for independence never had the presumption of moving the monetary authority into an isolated bubble, but can ultimately be seen as an attempt to shift its independence to one of the two sides, especially concerning specific interests rather than societal ones.

The topic has long been debated by disparate authors, not only belonging to distinct schools of thought but also from distinct fields, ranging from philosophy, law, economics, and political science. The consequence is that it has always been characterized by different shades and fuzzy borders. An overview of the various, and sometimes interlinked, definitions of independence that have been debated in the literature can be found in the work of [Panico and Rizza \(2004\)](#), where the authors end up with a list of five dimensions that have emerged through time:

- Goal independence is the ability of the Central Bank to choose the objectives it should pursue.
- Priority independence is the possibility to choose an order among the multiple objectives it might have.
- Instrument independence concerning the decision on how to implement monetary policy.
- Money issue independence is the ability to control the mass of money in circulation.

- Personnel independence is the capacity to resist external interference on the Board's appointment.

As a matter of fact, different economic frameworks have focused on different definitions of independence. Also, the interest in the specific dimensions has changed drastically over time. In this regard, looking, for example, at the Money issue one, this was at the center of the debate during the monetarist experiment, but it has nowadays almost fully disappeared from any discussion. Not only that, the various positions have emerged from proposers ranging from politicians, coming from across the all-parliamentary spectrum, to non-partisan technicians.

2.1 Historical and political turning points

Even though Central Banks as institutions are a fairly recent creation in economic history, different pushes towards independence are easily traceable since their origin. In this regard, it is worth reassessing the evolution of this concept through time and space.

As noted by [Goodhart \(1994\)](#), in the general debate, there is a common idea that, for the vast majority of the 20th century, and at least up to the late 70ies, Central Bankers were perceived as intrinsic political figures. At the basis of this view, there was the shared belief of a old-school Phillips Curve, and hence of a trade-off between prices and unemployment, ultimately handled - or tamed - by the action of monetary policies. The vulgate of the monetarist counterpart is then the progressive fading in this trade-off, mostly during the US stagflation period.

However, this should not lead to the false perception that the debate over the ideal relationship between the Central Bank's governing body and the rest of the State was not central already from the beginning of the last century. As noted by [Panico and Rizza \(2004\)](#), in Western societies, there was wide agreement that a democratic process should have been at the core of the central bank's objective, but its experts were ultimately given personnel and instrument independence to achieve it.

In the international debate, the prescription of independence gradually emerged from the 20ies onward. In this regard, a few historical figures and events must be recalled. The most important figure was Montagu Norman, governor of the Bank of England from 1920 to 1944. With his prominent position within the international banking system and the newly created BIS,

Norman strongly advocated for a revision of the objective of monetary policies as well as the role of central bankers, especially linking them to the fight against inflation and currency stability in terms of gold. Of course, at the time, the connection between the Treasury and the Monetary Authority was stronger and remained as such. In this regard, Norman’s effort can be seen as a lobbying attempt to increase central bankers’ discretion. Ultimately, his goal of a technocratic utopia, seeing the central bankers as merely technocrats following a rational, apolitical approach, remains at the foundation even of the current debate (Do Vale, 2021). On the other hand, key events were the Brussels and Genoa economic and financial conferences, where a pool of leading experts and political figures officially formalized Central Bank independence from government interference as a necessary step, to the point that it became one of the main prescriptions of the League of Nations.

In this regard, it should be noted that this ongoing process of depoliticization has been at the basis of the decrease in accountability of Central Bankers themselves, leaving them more space to handle sound financial policies and austerity rather than other social measures (Mattei, 2022). Even more, as in the case of Czechoslovakia’s gold reserves, the conceptualization of independence as the tool against inflation and political interference led to a de facto acceptance of authoritarian actions (Roufos, 2024).

The Italian shift toward Central Bank independence is a great representation of these processes. After WWII, the relationship between the Treasury and the Central Bank was close and mutually influential. Over the years, a gradual increase in autonomy and discretion occurred, along with a shift in the operative framework towards instruments that act through the market rather than regulating and shaping it (Addis, 1987). As a first skirmish, with the goal of price and balance-of-payments stability, the Bank of Italy implemented a strong tightening of monetary policy to address the increase in wages and consumption resulting from the policies of the first center-left government (Graziani, 1989). Through the 1970s, the position of the Central Bank finally won, with as the ultimate step the so-called “Divorzio¹” in 1981, a change in the legislative status of the Central Bank, that took place without any official Parliamentary vote, signaling to the markets that the

¹Literal translation: “Divorce”. It is nothing else that the formal separation between the Treasury and the Bank of Italy done through a consensual arrangement, which also included a cap on the overdraft facility to which the Treasury had automatic access on its current account with the Bank of Italy and the formal power to adjust the discount rate autonomously.

relation between the social parts had changed with the Central Bank that, at least on the paper, was not anymore dependent on the Treasury with the completion of its detachment (Mastromatteo and Esposito, 2023).

However, the Italian shift towards independence was just a slight forerunner of a globally spread process that took place in the late 80ies. As noted by Forder (2005), at the basis of this rapid revolution, there are multiple factors, rather than just a scientific advancement. Central Bank independence was widely accepted as being, on the one hand, endorsed by the central bankers themselves to gain a margin of action from governments, and on the other hand, promoted by governments because it allowed them a possible scapegoat for their eventual failure. Lastly, the acceptance on the economists' side can be seen as the result of a process of "groupthink" based on a self-perception of superiority compared to politicians when addressing economic-related issues. In developing economies, independence has risen under the rationale of a higher appeal to global investors. In this regard, international institutions such as the IMF play a key role, strongly promoting the idea of independence for participants in its programs (Palley, 2019). Empirically, it has been shown that reforms toward independence are mainly driven by regional pressure and IMF programs in developing countries, whereas, as far as advanced economies are concerned, the key role has been played by participation in the European Monetary Union (Romelli, 2022).

The last turning point that must be considered is the 2008 Great Financial Crisis. The actions done by Central Bankers before and after the crisis have sparked a new wave of debate over their role and accountability. With the advent of Quantitative Easing and other direct operations, the decisions taken by the central bankers have become more and more distributive, less technical, and more subject to political dispute (Fernández-Albertos, 2015). Lastly, the pandemics and the surge in the public debt across most countries have increased the potential influence posed by the Central Bankers through the cost of the debt payments and, potentially, over fiscal policies overall. However, even if considered as a taboo, also in the case of independence, monetary financing has always remained present when the private market was not filling the gaps in the market (Bateman and van 't Klooster, 2024).

2.2 Theoretical support

Alongside and contemporaneous with the historical trend of increased independence, the economic discipline has sought to provide a rational justifica-

tion for this policy proposal. A founding contribution is the seminal work of [Barro and Gordon \(1983\)](#). The paper is based on a possible trade-off between economic activity and inflation, where the former is the positive objective component, while the latter is always negatively connoted. Under the usual assumption of rational expectations, the authors conclude that the solution is a policy rule with an enforceable inflation rate high enough to compensate for the incentive to cheat and deviate from the rule. At the basis of this view lies the notion of a vertical Phillips curve, essentially the idea that the actions of Central Bankers cannot influence the economy in the long run and, consequently, the fading of the trade-off between monetary policy and growth and distribution ([Phelps, 1967](#)).

As noted by [Goodhart \(1994\)](#), the rationale for central banking independence has followed the view that inflation is largely determined by policy-makers' short-termism. In short, the idea is that, unlike the Government, the governor of the central bank would not push the economy beyond its natural level, whatever this would actually mean, avoiding hence the inflation that would come up in the case.

With the preferences revolution, the theoretical foundation of independence has advanced even further. In fact, in the remote hypothesis that the central banker has a preference toward inflation while the government has an aversion, the independence itself would become pointless for reducing price changes. It follows that the monetary authority must have a conservative preference towards inflation to achieve the desired solution. Of course, preferences and independence, even though they remain two distinct aspects, have become the pillars of the modern theoretical monetary framework ([Masciandaro, 2022](#)).

Lastly, it must be noted that the evolution of inflation-targeting regimes is linked to the theoretical justification for independence ([Goodhart and Lastra, 2024](#)). As a matter of fact, inflation targeting perfectly incorporates all the key concepts of the independence supporters: a strong focus on inflation as the central objective of monetary policy, a simple and direct mechanism, and the possibility of keeping the central banker accountable if the goal is not met.

Depending on the dimension considered, even among the non-mainstream literature, some authors have been in favor of some degree of independence. As noted by [Panico and Piccioni \(2018\)](#), Keynes was sympathetic toward the independence of the central bank regarding the capacity to administer its resources as well as on the appointment of the governors. On the other hand,

he believed that its objectives and priorities should result from decisions made by the parliament.

3 A critical assessment

Over time, the Central Bank's independent framework has been subject to several critiques on various fronts. As stressed by [Harcourt et al. \(2020\)](#), independence can be challenged at two distinct but interlinked levels. First, from a Philosophical perspective, especially dealing with the risk of technocratic action, democratic supervision, and accountability. Second, from an economic perspective, stressing on one side the heroic assumptions at the basis of these models as well as the need for close cooperation between fiscal and monetary policies to have effective economic outcomes.

To untangle this myriad of concepts, the definition of contested terrain developed by [Epstein \(2019\)](#) is certainly useful. In this view, the Central Bank's behavior is seen as a struggle between classes over economic policy, whether the workers-versus-capitalists struggle or the within-class one between industrial and financial capitalists. As a matter of fact, these analytic lenses are the basis of any comparative analysis of central banking. Regarding independence, the main focus of this work, it should be noted how [Epstein \(1992\)](#) notes how this is deeply interlinked with an anti-worker institutional framework, even if the particular interest pursued can vary depending on the industrial-financial relations.

Back in the late 90ies, in his critique of the monetarist independence agenda [Arestis and Sawyer \(1997\)](#) noted that, to work as planned by its initial theorist, five different strong propositions must hold. These are that price stability must be a sufficient goal and a priority; that price stability is achievable through money growth; that the stock of money can be controlled by the Central Bank; that the Monetary Authorities would stick to its rule while the Government would not; and that there is a strong and significant negative correlation between independence and inflation. As a matter of fact, given the developments in economic theory, and contextually of the CBI framework, nowadays, these propositions are no longer all necessary and sufficient, and might look somehow outdated. However, to make sense of the independence structure, at least some of them out of the totality must hold, something that, as shown in the next passages, remains quite unlikely. In fact, rather than in a literal interpretation, these conditions should be

seen through the lenses of what they wanted to underline. In this regards, all of them are still somehow valid, given that, as noted by various authors, the more recent New Consensus Model, compared to the previous monetarist agenda, even changing important aspects concerning the mechanisms in place in the economy, remains in many aspects “old wine in a new bottle” (Lavoie, 2004).

The prominent role of the first one, price stability as the sole goal, is deeply linked with the idea of money neutrality (Şener, 2019). Of course, as soon as money neutrality and the long-run vertical Phillips curve are rejected, there is no reason to think so. Monetary policies are not neutral in their effect on distribution (Kappes, 2023) and wealth (Franconi and Rella, 2023). This is even more evident after the beginning of unconventional monetary policies (de Haan and Eijffinger, 2019).

Instead, the debate over the possibility of achieving price stability through the central bank’s actions is broader. Taking for granted that inflation results from conflicting claims in society (Lavoie, 2022), even though the central bank can definitely play a role in the matter, it is far from granted that its actions can achieve stabilization as long as the claims continue to diverge. As far as concerns the control of the stock of money, once acknowledging money endogeneity, the rejection of the QTM and of the idea of the monetarist apparatus falls apart (Rochon, 1999). Among the necessary conditions stated by Arestis and Sawyer (1997), this is for sure the most outdated. The independence framework has nowadays rebuild itself on the three equation NCM. The idea that Central Banks acts on the flows of interests rather than on the stocks of money in circulation is fairly accepted, being also signaled by the practitioners themselves (McLeay et al., 2014). In any case, the underlying idea here is that, a further complication in the foundations of the independence framework, lies on the assumption of a full control and existence of a variable which can directly affects the rate of inflation in the economy, regardless it being the interest rate or the stock of money.

The assumption that the Central Bankers would stick to the rule while the Government would not is an interesting repurposing of the benevolent dictator idea, whose critique was at the basis of the theoretical framework on which then independence was built (Bibow, 2010). It also somehow implies a clear distinction between the figure of the Central Bankers and that of the Politician, an assumption that can be easily disproved, and to which part of the next subsection will be devoted. In this regard, far from being monolithic in their stance, Carmignani (2024) has noted that there are cases in which

independent central banks tend to be more prone to shifting their focus to inflation or other factors depending on the Government’s political position. Moreover, the presence of a rule itself is questionable. In fact, it creates, by definition, an incomplete contract, as it is impossible to foreshadow all possible contingencies that might occur (Monnet, 2024).

In the empirical studies on the correlation between inflation and independence, early findings in favor have been questioned on various grounds. Critiques have been raised about the direction of the causality or the presence of other hidden factors beyond independence that might have led to it, and were the key drivers of the reduction in inflation. More recent empirical results have found no significant effect of independence on inflation both in recent years and for developing countries in general (Balls et al., 2018). According to Palley (2019), this is because independence is an institutional development that was enforced in the 1980s to pursue and legitimize the neo-liberal agenda, whose objective was to tame the conflict and, consequently, decrease inflation. However, since neo-liberal acceptance is fairly widespread nowadays, there is no longer any direct causality or a clear mechanism still at work.

This last observation opens up a further critique of the independence infrastructure, that is, the fact that it has been used over time to force the treasury into receiving the so-called “market discipline” (Wray, 2007). Moreover, it must be noted that this ties up the hands of politicians and limits their policy space over multiple generations, and, in the case of high public debt, can lead to changes between monetary- and fiscal-dominated regimes (de Haan and Eijffinger, 2019).

Precisely on this, Rochon and Vallet (2022) recalls that a monetary dominance regime can neutralize the impact of fiscal policies, and hence that the delegation of power towards an independent institution should also consider its impact on fiscal choices. In fact, on the one hand, the Central Bank is responsible for providing initial finance to the Government and for the stability of the financial system. On the other hand, the issuance of Government bonds by the Treasury is necessary to allow the Central Bank to carry out its stabilization operations (Qanas and Sawyer, 2024). It follows that fiscal and monetary policies essentially create space for each other. The dominance of the monetary one over the other would harm the whole process, creating asymmetric power relations. In this regard, as stressed by Bateman and van ‘t Klooster (2024), the monetary-financing taboo should be overcome, as it is a legitimate part of the monetary authority’s actions and a pivotal

element of stability in times of crisis. Of course, the relationship is far from simple and does not take place only at the country level. There are economic structural factors that differentiate the monetary authority’s capacity to accommodate fiscal expenditures between developed and developing countries, or that depend on the global financial architecture, such as access to SWAP lines (Eichacker, 2024). This last point opens the way to another theme of the discussion, which is whether the standard independence framework ultimately determines a strong dependence of the monetary authority on the financial system.

3.1 Finance dependence

When dealing with financial dependence, two intertwined levels of analysis emerge. On a general level, the central bank may favor the interests of the financial sector over broader societal needs. On a more specific level, the monetary authority may favor specific interests within the financial sector.

As previously said, the Central Bank is ultimately the bank of the banks. It follows that the interests of the monetary authority, on one side, and of the broadly defined financial system, on the other, have always been closely related. This fact was even more evident during the nineteenth century, when the early central banks were not yet a public institution. The close link in interests between the parts was also a matter of discussion in the famous “Lombard Street” by W. Bagehot, especially concerning the governance of the bank while dealing with the interests of the private financial shareholders and the state (Bentemessek Kahia and Gomez Betancourt, 2024). For this reason, while discussing the concept of independence, Keynes stressed that the central bank’s governing body should not stand for the interests of the City more than for those of other nations (Bibow, 2010). The fact that the financial interest is the only one explicitly mentioned, leaving the remaining ones grouped under the “other” label, is itself the recognition that the risk of the monetary authority being captured by the financial sector is a long-acknowledged fact.

As noted by Wray (2007), while the goal was to create independence from political manipulation, even in the case of Central Banks that are fairly considered independent, such as the FED, the appointed members ultimately retain their ideologies. Even more, there is a strong bias against working claims, in which either industrial or financial interests are systematically overrepresented.

In this regard, various financial players may push for independence to weaken political authority, especially concerning stability and supervision policies (Bibow, 2010). This might even be reinforced by the risk of agency capture. On this subject, in his book, (Adolph, 2013) shows that there are several revolving doors that open for central bankers in both the financial and political spheres. Even more, in most cases, these doors are not a return to their careers, but rather a step into the circulation between the various sectors to scale up their careers. Indeed, this ongoing process raises serious concerns about the monetary authority's ability to properly regulate a sector in which it might then end up employed, as well as about its potential to favor a particular political interest in which it might get involved in a party career.

Just highlighting some contemporary examples: in his career, Mark Carney moved from his first experiences in the private financial sector at Goldman Sachs to the public sector as governor of the Bank of Canada (2008-2013) and, successively, governor of the Bank of England (2013-2020). After that, the political turn led him to be the prime minister of Canada from March 2025. On similar lines, in the European side of the ocean, an immediate example is Mario Draghi, who also moved from being the vice-president of the European branch of Goldman Sachs to the governing body of the Bank of Italy, and then to the presidency of the ECB (2011-2019). Even in this case, a political turn led him to become the Italian prime minister for almost two years between 2021 and 2022. The Italian scenario is filled with similar career jumps. After serving 15 years as governor of the Bank of Italy, Guido Carli became president of Confindustria, the federation of Italian private enterprises, in 1976, one year after his resignation. Lastly, as noted by Mastromatteo and Esposito (2023), 2 of the 12 presidents of the Italian Republic have previously served as governors of the Bank of Italy.

In his work, Seccareccia (2017) reinterprets Veblen's idea of vested interest, focusing on asset holders and the role of the central bank in serving their interests. He noticed that since independence, monetary policy has played a role in sustaining high returns on financial capital and, after the Great Financial Crisis, in preserving its value. On this line, Epstein (2019) revises his original framework for comparative monetary policy analysis, acknowledging that, on one side, the independence from the government implies a stronger dependence on the financial and industrial capitalists, and on the other, the process of financialization that occurred created a convergence in the interests of these two. In this regard, especially during the crisis, if on

the one hand the goal was price stability in the market, the same policy also aimed to sustain asset inflation.

Moreover, the monetary authority is not a passive actor in the process. [Walter \(2022\)](#) focuses on how market demand for stabilization reinforces the Central Bank's power and role in the market, leading to further financialization and creating a dangerous vicious cycle.

This aligns perfectly with the original idea of independence from the League of Nations: escaping political power while granting dependence on the international lenders ([Do Vale, 2021](#)). Independence permits a watchful eye on creditors, and this has also been demonstrated in the recent Euro crisis. As argued by [Marshall and Rochon \(2022\)](#), while central banks throughout history have served the most disparate interests, independent central banks have served only one: the private monetary order. This rightfully raises some doubts about their role as a possible threat to the democratic process, a debate on which the next section will delve into.

4 Democratization

In the previous pages, it has been shown how the concept of independence, far from being neutral, has a class and ideological underpinning. In her book, [Mattei \(2022\)](#) stresses that Central Bank independence was one of the crucial steps taken to enforce a process of monetary and fiscal austerity, thereby silencing the demands for higher wages and social redistribution. It follows that, especially in his recent wave in the last decades of the last century, the process of independence might have played an undemocratic role, advantaging the interests of particular groups against others.

However, acknowledging that the process of independence played a historically undemocratic role is not sufficient to argue for a return to the previous institutional setting or a change to a different one, since it requires an analysis of how independence is affecting the contemporary democratic process. In this regard, ([Bibow, 2010](#)) notes that if the Government or society as a whole believes in money neutrality and in the neo-liberal policy prescriptions, having an independent Central Bank is, per se, unnecessary, since the monetary stance followed in both cases would just be the same. Exactly for this reason, since neo-liberal dominance is nowadays strong and stable, at least in Western societies, an independent monetary authority might play a less relevant role for inflation ([Palley, 2019](#)). Nevertheless, the possibility

that granting independence might lead to a lock-in situation of maintenance of the status quo is definitely real. Henceforth, even nowadays, actions to enhance a democratization process or increase accountability remain deeply necessary.

In this regard, [Woodruff \(2019\)](#) proposes a list of reasons and steps to overcome independence and move toward democratization aimed at a monetary authority in the service of the public good. These are the removal of incentives for arbitrages between the fiscal and the monetary sectors and a publicly deliberated monetary policy to avoid obstructionism toward the fiscal sector. He notices that the depoliticization of inflation must be overcome, understanding it as a normal aspect of a society in which different positions must coexist. Lastly, he stresses that overcoming independence is crucial in order to avoid punishing capital strikes in front of radical policy actions, such as the one that occurred in Greece during the crisis.

The monetary fiscal relation is a common topic of debate. As a matter of fact, in democratic societies, the delegation of power to an independent agency should ultimately be tied to the fiscal choices made by elected officials ([Rochon and Vallet, 2022](#)). Of course, the point is not to argue for complete fiscal dominance, but to link and reduce the power of the technocratic apparatus relative to that which receives its legitimacy and delegation from the electoral system. Also, this reduction should not take place tout court. The role of banking supervision, one of the key activities of any Central Bank, must be maintained as fairly independent.

On the other hand, in the debate about democratization, the discussion sometimes shifts toward expanding the goals and mandate of the monetary authority rather than a proper change in the institutional framework. As noted by [Walter \(2022\)](#), this suggestion is nevertheless problematic. In fact, increasing the objectives of the Central Bankers' actions without addressing the independence framework would be pointless for democratization, increasing society's dependence on a single agency. An alternative possibility instead is the loosening of the relationship between the Central Bank and the financial market.

An interesting suggestion is the one made by [Monnet \(2024\)](#). He suggests, as a first step toward the democratization of the ECB, the creation of a European Credit Council to provide opinions on the coordination between fiscal and monetary policies. This body provides different scenarios for policy actions, requiring the monetary authority to justify its behavior to the public. The idea is that the process would enforce, on the one hand, some control

and, on the other, an increase in legitimacy.

Of course, when the close cooperation between fiscal and monetary policy has been restored, then the Central Bank can rightfully play a key role in addressing the ongoing crises. In this regard, climate change, distribution, and global well-being require that the monetary authority go well beyond its mandate on price stability (Goodhart and Lastra, 2024).

5 Speaking about it

What has been missing so far in this discussion is the direct opinion of the main characters involved: Central Bankers. Given that the likelihood of directly interviewing most of these professionals is rather low, a valuable set of information is contained in their public speeches. Analyzing these talks can unravel hidden stances toward different parts of society. As a matter of fact, text analysis has been a very proficient field of work and, in the last few decades, has been applied in various ways to Central Bankers' speeches.

One of the most widely used methodologies is the topic modeling approach, in which text is grouped into sets of topics by an algorithm that analyzes word co-occurrences. Employing this technique Carboni et al. (2020), this analysis examines the speeches of the Federal Reserve and the ECB in the post-Great Financial Crisis period, noting a clear focus on monetary policy and stability, the latter playing a key role, especially in the European case.

Given the ECB's low level of openness, an interesting approach in the literature is to use, rather than the speeches of central bankers, the minutes of parliamentary hearings. The gain of this analysis is that it allows the understanding of what society considers the monetary authorities accountable for. Building on this, Ferrara et al. (2022) notes that, most of the time, bankers are held accountable for economic outcomes beyond the sole objective of price stability, especially regarding the employment levels of the countries of origin of the speakers. Moreover, employing sentiment analysis, Fraccaroli et al. (2022) notes that tone is more closely linked to Euroscepticism than to the political left or right orientation of the speaker.

It is interesting to consider the case of the FED and the growing presence in its speeches on financial stability (Istrefi et al., 2023). Of course, this growing concern about the financial sector is natural, given the great financial crises. However, this might also reflect the interlink between financial

and central bankers’ interests, a topic theoretically debated in the previous section.

Central Banks’ policies are then strongly linked with capital accumulation. Looking at the themes touched on in the speeches of the BundesBank and the FED from the 70ies to the beginning of the new century, [Wansleben \(2024\)](#) showed how different interest groups are over- or underrepresented. The founding idea, supported by the observations, is that while an export-led growth model like the German one places far more emphasis on producer expectations than on consumer expectations, the US finance-led growth model gives similar weight to producers’ and consumers’ expectations and places greater emphasis on financial factors. In both cases, workers’ interests are not consistently present, while financial market expectations are among the most relevant components in all the periods.

5.1 Data and Methodology

The publicly available database used in the work of [Campiglio et al. \(2025\)](#) on monetary policies and green speeches represents an interesting starting point from which to develop further empirical investigation. In particular, it covers more than 35 thousands speeches from 143 central banks during the period 1986-2023. Following the steps of the dataset’s authors when dealing with monetary policy and the green transition, given that this work is interested in the effects of independence, its meaning, and its implications in terms of particular interests and distribution, the full set of these speeches is likely not to be significant. This is because, as obvious, our topic of interest is just a small component of the debates that are undertaken by monetary authorities.

It follows that, to check whether independence influences the attitudes of Central Bankers concerning distributive issues, and hence their speeches, a smaller subset of the full sample containing only speeches is extracted. These are all the documents that are at least vaguely connected with a distributive debate. As a matter of fact, central bankers, especially in their speeches, tend to be as neutral as possible given the potential impact of their words on market expectations. Anyway, being ultimately policymakers, it happens from time to time that they end up debating more explicitly about distribution and, hence, specific societal interests. To extract a sub-sample of broadly speaking “distributional-related speeches”, a list of 35 n-grams strongly related to distributive issues has been compiled ([Table 1](#)).

As should be noticed, in this first skimming, the concept of distribution-related speech is designed in the broadest form possible. The most classic distributive n-grams such as “distributional effect” and “income distribution” have been complemented with other n-grams that are only indirectly related with distributional debates being labor market signals such as “strike” and “trade union”, or creditors-debtors dynamics such as “debt distress” and “debt restructuring”.

As starting point of this analysis, all speeches containing at least one of these n-grams have been selected in the “Distribution speeches” sub-sample. This is a set of documents in which the monetary authorities have explicitly discussed about distribution in its broad sense, of course in some cases even just incidentally. The result is a list of 9046 speeches from 107 Central Banks, accounting for approximately 25% of the full sample. As shown in Figure (1), this ratio is fairly stable across years, with higher variability until the early 2000s, which is probably also related to the lower number of general speeches held by the monetary authorities up to that period. Also, it is interesting to note a spike around 2011, likely linked to the post-Great Financial Crisis effects and the unfolding Sovereign Debt crisis in the Eurozone.

Of course, the presence of a single distribution-related n-grams is far from proving that distribution was the main interest of the speech in analysis. To delve deeper into the matter, following the work of [Campiglio et al. \(2025\)](#) on climate change, a Structural Topic Model (STM) with Year and Central Bank covariates is developed to assess the various hidden topics in the distribution-related sub-sample. The STM methodology has been introduced in the field of text analysis by [Roberts et al. \(2016\)](#). The underlying idea is to introduce a structure into a topic model based on both documents’ characteristics and general metadata that can affect both topic prevalence and content ([Grimmer et al., 2022](#)). The main difference from a standard topic model is that the proportions of words assigned to the various topics are drawn from a logistic Normal distribution, with the mean vector parameterized as a function of the covariates. The inclusion of these covariates essentially allows the metadata to serve as an informative guide to the structure and design of the documents. Since the number of topic present in the documents is determined by the researcher, following the literature, several STMs are run with varying numbers of topics, ranging from 5 to 40. Among these, the ideal model is chosen based on its position in the semantic-exclusivity frontier ([Roberts et al., 2014](#)). Looking at Figure 2, two suitable candidates for the analysis are the 8 and 15 topic models, being both Pareto Dominant

DISTRIBUTION N-GRAMS LIST					
“austerity”	865	“debt restructuring”	803	“profit share”	81
“bargaining power”	292	“debt service”	1240	“redistribution”	924
“capital outflow”	954	“distributional consequence”	107	“rentier”	7
“capital flight”	377	“distributional effect”	242	“sovereign debt”	5043
“capital share”	30	“distributional impact”	65	“strike”	2087
“class conflict”	1	“external debt”	2222	“sudden stop”	242
“collective bargaining”	361	“income distribution”	788	“trade union”	551
“conflicting claims”	2	“income inequality”	720	“wage settlement”	432
“debt burden”	1084	“international debt”	253	“wage share”	67
“debt distress”	57	“labor power”	8	“worker power”	4
“debt overhang”	358	“labor share”	288	“working class”	32
“debt resolution”	76	“labor union”	85		

Table 1: *List of 35 strictly distributional related n-grams and their total occurrences in the speeches.*

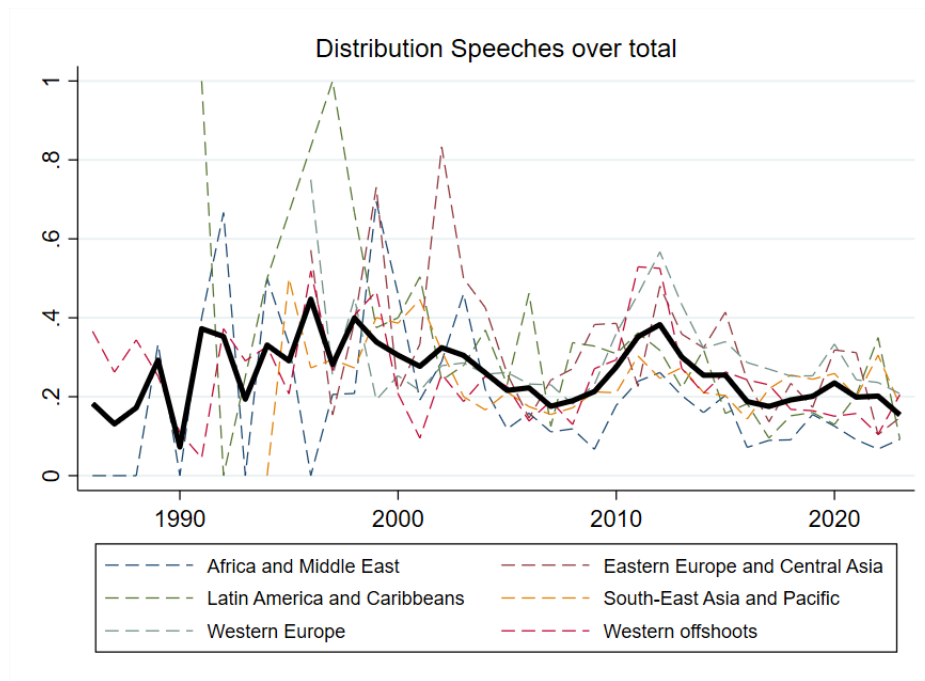


Figure 1: *Ratio of Speeches containing at least one strictly distributional related n -grams over the total on a Regional cluster, global mean in bold.*

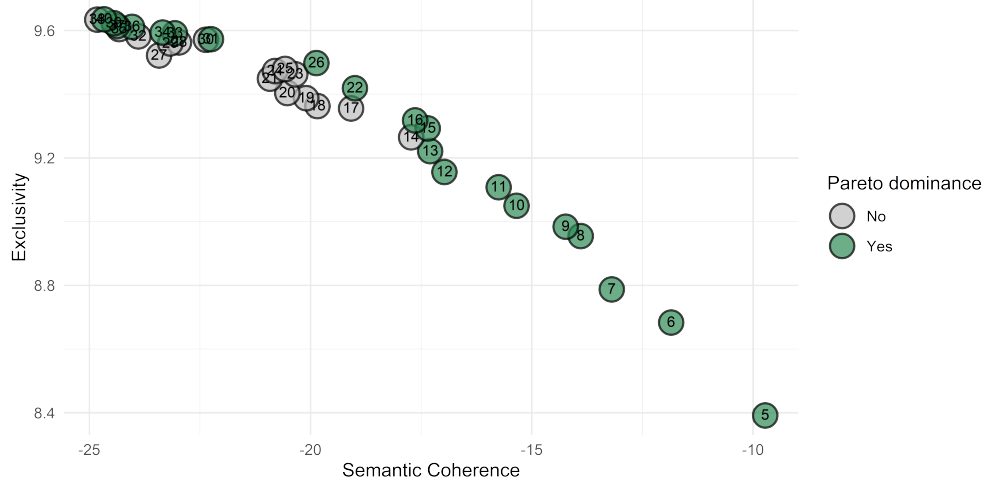


Figure 2: *Structural Topic Models (5 to 40 topics) according to semantic coherence and exclusivity.*

and relatively good in terms of coherence and exclusivity. In particular, the former will serve as our baseline model, while the latter will be used as a robustness test to corroborate the results.

An STM identifies an exogenously given number of latent topics. However, the model itself does not specify the content of these topics, and their identification is left to the researcher’s intuition. The standard approach is to label the various topics based on the most prevalent words and the FREX metrics. Table 2 contains the various labels in a non hierarchical order, as well as the 10 most frequent words for each of the SMT8 topics. In particular, our interest lies in two specific topics. The first one is the Distribution one, where, among others, words like income, people, and labor appear. This topic might be a good proxy for representing workers’ interests in the selected speeches. The second one is the Public Debt one, since it is linked to the interests of international and national lenders.

To better grasp the content of these topics, the words are also displayed using a word cloud visualization (Figure 5). Regarding the Distribution wordcloud, the topic covers various aspects that are undoubtedly distribution-related, from labor-market issues to more social ones. On the other hand, the Public Debt wordcloud is more related not only to lenders’ interest in a strict sense but also to the other aspect of public intervention in the economy.

Lastly, what is interesting is to look at the evolution of the topic share over

N.	Topic Label	Most frequent words
1	Monetary Policy	policy, monetary, inflation, rate, central, bank, price, target, stability, term
2	Economic Outlook	rate, growth, price, inflation, economy, increase, percent, economic, policy, rise
3	Financial Sector	financial, bank, sector, development, service, payment, economic, economy, central, global
4	Banking Sector	bank, financial, risk, market, credit, capital, crisis, asset, institution, loan
5	European Economy	euro, european, crisis, policy, country, economic, monetary, union, fiscal, market
6	international Matters	market, exchange, rate, country, foreign, economy, financial, capital, currency, international
7	Public Debt	public, increase, debt, government, company, tax, finance, percent, bank, sector
8	Distribution	economic, people, time, income, economy, country, labor, job, productivity, growth

Table 2: List of the 8-topics STM labels with 10 most frequent words.

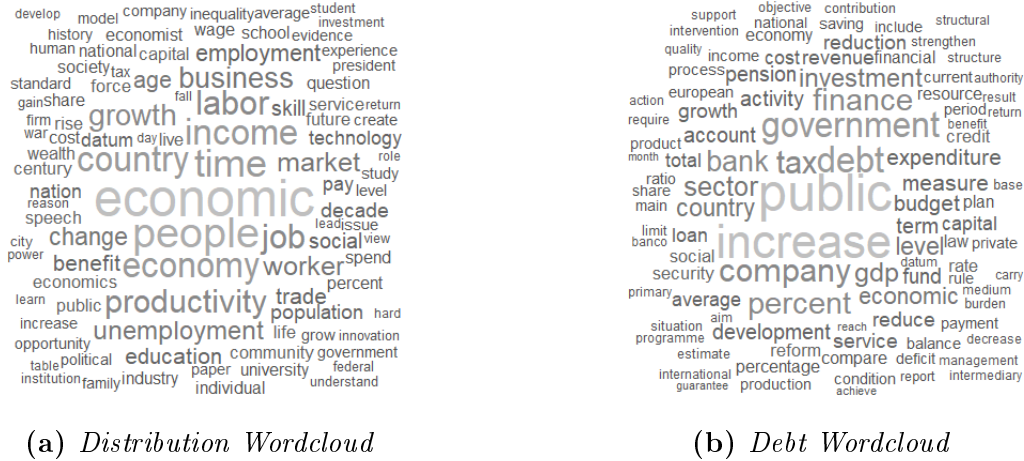


Figure 3: Wordcloud visualization of the most frequent words in the various topic of the STM8

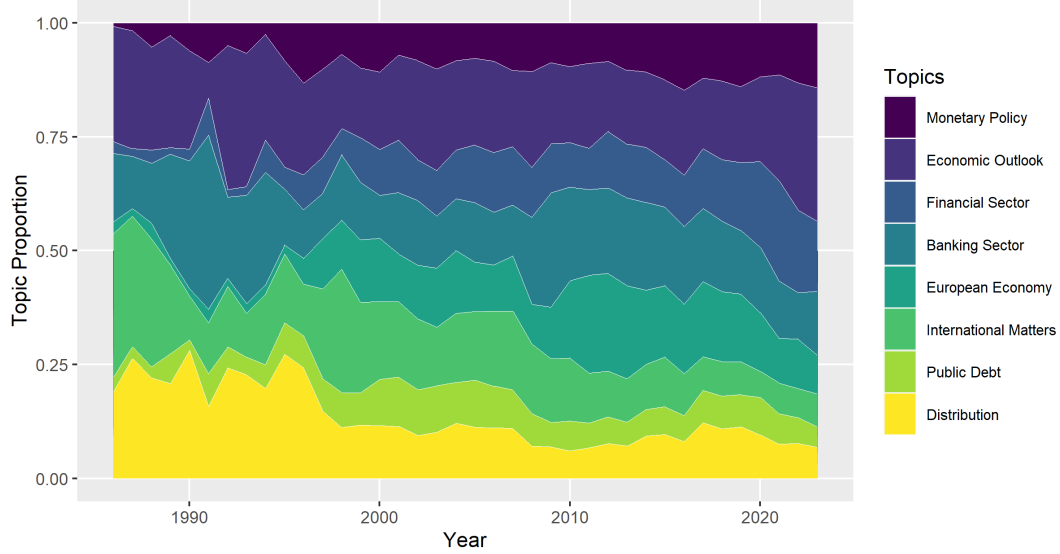


Figure 4: *Evolution of the share of the 8-Topics.*

the period analyzed. In this regard, as shown in Figure 4, the distribution of topics tends to decrease as it approaches the current time and shows a particular drop around the late 90s, which might be associated with the increase in the degree of Central Bank independence worldwide. The Public Debt topic shows a more stable share through time.

Moving to the STM15, the addition of 7 topics creates more detailed content for each specific topic. Also, in this case, looking at the most frequent words and the FREX metrics, the different topics have been labeled, with close attention to the Distributional and Public Debt-related topics. At first sight, the Distributional topic of the STM8 model has been divided into two different sub-topics. The first one, Distribution (People), seems more closely related to the general political speeches the central bank addresses to society as a whole. The second one, Distribution (Labor Market), is instead strongly related to the dynamics of the labor market and, hence, is probably the best proxy for worker-related interest speeches. Moreover, the Public Debt topic of the STM8 model has been divided into two different sub-topics. On the one hand, the Government topic captures the more institutional and political aspects of the Central Bank-Government relationship, while on the other, the Public Debt one concerns the most specific aspect of the debate concerning

N.	Topic Label	Most frequent words
1	Economic Outlook	inflation, price, rate, growth, economy, increase, percent, policy, economic, monetary
2	Monetary Policy	inflation, policy, rate, monetary, chart, price, shock, model, paper, datum
3	Monetary Policy II	policy, monetary, central, inflation, rate, bank, stability, price, target, economic
4	Financial Sector I	financial, bank, economic, economy, support, sector, finance, global, policy, growth
5	Financial Sector II	financial, bank, payment, service, market, central, customer, technology, product, consumer
6	Banking Sector	bank, company, loan, institution, credit, capital, financial, business, management, board
7	Macroprudential Policies	financial, bank, risk, crisis, market, capital, stability, institution, sector, credit
8	Interbank Market	market, bank, rate, liquidity, bond, exchange, fund, reserve, foreign, central
9	Private Debt	debt, household, rate, house, percent, price, market, credit, financial, mortgage
10	European Economy	euro, european, country, union, economic, crisis, monetary, fiscal, policy market
11	International	country, economy, market, financial, global, international, capital, exchange, trade, crisis
12	Government	sector, government, percent, country, growth, development, debt, reform, public, fiscal
13	Public Debt	public, increase, debt, gdp, finance, tax, economy, economic, growth, sector
14	Distribution (People)	time, people, economic, government, economy, central, public, question, political, speech
15	Distribution (Labor Market)	labor, growth, productivity, economic, income, employment, market, job, worker, increase

Table 3: *List of the 15-topics STM labels with 10 most frequent words.*

the indebtedness of the former.

Looking at the evolution of these topics, it can be noticed how the two distributive ones mimic the decreasing trend already observed in the STM8. On the other hand, it seems that the Public Debt one began to gain attention only from the late 90s onwards.

5.2 Empirical estimations

Having identified these latent distributional-related topics, the next immediate step is to assess their possible drivers, and in particular, whether central bank independence influenced their presence. To do so, the first essential step is to identify a reliable series concerning independence itself. In this regard, the works from [Romelli \(2022\)](#) and [Romelli \(2024\)](#) are a viable option. The author built a freely accessible dataset on Central Bank Independence covering 155 countries from 1923 (or the year the first legislation was enacted for a country) to 2023. The data draw on central bank legislation obtained from central bank websites and other sources and are freely available for academic research and personal non-commercial use. They propose

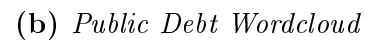
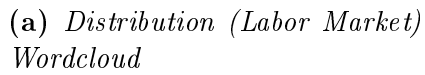
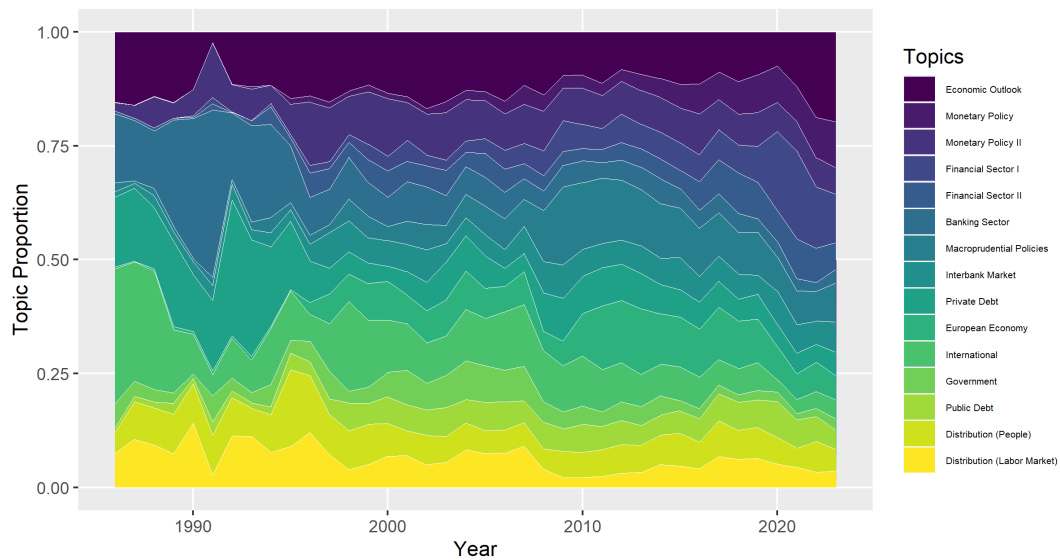


Figure 5: Wordcloud visualization of the most frequent words in the various topic of the STM15



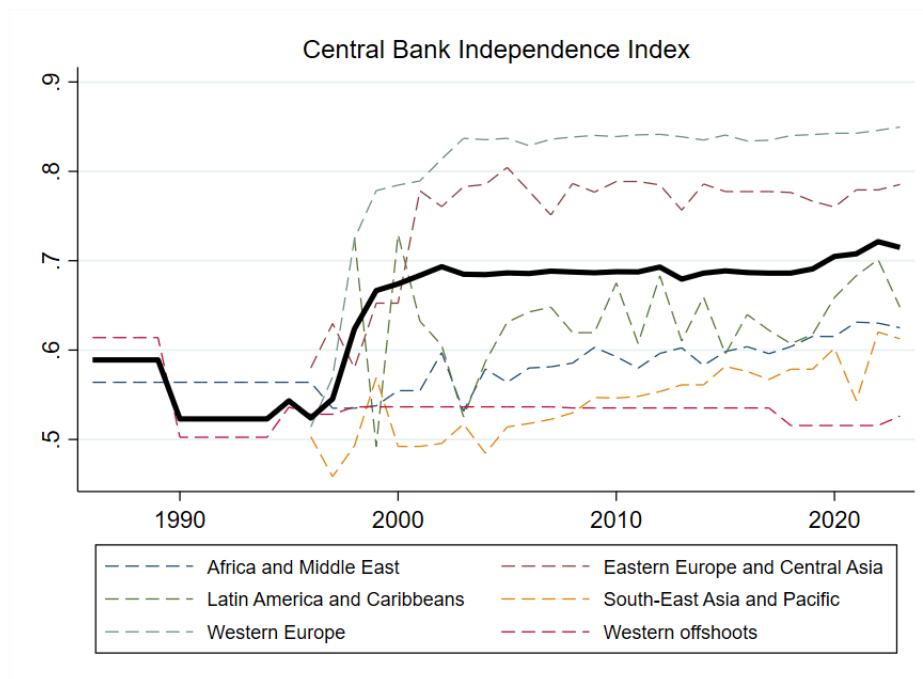


Figure 7: *Evolution on the average CBIE index on aggregate (bold) and on a regional bases. Elaboration of the data and work of Romelli (2022) for the period and countries covered in the text analysis.*

an index (CBIE) conceived as an extension of the two indexes developed in the works of Grilli et al. (1991) and Cukierman et al. (1992). The structure is based on a weighted average between six different dimensions, including: Governor and central bank board; monetary policy and conflict resolution; objectives; limitations on lending to the government; financial independence; and reporting and disclosure. The result is a normalized index that takes intermediate values between 0 (full dependence) and 1 (full independence). As shown in Figure (7), on average, the index shows a stable trend, with a jump in the occurrence of the creation of the Euro area. At the regional level, the variability is higher, and, as is well known in the literature, the rise in independence appears to be mainly driven by the European economies.

Another important aspect to consider is the latent sentiment in the discourses. In fact, to have a proper understanding of the content and drivers of the various topics, it is of crucial importance to consider, or at least control for, the tone of the speech itself. In the field of textual analysis, there

is a flourishing literature on sentiment indicators across the various corpora analyzed. The best methodology for effectively identifying and assessing sentiment is a matter of debate and strongly content-specific. In this regard, the work of [Rutkowska and Szyszko \(2024\)](#) focuses on the applicability of various lexicons to identify the sentiment of Central Bankers. The main insights are, on the one hand, that general sentiment lexicon performs poorer in terms of effectiveness compared to economic-specific ones, given the field-specific words of the economic profession, and on the other, that between an economic lexicon and a monetary-specific lexicon, there is not necessarily a relevant discrepancy. Building on this, two different dictionary-based sentiment indicators have been computed. The first one is the general economic lexicon (EL) indicator developed by [Barbaglia et al. \(2025\)](#), the second is a monetary-specific lexicon developed by [Apel and Grimaldi \(2014\)](#) and recently expanded by [Apel et al. \(2022\)](#) (APL). Starting from the EL, this is a recently developed domain-specific lexicon. It has been built by analyzing over 7.5 billion words from various economic sources, such as news articles and documents from the FED and the ECB. The authors, after selecting economically specific sentences, identified keywords and assigned a sentiment score ranging from -1 to 1. In the analysis below, each CB Speech has been assigned a sentiment score based on its average sentiment content. Moving to the APL, this is a domain-specific lexicon designed for Central Bank communications. In their latest version ([Apel et al., 2022](#)), the authors identify a set of unigrams and bigrams in the FOMC minutes, and after selecting the policy-relevant ones, they combine them with the modifiers present in the sentence that would determine the overall sentiment. In this second case, it must be noticed that the sentiment, rather than positive or negative, has been classified as Hawkish and Dovish². It follows that the overall sentiment derived from the two indicators captures a different definition of sentiment itself, and hence can differ for the same speech.

As in [Campiglio et al. \(2025\)](#), the drivers are estimated using a Poisson Pseudo-Maximum Likelihood (PPML) regression of the following form:

$$Topic_{c,t} = \exp(\beta_0 + \beta_1 CBIE_{c,t} + \beta_2 Sent_{c,t} + \beta_n X_{c,t} + \mu_t) + \epsilon_{c,t} \quad (1)$$

Where $Topic_{c,t}$ is the various topic content from the STM8, in the baseline, and STM15, for Robustness. $CBIE_{c,t}$ is [Romelli \(2022\)](#) measurement of

²The index developed by [Apel et al. \(2022\)](#) assigns a value of +1 for each Hawkish term-modifier n-gram occurrences, while a value of -1 for each Dovish one. The final index is their average value in the considered speech.

central bank independence, $Sent_{c,t}$ represent the average sentiment of the discourses ³, $X_{c,t}$ consists of a list of additional explanatory variables, depending on the specification, including GDP growth, GDP per capita, unemployment, the GDP Deflator, the CPI, and the Gini coefficient. Lastly, μ is the year-related fixed effects. The regressions are estimated on the full database, and on the Advanced or Developing and emerging sub-samples, with one observation per country-year pair. The yearly observations are the average of all the speeches that occurred during the period, imputing zeros for the topics of speeches that were not selected in the distributional-screening process. The various data sources and country classifications can be found on Appendix A.

Starting from our baseline regression, the one based on the STM8 results, it is interesting to notice how, in the full sample, both the Distributional and Public Debt-related speeches are negatively correlated with the sentiment indicator. A possible interpretation of this fact is that the monetary authority's tone is, in general, less accommodative when addressing these two themes due to their distributional impacts, whether on workers or debtors. As far as Central bank independence is concerned, there is a strong, positive correlation between this indicator and public-debt-related interests, especially in advanced economies. On the other hand, there is a negative, slightly significant correlation between independence and distribution-related speeches, which is stronger in developing countries. Even though no causal inference can be drawn from a simple regression, a plausible story behind these phenomena is that an independent central bank shifts its attention from worker-related to debt-related interests. This fits with the critical examination of independence developed above, as part of the broader austerity apparatus, the means through which international lenders' interests are imposed on the working class, especially in developing and more fragile economies.

These insights are quite robust to different specifications. In particular, the regression on the full sample has also been estimated using the APL sentiment indicator, the CPI, and the Gini index (Table 5). Overall, the results maintain the same sign and magnitude, confirming the relationship, even though, in the case of the Distribution Topic, significance tends to vary.

³An suitable alternative to the inclusion of a sentiment indicator into the control of the PPML regression might have been the estimation of a specific STM already containing the sentiment indicator in its estimation, called STS and developed by [Chen and Mankad \(2025\)](#). Unfortunately, the computational burden of such a model is particularly high, and hence the use of a standard STM has been maintained.

It appears that the APL sentiment is not significant while dealing with the distributional topics. This implies that while a negative/positive sentiment might be observed, the hawkish/dovish sentiment is not a clear characteristic of broadly defined distributional speeches. The addition of the Gini coefficient strengthens the results. However, its limited availability prevents its inclusion when dealing with a sub-sample of advanced and developing countries. Lastly, the use of the CPI weakens the explanatory power of the CBIE, which was already only partially significant in the full sample.

These results are also confirmed by examining the regressions using the STM15 topics (Table 6). With the split of the Distribution topic into two, the negative correlation with central bank independence remains for the Labor one in developing countries. Central bank independence remains positive and significantly correlated across all specifications when considering public debt interest, highlighting an increase in focus on lenders' interests. Lastly, the correlation with the new Government-related topic is negative and significant across the sample as a whole and in developing countries in particular. This might suggest that greater independence decreases the frequency of speeches on government-related interests in Central Banks' discussions, and possibly in monetary-fiscal coordination. The same alternative estimations developed for the STM8 are also estimated using the STM15 topics, the results, in Appendix B corroborates these insights.

	Distribution			Public Debt		
	Base	Dev.	Adv.	Base	Dev.	Adv.
CBIE	-0.810*	-1.493**	-0.585	2.235***	1.635*	2.345***
	(0.440)	(0.704)	(0.602)	(0.722)	(0.871)	(0.850)
EL sent	-9.785***	-10.379***	-8.557***	-6.666**	-10.083***	5.317
	(1.739)	(2.382)	(3.316)	(2.588)	(2.437)	(4.449)
GDPg	0.002	0.039	-0.031*	-0.021	-0.028	-0.089**
	(0.013)	(0.046)	(0.018)	(0.031)	(0.018)	(0.043)
GDPpc	0.158**	0.164	0.038	-0.212**	-0.053	-0.222
	(0.076)	(0.122)	(0.146)	(0.091)	(0.089)	(0.194)
unemp	0.013	0.021	-0.005	0.021*	-0.006	0.061***
	(0.015)	(0.017)	(0.021)	(0.012)	(0.019)	(0.015)
defl	0.002	0.005	0.003	0.004	-0.000	0.056*
	(0.009)	(0.010)	(0.019)	(0.003)	(0.003)	(0.032)
Constant	-4.390***	-4.187***	-3.117*	-2.895**	-3.122***	-4.040*
	(0.890)	(1.258)	(1.741)	(1.164)	(0.887)	(2.262)
Observations	1773	935	833	1773	935	833
R-Squared	0.035	0.052	0.022	0.050	0.072	0.075

Table 4: Result of the PPML regressions for the two selected Topics of the STM8 model on the full sample, Developing, and Advanced countries speeches. Year-fixed effects are included. Standard errors are clustered at the country level. *, **, *** represent significance at 10, 5, and 1%, respectively.

	Distribution				Public Debt			
CBIE	-0.810*	-0.734	-1.132**	-0.690	2.235***	2.242***	3.092***	2.698***
	(0.440)	(0.499)	(0.566)	(0.476)	(0.722)	(0.718)	(0.983)	(0.722)
EL sent	-9.785***		-7.684***	-8.180***	-6.666**		-7.568***	-5.859**
	(1.739)		(2.400)	(1.906)	(2.588)		(2.487)	(2.710)
APL sent		0.046				-0.195		
		(0.256)				(0.242)		
GDPg	0.002	-0.010	-0.009	-0.005	-0.021	-0.027	-0.055**	-0.051**
	(0.013)	(0.015)	(0.021)	(0.017)	(0.031)	(0.033)	(0.024)	(0.025)
GDPpc	0.158**	0.284***	0.201	0.208**	-0.212**	-0.127*	-0.312**	-0.241**
	(0.076)	(0.080)	(0.132)	(0.089)	(0.091)	(0.077)	(0.140)	(0.100)
unemp	0.013	0.021	0.015	0.019	0.021*	0.026**	0.014	0.023*
	(0.015)	(0.014)	(0.022)	(0.016)	(0.012)	(0.011)	(0.011)	(0.013)
defl	0.002	0.004	0.005		0.004	0.005*	-0.000	
	(0.009)	(0.008)	(0.009)		(0.003)	(0.003)	(0.006)	
cpi				0.002				0.003
				(0.009)				(0.005)
Gini			-0.003				0.016	
			(0.017)				(0.017)	
Constant	-4.390***	-6.420***	-4.547**	-5.120***	-2.895**	-4.246***	-2.977	-3.030**
	(0.890)	(0.856)	(1.909)	(1.059)	(1.164)	(0.911)	(2.329)	(1.246)
Observations	1773	1773	943	1593	1773	1773	943	1593
R-Squared	0.035	0.023	0.035	0.034	0.050	0.045	0.061	0.055

Table 5: Result of the PPML regressions the two selected Topics of the STM8 model on the full sample for alternative specifications. Year-fixed effects are included. Standard errors are clustered at the country level. *, **, *** represent significance at 10, 5, and 1%, respectively.

	Distribution (PPL)			Distribution (Lab)			Government			Public Debt		
	Base	Dev.	Adv.	Base	Dev.	Adv.	Base	Dev.	Adv.	Base	Dev.	Adv.
CMBE	0.203 (0.446)	0.132 (0.759)	0.546 (0.619)	-0.265 (0.494)	-1.911** (0.908)	-0.142 (0.509)	-2.003** (0.847)	-2.235** (1.040)	0.221 (1.296)	3.720*** (0.858)	3.582*** (1.237)	3.766*** (0.959)
EL sent	-10.052*** (1.795)	-9.525*** (2.384)	-10.978*** (3.449)	-7.924*** (1.706)	-10.829*** (2.516)	-3.668 (2.881)	-5.909*** (2.048)	-7.077*** (2.226)	4.181 (4.942)	-8.733** (3.749)	-11.997*** (3.295)	2.759 (5.475)
GDPg	0.011 (0.015)	0.048 (0.044)	-0.023 (0.024)	-0.044** (0.018)	-0.025 (0.039)	-0.059*** (0.022)	0.021 (0.017)	0.035 (0.028)	-0.023 (0.034)	-0.055* (0.029)	-0.028 (0.018)	-0.101** (0.045)
GDPpc	0.084 (0.067)	0.174 (0.117)	0.061 (0.169)	0.166** (0.083)	0.099 (0.122)	-0.094 (0.183)	-0.633*** (0.098)	-0.462*** (0.159)	-0.595*** (0.137)	-0.144 (0.121)	0.262** (0.128)	-0.298 (0.259)
unemp	0.015 (0.017)	0.022 (0.019)	-0.019 (0.022)	0.007 (0.019)	0.014 (0.023)	-0.002 (0.021)	0.019 (0.022)	0.012 (0.022)	-0.025 (0.048)	0.037** (0.015)	-0.001 (0.017)	0.084*** (0.024)
defl	0.005 (0.009)	0.008 (0.009)	0.015 (0.027)	-0.006 (0.009)	-0.004 (0.010)	-0.007 (0.026)	0.003 (0.003)	0.002 (0.003)	0.026 (0.046)	0.006 (0.005)	0.002 (0.005)	0.039 (0.030)
Constant	-4.574*** (0.741)	-5.508*** (1.149)	-4.239** (1.974)	-5.309*** (1.056)	-3.649*** (1.363)	-2.745 (2.049)	3.024*** (0.837)	1.970* (1.169)	0.529 (1.633)	-4.925*** (1.511)	-7.547*** (1.443)	-4.654 (2.932)
Observations	1773	935	833	1773	935	833	1773	935	833	1773	935	833
R-Squared	0.033	0.050	0.031	0.035	0.062	0.018	0.122	0.087	0.054	0.083	0.112	0.120

Table 6: Result of the PPML regressions for the four selected Topics of the STM15 model on the full sample, Developing, and Advanced countries speeches. Year-fixed effects are included. Standard errors are clustered at the country level. *, **, *** represent significance at 10, 5, and 1%, respectively.

One of the peculiarities of the Romelli (2022) independence index is that it is computed as a weighted average between sub-components, and each of them is related to a different shade of independence. As the last step of this empirical analysis, the regressions above have been re-estimated using two sub-components closely related to the previous independence theoretical analysis. The first one, *CBIE – Policy*, is meant to capture independence on “Monetary policy and conflict resolution”. In particular, this sub-component checks who formulates monetary policy, whether the central bank is responsible for setting policy rates, and who is the final authority for monetary policy. At the same time, in this sub-component, there is also a focus on banking supervision and on the relationship between the central bank and the government budget. The second one, *CBIE – Lending*, deals with the “Limitations on lending to the government”. It focuses in particular on direct credit lines from the Central Bank and its characteristics, as well as on whether there are prohibitions on buying government securities on the primary market.

The result of the regressions with the two Central Bank independence sub-components contains some interesting insights. Starting from the STM8 (Table 7), it seems that, while policy independence is the main driver for the Distribution topic, lending independence is the main driver for the Public debt topic. If on the latter, the importance of this shade of independence is quite straightforward: being the lending dimension strictly linked to public debt, the former confirms the previous intuition that the Distribution topic represents a distributional outcome stemming from a policy conflict over the monetary authority’s actions.

Moving to the STM15 (Table 8), the outcomes of the smaller topic model are confirmed, even though some additional interesting insights emerge. Notably, the Government topic is mostly affected by the lending independence, especially in developing countries. On the other hand, the Public Debt topic maintains its positive correlation with the lending independence dimension, even if for developing countries, there is a slightly significant and negative correlation with the policy dimension. A possible interpretation of this switch in sign from the previous passage may lie in the different aspects of monetary-fiscal policy coordination in the two sub-components. While the lending one focuses on the central bank’s *modus operandi* in government financing, the policy one still addresses whether the central bank plays a role in defining the government budget or debt. It follows then, hand in hand with the previously given explanation for the positive coefficient, the presence of a stronger

codification in budget rules for advanced countries, for example, European ones after the Maastricht treaties, may lead to a decrease in the debate on this topic treating it as a mere technical aspect and shifting the debates on this topic to other political authorities.

	Distribution			Public Debt		
	Base	Dev.	Adv.	Base	Dev.	Adv.
CBIE - Policy	-0.942** (0.478)	-0.995* (0.604)	-1.133 (0.718)	-0.340 (0.667)	0.730 (0.612)	-2.414 (1.954)
CBIE - Lending	-0.153 (0.211)	-0.661** (0.328)	0.114 (0.288)	0.997** (0.389)	0.462 (0.452)	1.672* (0.898)
EL sent	-10.185*** (1.688)	-10.811*** (2.348)	-9.425*** (3.287)	-6.778*** (2.554)	-10.029*** (2.483)	4.842 (3.835)
GDPg	0.002 (0.012)	0.040 (0.044)	-0.029* (0.017)	-0.020 (0.033)	-0.026 (0.018)	-0.093** (0.038)
GDPpc	0.185** (0.074)	0.202* (0.117)	0.111 (0.153)	-0.162 (0.111)	-0.079 (0.094)	-0.051 (0.227)
unemp	0.013 (0.015)	0.020 (0.018)	-0.013 (0.021)	0.028** (0.011)	-0.002 (0.018)	0.063*** (0.015)
defl	0.002 (0.008)	0.004 (0.009)	0.004 (0.020)	0.004 (0.003)	-0.001 (0.003)	0.055* (0.029)
Constant	-4.545*** (0.840)	-4.535*** (1.144)	-3.596** (1.657)	-2.343** (1.055)	-2.556*** (0.788)	-3.796* (2.078)
Observations	1773	935	833	1773	935	833
R-Squared	0.037	0.057	0.023	0.047	0.072	0.077

Table 7: Result of the PPML regressions using CBIE sub-components for the two selected Topics of the STM8 model on the full sample, Developing, and Advanced countries speeches. Year-fixed effects are included. Standard errors are clustered at the country level. *, **, *** represent significance at 10, 5, and 1%, respectively.

	Distribution (PPL)			Distribution (Lab)			Government			Public Debt		
	Base	Dev.	Adv.	Base	Dev.	Adv.	Base	Dev.	Adv.	Base	Dev.	Adv.
CBIE - Policy	-0.574 (0.512)	-0.179 (0.653)	-1.440** (0.682)	-0.692 (0.566)	-1.412** (0.719)	-0.112 (0.987)	-0.956 (0.847)	-1.064 (0.832)	1.605 (1.563)	0.551 (0.974)	2.542*** (0.819)	-4.023* (2.370)
CBIE - Lending	0.127 (0.191)	-0.150 (0.273)	0.538** (0.256)	0.002 (0.237)	-0.748 (0.504)	0.022 (0.343)	-0.927** (0.362)	-1.208*** (0.435)	-0.601 (0.513)	1.443*** (0.546)	0.750 (0.646)	2.599** (1.101)
EL sent	-10.350*** (1.789)	-9.848*** (2.410)	-11.958*** (3.392)	-8.237*** (1.680)	-11.234*** (2.523)	-3.817 (2.896)	-5.420*** (1.956)	-6.806*** (2.178)	5.353 (4.742)	-8.324** (3.711)	-11.669*** (3.253)	2.885 (4.938)
GDPg	0.011 (0.015)	0.050 (0.043)	-0.022 (0.023)	-0.042** (0.017)	-0.021 (0.037)	-0.059*** (0.020)	0.019 (0.018)	0.032 (0.032)	-0.028 (0.035)	-0.061** (0.028)	-0.037* (0.022)	-0.105** (0.042)
GDPpc	0.112 (0.070)	0.188 (0.117)	0.133 (0.159)	0.195** (0.081)	0.152 (0.119)	-0.086 (0.207)	-0.592*** (0.113)	-0.389** (0.170)	-0.712*** (0.198)	-0.101 (0.152)	0.202 (0.129)	-0.020 (0.315)
unemp	0.017 (0.017)	0.024 (0.019)	-0.019 (0.020)	0.008 (0.018)	0.015 (0.024)	-0.005 (0.020)	0.017 (0.019)	0.009 (0.018)	-0.014 (0.044)	0.045*** (0.015)	0.007 (0.016)	0.084*** (0.022)
defl	0.005 (0.008)	0.008 (0.008)	0.018 (0.029)	-0.006 (0.008)	-0.004 (0.009)	-0.008 (0.026)	0.003 (0.003)	0.002 (0.003)	0.022 (0.047)	0.006 (0.005)	-0.001 (0.006)	0.038 (0.026)
Constant	-4.457*** (0.710)	-5.357*** (1.031)	-4.057** (1.830)	-5.365*** (0.974)	-4.163*** (1.218)	-2.853 (2.081)	2.388*** (0.820)	1.173 (1.085)	1.196 (2.070)	-4.088*** (1.405)	-6.605*** (1.138)	-4.167 (3.060)
Observations	1773	935	833	1773	935	833	1773	935	833	1773	935	833
R-Squared	0.034	0.050	0.033	0.036	0.068	0.018	0.128	0.097	0.057	0.076	0.119	0.123

Table 8: Result of the PPML regressions using CBIE sub-components for the four selected Topics of the STM15 model on the full sample, Developing, and Advanced countries speeches. Year-fixed effects are included. Standard errors are clustered at the country level. *, **, *** represent significance at 10, 5, and 1%, respectively.

Summing up, independence seems to play a significant role in shaping the topics Central Bankers actively address. Overall, when dealing with distributive topics, the monetary authority has a more negative sentiment. Moreover, independence is associated with a decrease in the distributional topic and an increase in the Public Debt topic. In particular, the two effects seem to be mediated by different shades of independence, the former by the policy one, while the latter by the lending one. These results are in line with the theoretical story outlined above, which posits that independence serves as a tool to strengthen lenders' interests at the expense of workers' interests. Lastly, the stronger significance of developing countries' results might be linked to their higher variability in de facto independence over the period analyzed, a period relatively flat for what concerned advanced economies, with the only notable exception being the 1999 Euro area "shock".

6 Conclusions

The independence framework pursued at varying speeds over the last century is far from a mere technical advancement. In these few pages, a short review of its evolution and implications has been outlined. First, it has been highlighted that this framework has been a constant presence since the end of the First World War and that its historical affirmation has changed over time, gaining increasing appreciation. It is interesting to note how some founding ideas, even when disproved by both fact and theory, have remained throughout the period, above all, the idea of monetary policy neutrality.

As a second step, it has been sketched how the theoretical economic literature has progressively evolved to combine the advancements of the theoretical field, be it the game theory approach or the preferences revolution, with the ongoing need to justify the pursuit of independence.

Given these two starting points, a substantial list of critiques towards Central Bank independence has been raised. These are multiple and range from theoretical objections to the foundations of the theory underlying this framework to empirical analyses that disprove its expected results. In particular, the finance-central bank's possible dependence constitutes the key aspect that warrants appropriate attention. The revolving-door phenomenon and the inclination of an independent central bank to favor financial interests over social ones are contemporary problems that must be addressed, given the growing role of finance in modern capitalism.

Lastly, an empirical analysis has been developed. A subset of distribution-related speeches has been extracted for developing an STM to assess their actual content. The analyses have confirmed that central bankers deal with and speak about distribution, with negative sentiment, especially when addressing distributive topics. Independence seems to play a significant role in shaping the topics of monetary authority speeches, with a negative effect on worker-related topics, especially in developing countries, and a positive effect on public debt and lenders' interests overall.

As a matter of fact, the Central Bank will always be dependent on the various actors within society. Arguing for independence on one side is just supporting a stronger dependence on another. In this regard, the argument throughout this work is that the independence rhetoric has favored the specific interests of the financial sector, or, in general, lenders, probably at the expense of society as a whole.

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A Data sources

Appendix A contains the detailed list of the variables used in the textual and empirical analysis (Table A.1). As already presented in the paper, the analysis cover a wide set of countries that are listed in Table A.2.

Variable	Definition	Source
STM topics	Latent Topic identified in the distribution-related subsample of Central Bank speeches	author's own elaboration on Campiglio et al. (2025)
CBIE	Central Bank Independence Index Extended	Romelli (2022) and Romelli (2024)
CBIE - Policy	Central Bank Independence Index Extended "Monetary policy and conflict resolution" subcomponent	Romelli (2022, 2024)
CBIE - Lending	Central Bank Independence Index Extended "Limitations on lending to the government" subcomponent	Romelli (2022) and Romelli (2024)
EL sent	General Economic Lexicon by Barbaglia et al. (2025)	author's own elaboration based on Barbaglia et al. (2025)
APL sent	Monetary-specific lexicon by Apel and Grimaldi (2014)	author's own elaboration based on Apel et al. (2022); Apel and Grimaldi (2014)
GDPg	GDP growth (annual %)	World Bank
GDPpc	GDP per capita (constant 2015 US\$)	World Bank
unemp	Unemployment, total (% of total labor force) (modeled ILO estimate)	World Bank
defl	Inflation, GDP deflator (annual %)	World Bank
cpi	Inflation, consumer prices (annual %)	World Bank
Gini	Gini index (standardized)	World Income Inequality Database

Table A.1: *Sources and definitions of the variables used.*

Country ISO	Development
AGO, ALB, ARE, ARG, BDI, BGD, BGR, BHR, BHS, BIH, BOL, BRA, BWA, CHL, COL, COM, CRI, DOM, DZA, ECU, GHA, GMB, GTM, HRV, HTI, HUN, IND, JAM, JOR, KAZ, KEN, KHM, KWT, LBR, LKA, MAR, MDV, MEX, MKD, MNE, MRT, MUS, MWI, MYS, NAM, NGA, NPL, PAK, PHL, POL, PRY, QAT, ROU, RUS, RWA, SAU, SLE, SYC, THA, TTO, TUR, TZA, UGA, UKR, URY, VEN, ZAF, ZMB, ZWE	Emerging and Developing
AUS, AUT, BEL, CAN, CHE, CHN, CYP, CZE, DEU, DNK, ECB, ESP, EST, FIN, FRA, GBR, GRC, IRL, ISL, ITA, JPN, KOR, LTU, LUX, LVA, MAC, MLT, NLD, NOR, NZL, PRT, SGP, SVK, SVN, SWE, USA	Advanced

Table A.2: *Countries analyzed in the empirical analysis and respective “Development” categorization based on the current IMF guidelines.*

B Alternative Estimations STM15

In appendix B, Table B.1 contains the alternative estimation for the PPML model using the APL sentiment, the cpi, and the Gini index. The result are in line with the insights already discussed in the baseline estimations.

	Distribution (PPL)			Distribution (Lab)			Government			Public Debt		
CBIE	0.310 (0.513)	-0.102 (0.648)	0.328 (0.458)	-0.268 (0.522)	-0.537 (0.551)	-0.108 (0.507)	-2.093** (0.830)	0.338 (0.985)	-2.338*** (0.800)	3.730*** (0.841)	5.586*** (1.309)	4.029*** (0.909)
EL sent		-7.899*** (2.441)	-9.021*** (1.927)		-6.556*** (2.446)	-6.011*** (1.973)		-4.071 (3.237)	-4.000* (2.136)		-10.913*** (3.676)	-8.227** (3.789)
APL sent	-0.381 (0.298)			0.518* (0.307)			-0.402 (0.377)			-0.506* (0.302)		
GDPg	0.001 (0.015)	-0.003 (0.020)	0.006 (0.017)	-0.057*** (0.016)	-0.051 (0.031)	-0.042* (0.023)	0.015 (0.013)	-0.035 (0.026)	0.023 (0.027)	-0.062** (0.027)	-0.070*** (0.027)	-0.068*** (0.026)
GDPpc	0.220*** (0.067)	-0.021 (0.083)	0.108 (0.068)	0.273*** (0.082)	0.165 (0.175)	0.202* (0.109)	-0.563*** (0.095)	-0.576*** (0.130)	-0.595*** (0.090)	-0.032 (0.099)	-0.133 (0.160)	-0.198 (0.130)
unemp	0.022 (0.016)	0.017 (0.019)	0.023 (0.018)	0.012 (0.019)	-0.011 (0.023)	0.005 (0.017)	0.023 (0.023)	-0.037* (0.020)	0.033* (0.020)	0.040*** (0.015)	0.021 (0.015)	0.037* (0.019)
deff	0.006 (0.008)	0.010 (0.007)		-0.003 (0.008)	-0.020 (0.039)		0.004 (0.003)	-0.009 (0.006)		0.007 (0.005)	0.001 (0.008)	
cpi			0.005 (0.007)			-0.013 (0.022)			-0.001 (0.004)		0.006 (0.006)	
Gini		-0.020 (0.014)			-0.000 (0.023)			0.060*** (0.017)			0.053*** (0.020)	
Constant	-6.740*** (0.679)	-2.644** (1.303)	-5.018*** (0.789)	-6.957*** (0.975)	-4.980** (2.510)	-5.909*** (1.413)	1.909** (0.777)	-1.101 (1.875)	2.536*** (0.865)	-6.677*** (1.170)	-8.113*** (2.713)	-4.665*** (1.636)
Observations	1773	943	1593	1773	943	1593	1773	943	1593	1773	943	1593
R-Squared	0.022	0.036	0.033	0.030	0.030	0.032	0.119	0.165	0.103	0.076	0.095	0.086

Table B.1: Result of the PPML regressions for the four selected Topics of the STM15 model on the full sample with different controls. Year-fixed effects are included. Standard errors are clustered at the country level. *, **, *** represent significance at 10, 5, and 1%, respectively.