Central Bank Independence: What It Is, What It Isn’t – and the Importance of Accountability

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Figure 1: Loss Functions
1960:Q1 - 2018:Q1

Note: In November of 1977, the Federal Reserve Act was amended to provide explicit goals for the Federal Reserve.
Source: Authors’ calculations, Bureau of Economic Analysis, Bureau of Labor Statistics, Congressional Budget Office, Federal Reserve Board
Figure 2: Mentions of the Federal Reserve’s Credibility
1960 - 2012

Note: Four-meeting moving average term counts as a percentage of total words.
Source: Federal Reserve Board. Transcripts of FOMC meetings. Prior to June 1967, these documents were called historical minutes. From June 1967 through March 16, 1976, these documents were called memoranda of discussions, and since March 29, 1976 they have been referred to as FOMC transcripts.
Figure 3: Mentions of Transparency
1960 - 2012

Note: Four-meeting moving average term counts as a percentage of total words.
Source: Federal Reserve Board. Transcripts of FOMC meetings. Prior to June 1967, these documents were called historical minutes. From June 1967 through March 16, 1976, these documents were called memoranda of discussions, and since March 29, 1976 they have been referred to as FOMC transcripts.
Figure 4: Mentions of Communication
1960 - 2012

Note: Four-meeting moving average term counts as a percentage of total words.

Source: Federal Reserve Board. Transcripts of FOMC meetings. Prior to June 1967, these documents were called historical minutes. From June 1967 through March 16, 1976, these documents were called memoranda of discussions, and since March 29, 1976 they have been referred to as FOMC transcripts.
Figure 5: Mentions of Well-Anchored Inflation Expectations
1960 - 2012

Note: Four-meeting moving average term counts as a percentage of total words.
Source: Federal Reserve Board. Transcripts of FOMC meetings. Prior to June 1967, these documents were called historical minutes. From June 1967 through March 16, 1976, these documents were called memoranda of discussions, and since March 29, 1976 they have been referred to as FOMC transcripts.
Figure 6: Inflation Rate: Change in Trimmed Mean PCE
January 1978 - May 2019

Source: Federal Reserve Bank of Dallas, NBER, Haver Analytics
Figure 7: Unemployment Rate
1969:Q1 - 2019:Q2

Source: BLS, CBO, NBER, Haver Analytics
Figure 8: Mentions of Financial Instability Terms
1973 - 2009

Note: Four-meeting moving average terms counts as a percentage of total words.

Figure 9: Changes in Policy Instruments: Mentions of M1/M2 and Aggregates
1960 - 2012

Note: Four-meeting moving average term counts as a percentage of total words.

Source: Federal Reserve Board. Transcripts of FOMC meetings. Prior to June 1967, these documents were called historical minutes. From June 1967 through March 16, 1976, these documents were called memoranda of discussions, and since March 29, 1976 they have been referred to as FOMC transcripts.
Figure 10: Mentions of Balance Sheet
1960 - 2012

Note: Four-meeting moving average term counts as a percentage of total words.

Source: Federal Reserve Board. Transcripts of FOMC meetings. Prior to June 1967, these documents were called historical minutes. From June 1967 through March 16, 1976, these documents were called memoranda of discussions, and since March 29, 1976 they have been referred to as FOMC transcripts.
Figure 11: Mentions of Forward Guidance
1960 - 2012

Note: Four-meeting moving average term counts as a percentage of total words.
Source: Federal Reserve Board. Transcripts of FOMC meetings. Prior to June 1967, these documents were called historical minutes. From June 1967 through March 16, 1976, these documents were called memoranda of discussions, and since March 29, 1976 they have been referred to as FOMC transcripts.