



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

Eric S. Rosengren  
President & CEO  
Federal Reserve Bank of Boston

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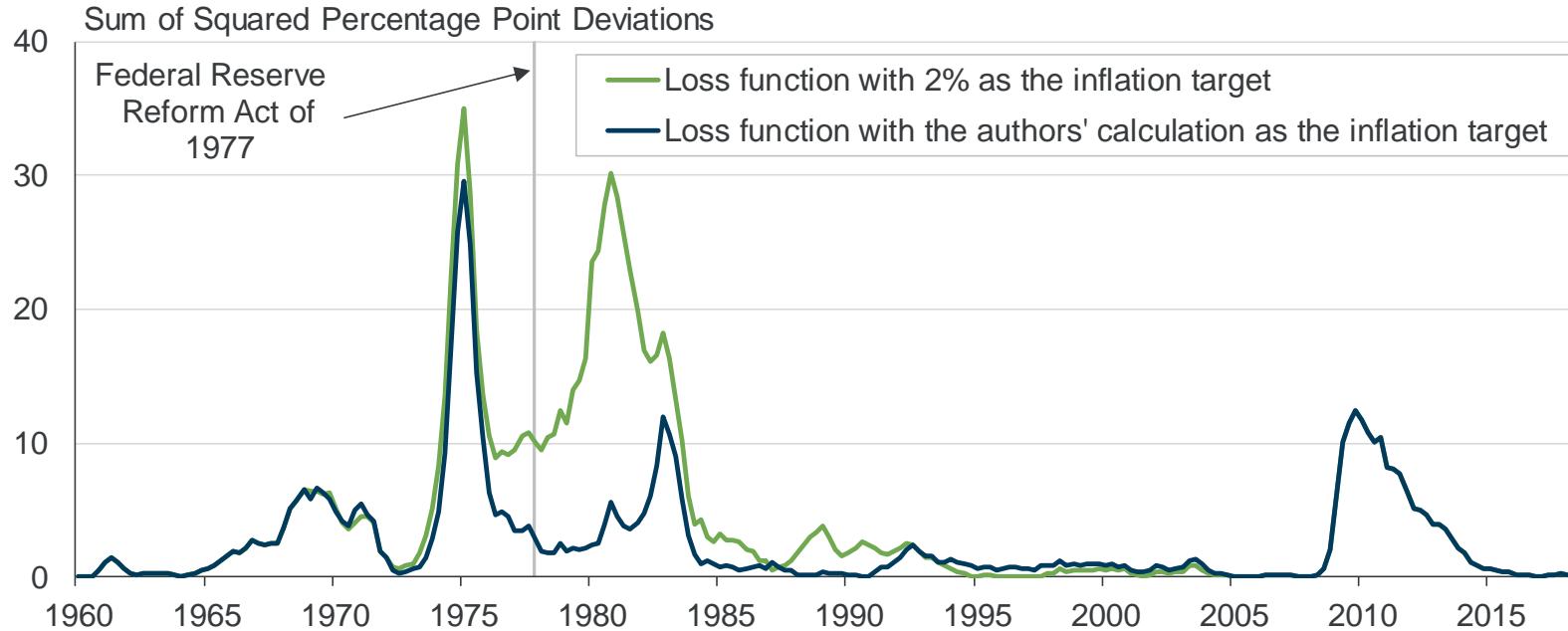
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# Figure 1: Loss Functions

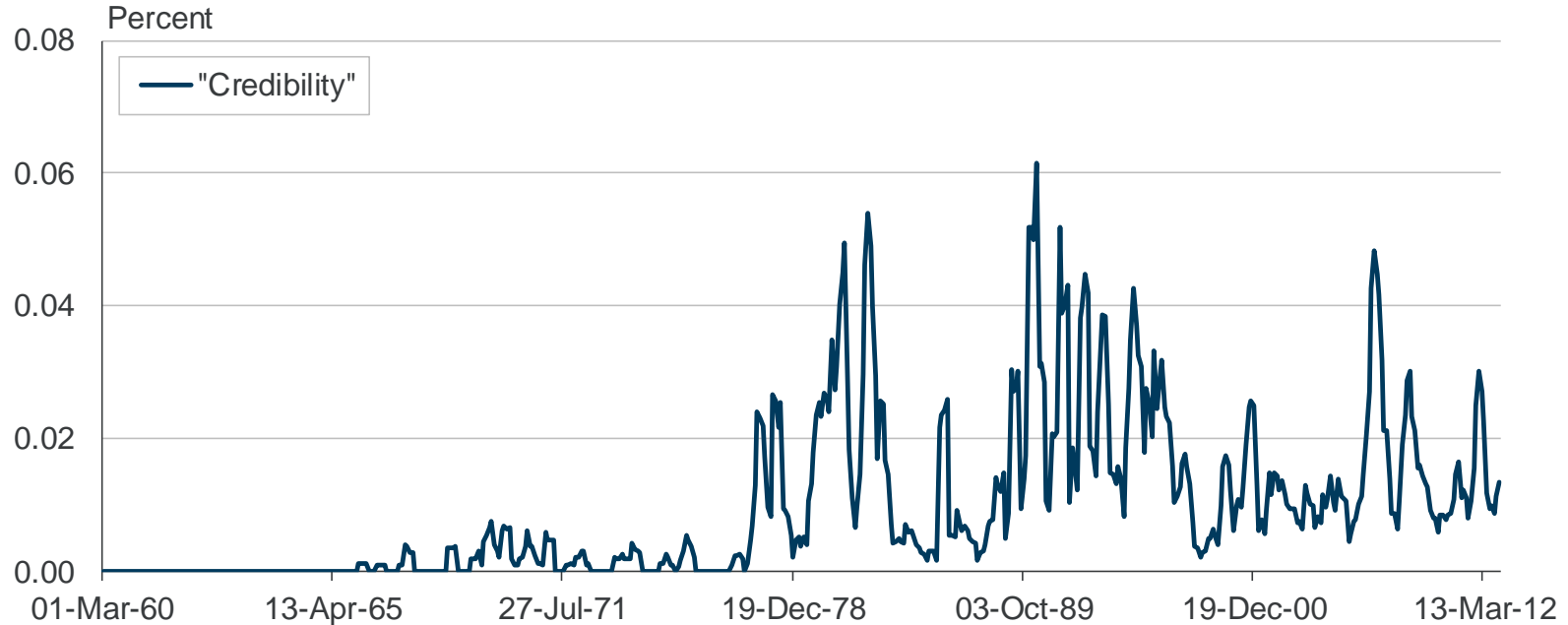
1960:Q1 - 2018:Q1



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

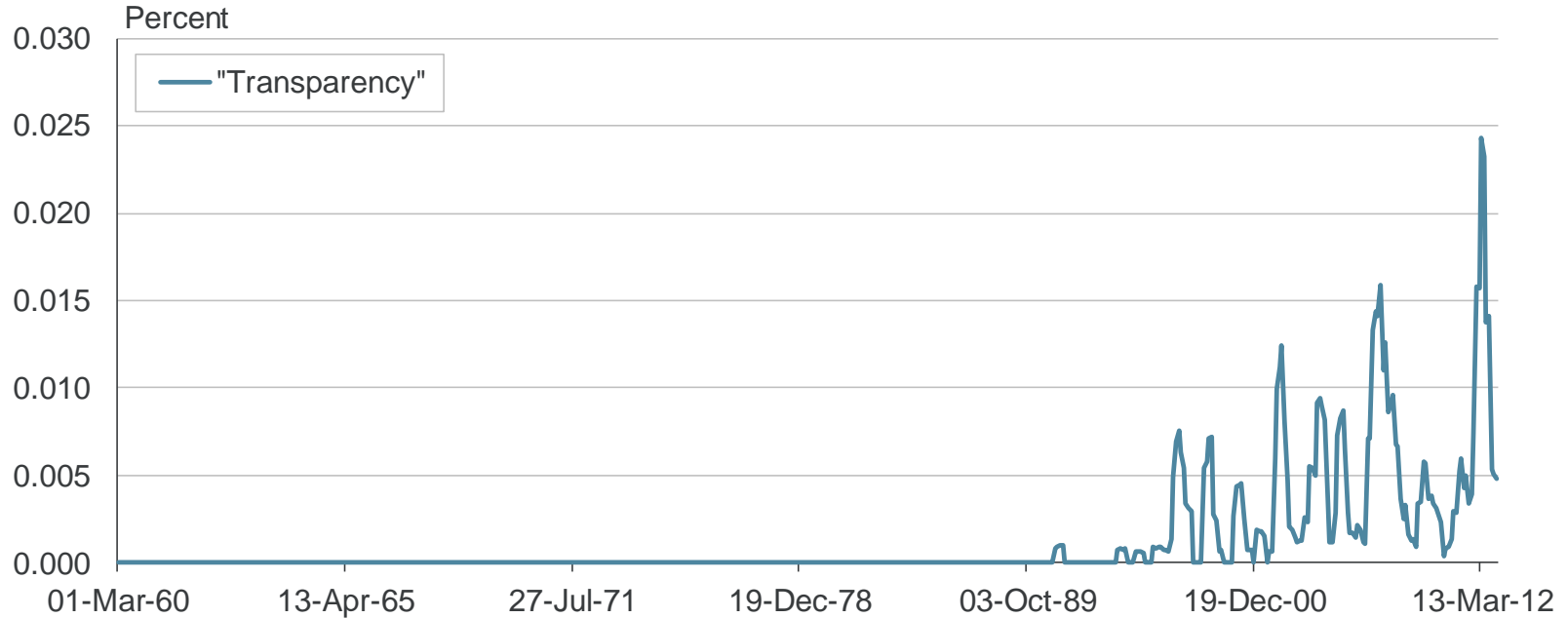
## Figure 2: Mentions of the Federal Reserve's Credibility 1960 - 2012



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.

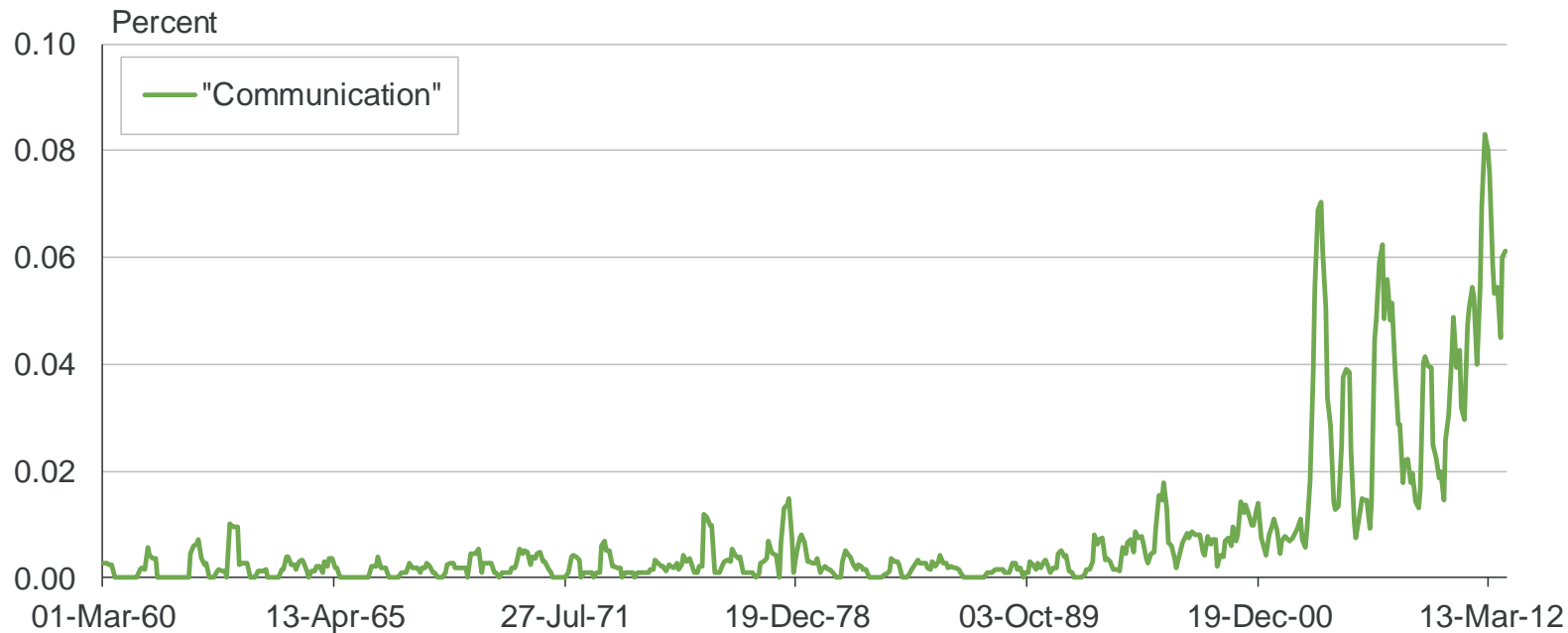
# Figure 3: Mentions of Transparency 1960 - 2012



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. 4

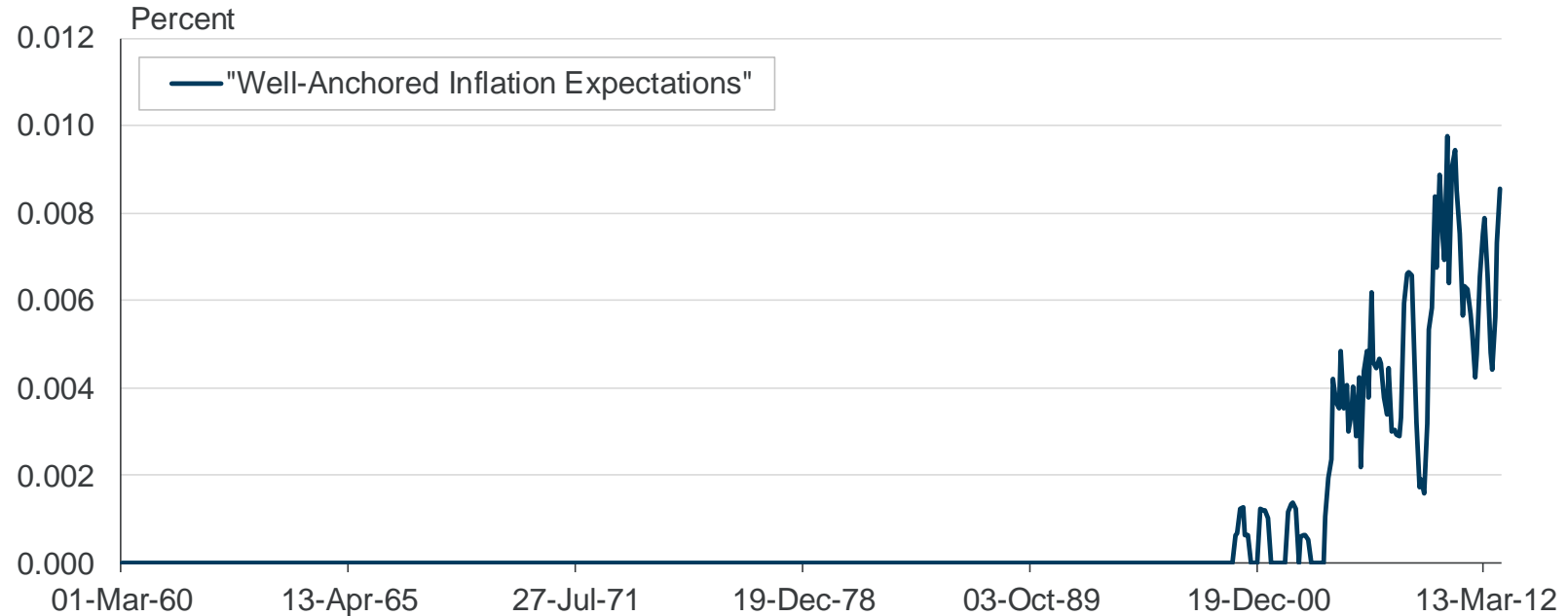
## Figure 4: Mentions of Communication 1960 - 2012



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

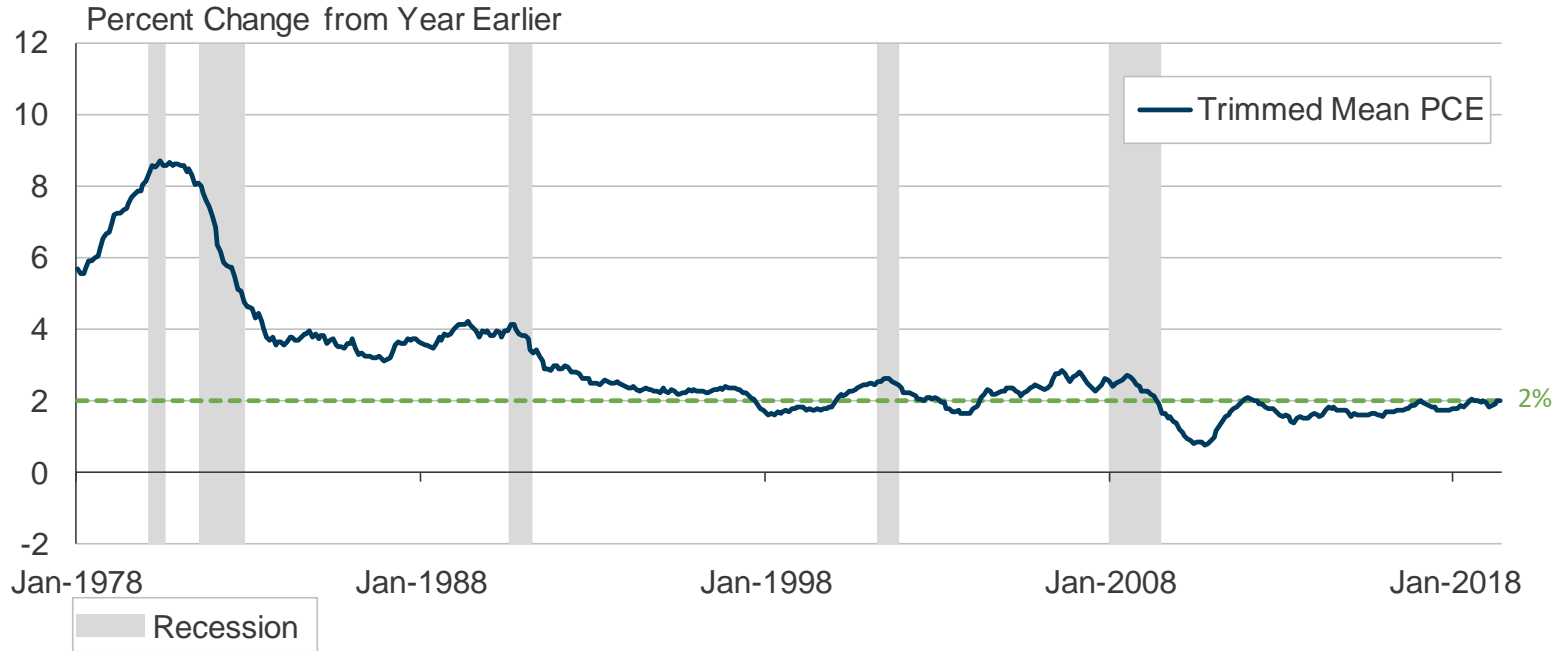


Note: Four-meeting moving average term counts as a percentage of total words.

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

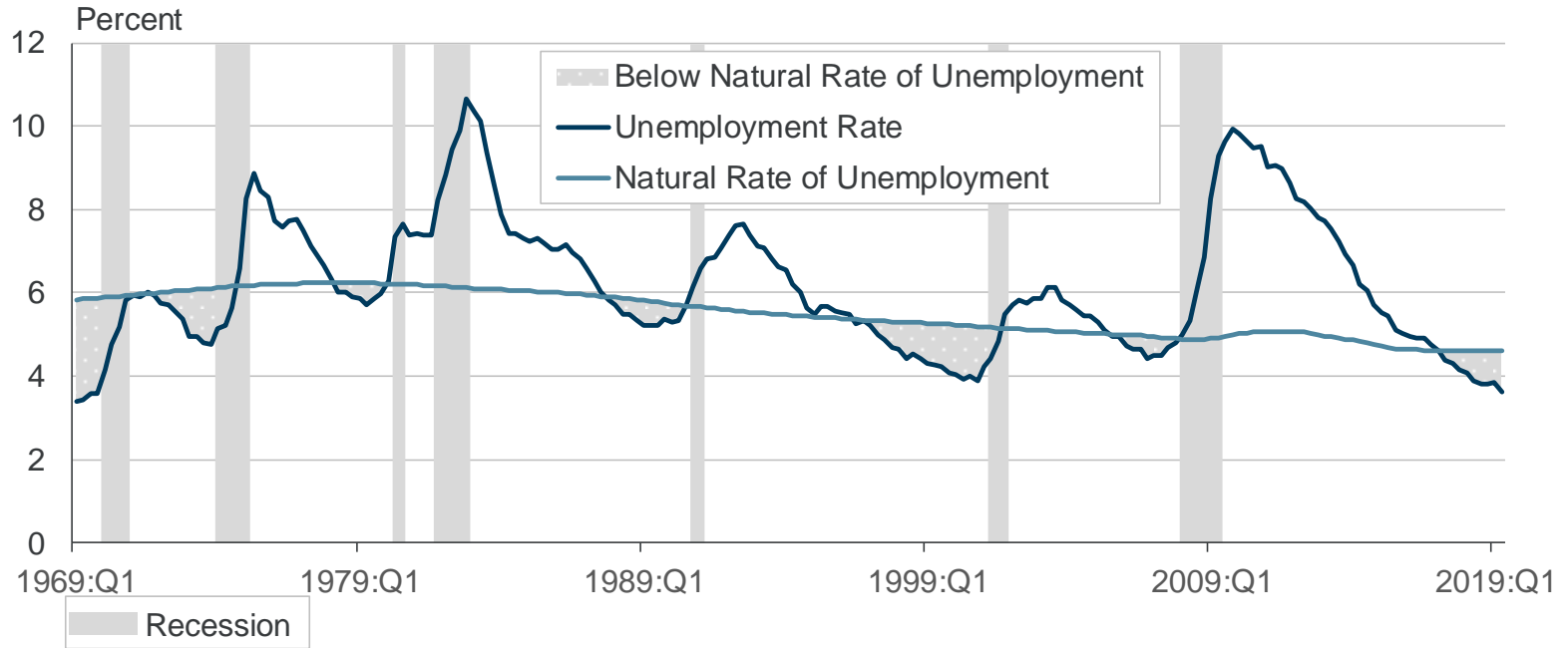
January 1978 - May 2019



Source: Federal Reserve Bank of Dallas, NBER, Haver Analytics

# Figure 7: Unemployment Rate

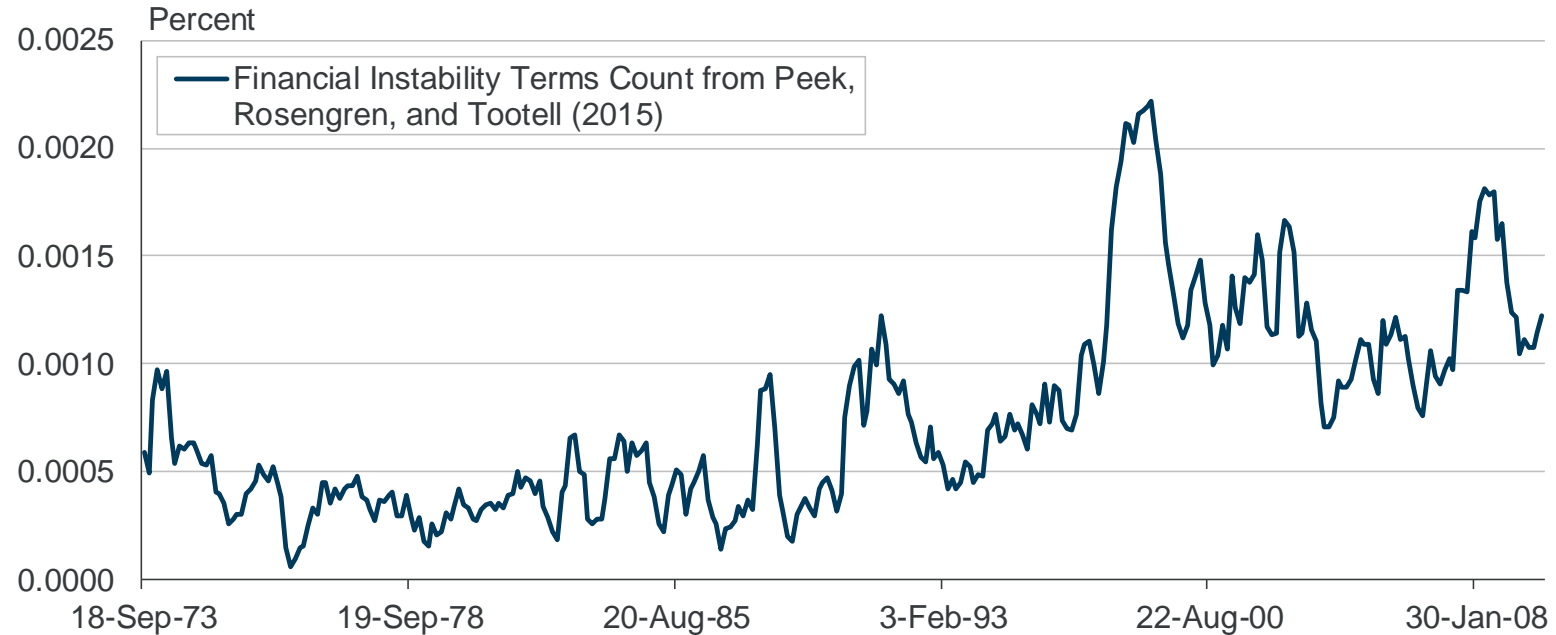
1969:Q1 - 2019:Q2



Source: BLS, CBO, NBER, Haver Analytics



## Figure 8: Mentions of Financial Instability Terms 1973 - 2009

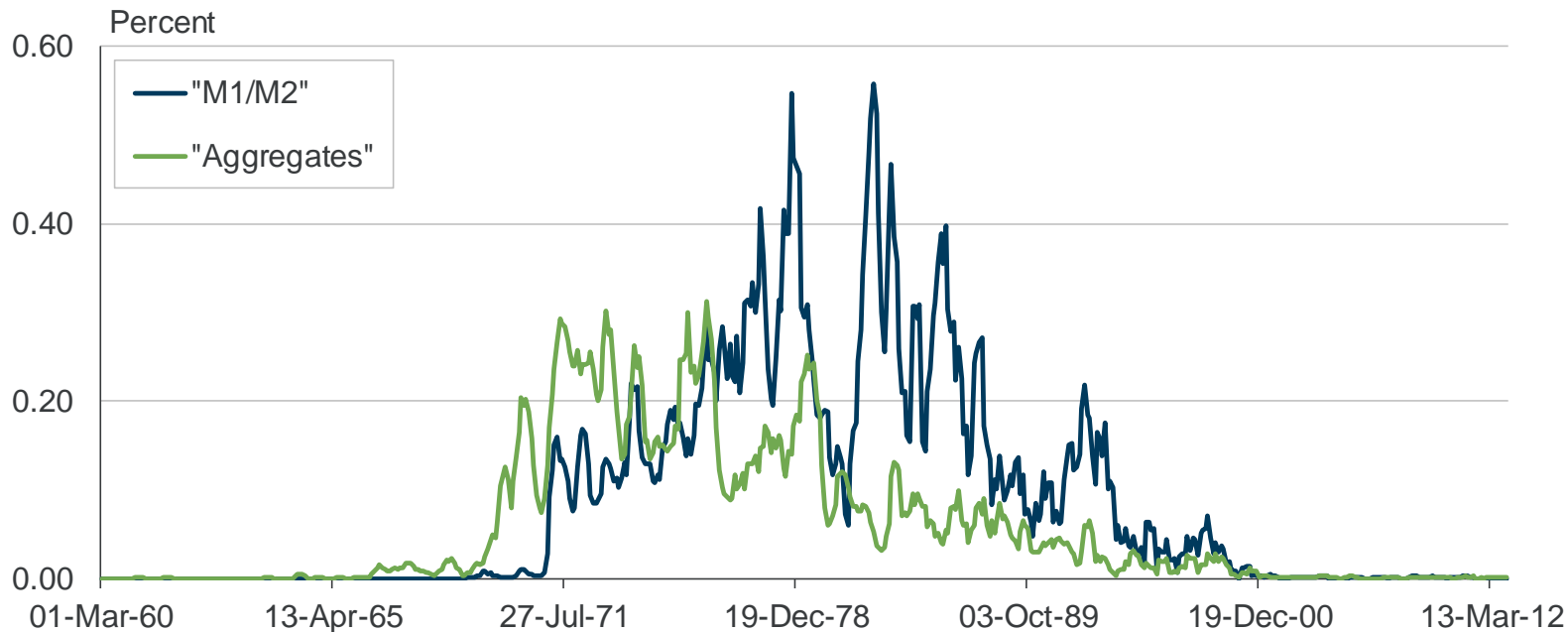


Note: Four-meeting moving average terms counts as a percentage of total words.

Source: FOMC – Transcripts, Memoranda of Discussions, Historical Minutes; Peek, Rosengren and Tootell (2015). “Should U.S. Monetary Policy Have a Ternary Mandate?” prepared for the Federal Reserve Bank of Boston’s Annual Economic Conference, October 2015.

# Figure 9: Changes in Policy Instruments: Mentions of M1/M2 and Aggregates

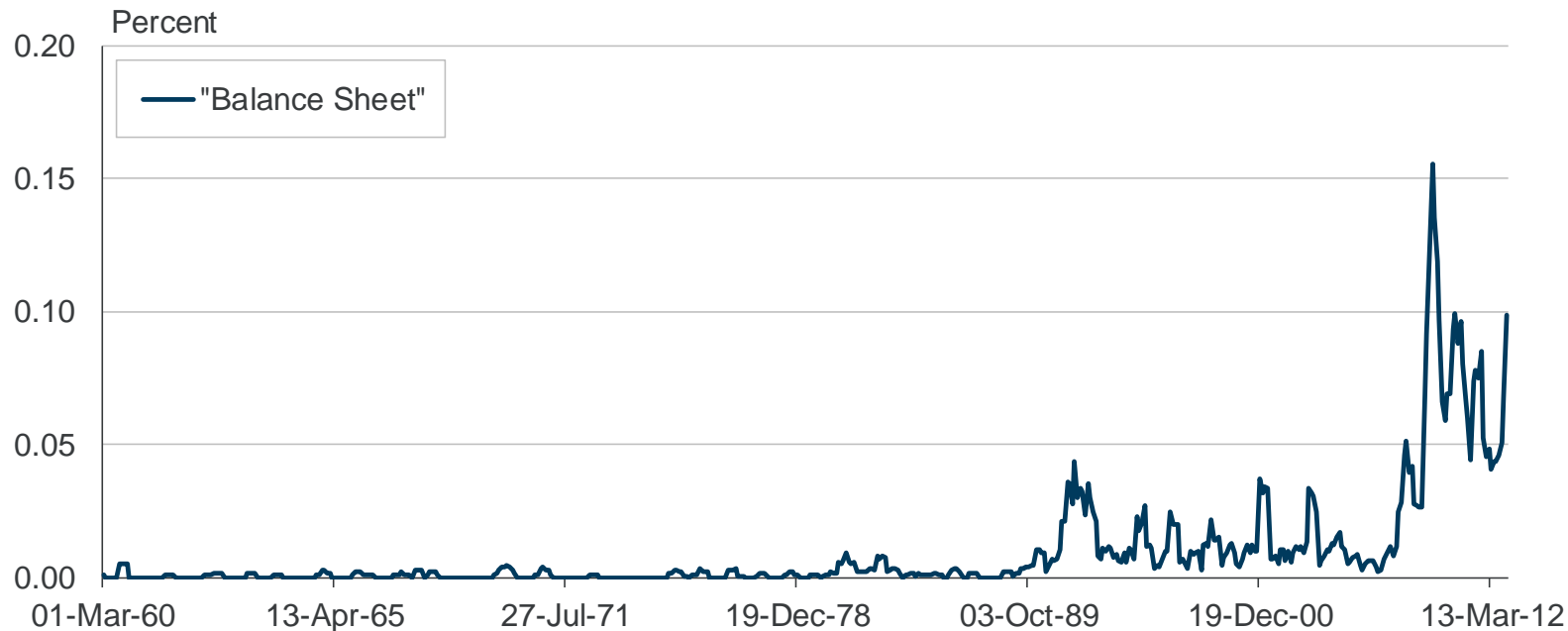
1960 - 2012



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. 10

## 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. 11

# 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. **12**