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Routledge
Taylor & Francis Group

New Political Economy

ISSN: 1356-3467 (Print) 1469-9923 (Online) Journal homepage: www.tandfonline.com/journals/cnpe20

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NEW POLITICAL ECONOMY
https://doi.org/10.1080/13563467.2025.2504405

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Introduction: the new political economy of central banks: reluctant Atlases?

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ABSTRACT

After gaining independence from political authorities, the past decades, central banks in most of the Global North and some in the Global South have taken on additional goals, acquiring unprecedented powers, many of them in response to crises and a lack of forceful action by the political authorities. Central banks have also been confronted with new issues, such as the greening of the economy and digital finance. They have rediscovered 'old' roles – i.e. acting as lender of last resort, overseeing payment systems, supervising banks, issuing currencies (in a digital format) – and have taken on new roles. These roles include: 'crisis managers' of first resort, backstopping banks, non-banks, states and fellow central banks; 'recession fighters' of second resort as well as 'quasi' fiscal authorities; supporters of the green and digital transition; 'sui generis diplomats' fostering international cooperation, while behaving as hesitant 'geoeconomic actors' in an increasingly geopoliticised world. In the 'new political economy of central banking', these institutions can be seen as 'reluctant Atlases', at times, suffering from a lack of connection to central fiscal authorities (experiencing 'loneliness') and goal overstretching. Recent geopolitical turmoil presents new challenges to the liberal international order to which central banks are still seeking to respond.

ARTICLE HISTORY
Received 15 September 2024
Accepted 7 May 2025

KEYWORDS
Central banks; central bank independence; legitimacy; international cooperation; geoeconomics

Central banks are key public authorities, whose origins date back to the seventeenth century. They started off as private entities engaged in banking – they were the 'banks of banks' – and they were also the 'banks of the states', meaning that they lent funds to governments (Goodhart 1988). Back in 1802, Henry Thornton identified the importance of having central banks control the money supply and the level of prices, whereas Walter Bagehot highlighted their function as Lender of Last Resort (Laidler 2003, Bordo 2007) to banks and sovereigns. Since then, central banks have grown into key parts of the regulatory frameworks to embed financial markets (Germain 1997) and have become pivotal actors in the domestic and global economy.

The influence of central banks has been ubiquitous. Over the past three decades, across the globe, many monetary authorities have been granted independence from political authorities. Furthermore, in the past decade and a half, some of the most prominent central banks have taken on additional goals and have acquired unprecedented powers. Central banks have developed into the linchpin of the domestic economy. Globally, they have been essential players in dealing with major crossborder economic challenges (Maxfield 1997). Often-cited examples in which central banks

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played a crucial role are in establishing the institutional infrastructure for the governance of the offshore US dollar system (Braun *et al.* 2021), the 2008 Great Financial Crisis (a.k.a the Great Recession) (Helleiner 2014), and the pandemic-related economic crisis (Ban 2021).

Besides their traditional functions as monetary policy authorities and (in some countries) banking supervisors, central banks have taken on a variety of new tasks, and have reaffirmed old ones, such as their capacity to act as lenders of last resort and the need to fight inflation – after many years of deflation risks. Some of these new tasks include getting more involved in the greening of the economy and dealing with digital finance. Central banks seem to have taken on, somewhat reluctantly, and using some hyperbole, the metaphorical role of Atlas – the mythological titan who carries on his shoulders the weight of the heavens – being tasked to hold up the global economy. We may have witnessed 'The Age of Central Banks' (Giannini 2011). Qualified observers describe central banks as 'the third great pillar of unelected power alongside the judiciary and the military' (Tucker 2018), 'unexpected revolutionaries' concerning economic orthodoxy (Moschella 2024), while others have labelled central bankers as 'core actors of regime preservation' (Wansleben 2023, p. 244). Whereas in the past, they mostly operated far from the limelight, central banks have now moved squarely into the spotlight: they have 'new casting roles, even as protagonists' (Lagarde 2023).

Central banks have undergone a quantum leap since 2008, various aspects of which have been investigated in dedicated special issues (De Haan *et al.* 2008, Fromage *et al.* 2019, Baerg and Cross 2022, Coombs and Thiemann 2022, Markakis and Fromage 2023). Moreover, several major academic studies have examined specific central banks or some of their policies (e.g. Quaglia 2008, Adolph 2013, Conti-Brown 2016, Binder and Spindel 2018, Jacobs and King 2021, Wansleben 2023, Moschella 2024). This special issue substantially contributes to this burgeoning literature by addressing two interrelated questions:

i what roles (i.e. goals and powers) have central banks taken on over the past decade-and-a-half and how and why have they done so?
ii what are the implications of these developments for the central banks themselves, including their independence and legitimacy as well as their roles in cross-border cooperation and as actors in the international arena?

We asked each contributor to this Special Issue to answer both these questions in their contributions. In doing so, we instructed them to reflect on what is specific to the central banks they are discussing. Not all contributors answer both questions in the same amount of depth, but each article contributes its part to obtaining a comprehensive yet nuanced picture of the overall trend. The contributors also consider a range of domestic factors as well as relevant international factors that have contributed to the development of the novel goals and powers of central banks. Furthermore, where appropriate, they speak to how these technocracies have sought to manage multiple goals, while striving to resist political constraints and sustain some forms of international cooperation. It bears noting that when we began conceiving this special issue project, we were in a different world, which was in flux, but was still characterised by complex interdependence (Farrell and Newman 2015). In that world, the relative autonomy of central bankers, their technocratic ethos and transnational ties made them facilitating agents of global capitalism.[1] The new world we live in features major challenges to the liberal economic order, the undermining of multilateral institutions, the weaponisation of interdependence and the potential fragmentation of the global economy and the financial system (Lake *et al.* 2021).

The remainder of this introduction is organised as follows. Section 2 offers a brief review of the main bodies of literature on the politics and political economy of central banks over the past decade and a half, engaging in a stock-taking forward-looking exercise. Section 3 brings together the main findings of the articles of this special issue, spelling out how they speak to each other and how they substantially contribute to the existing literature, shedding light on the new political economy of central banks.

State of the art on the politics and political economy of central banking

The literature on the politics and political economy of central banking has flourished since the 1980s. Since we lack the space to discuss the early work, which was principally economist-led, we examine relevant bodies of scholarly works in political science from the 2000s onwards.[2] Here, it suffices to say that the earlier literature focused on *de jure* (as opposed to *de facto*) central bank independence, discussing its effects on national macroeconomic performances, especially inflation (see, for instance, Cukierman 1992, Alesina and Summers 1993, Berger *et al.* 2001) and noting that central bank independence was coupled with the limited accountability of these bureaucracies to politicians and the broader public (Bernhard 1998, McNamara 2002). Moreover, central banks had a narrow remit that focused on the conduct of (conventional) monetary policy and, in some countries, banking supervision. The roles of central banks changed following a series of economic and financial crises that hit the world economy from 2008 onwards.

(Re)politicising independent central banks – challenging technocracies

Central banks intervened rapidly and massively during the onset and the peak of the 2008 Great Financial Crisis to prevent the worst, first and foremost acting as lender of last resort to banks, and to each other through swap lines (McDowell 2011, Spielberger 2023). The recession that followed the Great Financial Crisis of 2008 saw central banks performing as 'recession fighters' of 'second resort' by engaging in unconventional monetary policy, adopting various measures of quantitative easing (Tooze 2018, 2020, Bateman 2021).[3] Central banks expanded their toolbox and interpreted their price stability mandates more flexibly. In response to the low inflation environment, central banks deployed new tools in the financial sector (e.g. by introducing various asset purchase programmes) and vis-à-vis the public sector (by adopting various types of quantitative easing (or QE)). It was not just a matter of developing new tools for monetary policy. Some scholars argued that *de jure* or *de facto,* the objectives of central banks had been revised; what previously were secondary policy objectives, such as economic growth and employment, became more important in this period especially given the deflationary context (Quaglia and Verdun 2023a, van 't Klooster and de Boer 2023). Several central banks – such as the ECB and the Bank of England – were explicitly given the mandate of contributing to financial stability and given responsibility for banking supervision (Howarth and Quaglia 2016).

By broadening their mandates, considering additional policy objectives and developing new policy instruments, central banks entered more directly into the political realm; in this way politics, indirectly, entered more into central banks. Some of the scholarly literature called this phenomenon the politicisation of central banking, referring to several different, but interrelated, phenomena (McPhilemy and Moschella 2019, Tortola 2020). Politicians began to pay more attention to central banks and, sometimes, to criticise them openly. This situation occurred at various moments since the 1980s. These criticisms put the independence of central banks into the spotlight. Justifying it in functional terms when central banks had a narrow and clear mandate was relatively easy. Independence became more difficult to defend when central banks were confronted with several (at times competing) objectives that had to be reconciled; central banks had considerable discretion (Jacobs and King 2021, Jones 2025). Their policy actions often involved political choices – but central bankers were not elected. Their independence was designed to keep executives and legislatures at arm's length. The legitimacy of these technocracies was questioned by politicians and the public; there were calls to increase their accountability and legitimacy (Verdun and Christiansen 2000, Högenauer and Howarth 2016, Schmidt 2016, Goodhart and Lastra 2018, Jones and Matthijs 2019, Rehm and Ulrich 2025). In the EU context, some of the earlier works on these issues connect to questions around how this institutional design gives rise to a democratic deficit (Verdun 1998, Elgie 2002).

After the Great Financial Crisis, certain political parties and their political leaders challenged central banks. Populist parties vocalised opposition whilst they were in power, but others on both sides of the political spectrum voiced criticism as well. In the EU, the ECB experienced reduced support during the sovereign debt crisis (Macchiarelli *et al.* 2020). In the United States (US), whilst running for the first time at the Republican presidential candidate, Donald Trump accused the President of the Federal Reserve (the 'Fed') of 'doing political things' (New York Times, 2016) by setting interest rates (Egan 2019). In campaigning to become the 47th President, Trump pledged to erode the independence of the Fed (Restuccia *et al.* 2024). In the United Kingdom (UK), the Bank of England came under attack from the Brexiteers in the Conservative government, who accused the Bank of being partisan (i.e. taking a political stance against Brexit) because its studies pointed out the costs and risks that Brexit entailed (The Guardian 2016). At the same time, central banks openly confronted politicians. Another pertinent example dates back to 2011, when the ECB, with the full backing of the Bank of Italy, wrote a letter (also known as the Trichet-Draghi letter) to the Berlusconi government, stressing the need for major reforms in Italy, warning that in the absence of reform, the ECB would stop buying Italian government bonds (Trichet and Draghi 2011).

Contestation occurred because central bank policies have large distributional effects generating winners and losers in society (or across countries, as in the case of the ECB in the euro area) that impinge upon the principles of monetary policy neutrality and central banks impartiality (van 't Klooster and Fontan 2020, Thiemann *et al.* 2023). Indeed, monetary policy has distributional implications, but they tend to be indirect and not easily discernible, whereas unconventional monetary policy generates more clear-cut winners and losers (Downey 2023, Jones 2025). For instance, unconventional monetary policy worsens socio-economic inequalities, raising the question of whether central bankers should take a moral stance on it (Fontan *et al.* 2016), and, more generally, what the social purpose is of central banking (Dietsch *et al.* 2018). Some authors (e.g. Tortola 2020, Spielberger 2023) point out that central banking is politicised if it deviates from technocratic policy-making (cf Kaltenthaler 2006), whereby the actions of central banks are informed primarily by the intention to favour certain sociopolitical actors (or states, in the case of the ECB in the euro area), whether because of political pressure or by their own volition.

Politics entered the central banks more directly and substantially affected their policy actions. In certain instances, legislators amended the central bank's powers. In the US, lawmakers revised the powers and governance of the Fed (after recurrent crises and blame-attribution) leaving the Fed less independent than it is commonly assumed to be (Binder and Spindel 2018). Moreover, although many central banks are *de jure* independent from the executive and legislature, *de facto* independence can 'transcend the letter of the law' (Tortola 2020, p. 504). Notably, politicians can seek to influence central banks by appointing at the helm senior officials who are attuned to the political views and economic priorities of the parties in office. For example, President Trump has in 2019 actively discussed firing Jerome Powell as Chair of the Federal Reserve (The Guardian 2019) and in 2025 criticised him so much that it led to discussions as to whether Trump was seeking to fire him but backtracked after markets responded harshly (Jones and Sevastopulo 2025).

Central bank matters have also drawn more public salience. For years, it was mainly financial media that reported on central banks. Only financial actors paid attention to what these technocracies did or said. From the Great Financial Crisis onwards, this trend changed. Central bank audiences have expanded, and public opinion has polarised on several issues that fall within the remit of central banks (Jones and Matthijs 2019, Macchiarelli *et al.* 2020). One response by central banks has been to expand the scope of their mandate in a way to signal their willingness to meet the demands and expectations articulated by their respective domestic public (Moschella 2024). Another (related) response has been to improve their communication with financial operators and the broader public (Moschella *et al.* 2020). Central banks made a deliberate effort to communicate more (and better). For example, the then chief economist of the Bank of England Andy Haldane, aptly gave a speech entitled 'A Little More Conversation, A Little Less Action' (Haldane 2017). Numerous other academic works have examined the communication policies of central banks (*inter alia* Blinder *et al.* 2008, Ferrara 2020), also pointing out how non-expert (or 'folk' ideas') have occasionally influenced thinking and policy-making in central banks (Diessner 2023).

Central banks as transnational technocracies – ideas in central banking

Central banks are not only powerful domestic technocracies, but they are also active at the international level. A sizeable body of scholarly work in political science examines the transnational dimensions of central banking and their cross-border cooperation, pointing out that officials in these technocracies often shared similar educational backgrounds, professional training and epistemic outlooks (Tsingou 2007, 2015, Chwieroth 2009). Thus, they constitute an embryonic epistemic community of like-minded technocrats (Kapstein 1992, Verdun 1999), who are imbued with similar economic ideas in that they subscribed to the stability-oriented economic policy paradigm that was based on the mantra of 'sound money' (i.e. anti-inflationary monetary policy') and 'sound public finance' (i.e. tight fiscal policy) (McNamara 1998, Dyson and Marcussen 2009). In other words, they see the world in similar ways (Abolafia 2010). In the case of postcommunist states, central banks performed an important role in the transformation. Central banks in these countries became part of this transnational central banking community and in so doing became monetary authorities in line with western practices (Johnson 2016).

Central bankers went global as globalisation gained momentum and so did cross-border financial crises. For instance, following the Asian financial crisis of 1997, the international financial architecture was reformed. A huge part of this reform effort involved central banks (Borio and Toniolo 2008). Of particular importance was the report prepared in 1999 by a central banker, Hans Tietmeyer, on how to strengthen financial supervision through international coordination. Moreover, the Financial Stability Forum and G-20 grouping of finance ministers and central banker governors were established. Furthermore, international standard-setting bodies that brought together domestic financial regulators (Kapstein 1992, Tsingou 2015) were strengthened. Central bankers participated in these bodies – notably, the Bank for International Settlements (Toniolo 2005) and the Basel Committee (Goodhart 2011, Bruneau 2023, Quaglia 2023) – where they negotiated international financial standards, which they were then expected to apply domestically (Quaglia 2020). Thus, central bankers and, more generally, financial regulators were 'reluctant diplomats' (Singer 2007, p. ix, see also Slaughter 2004, p. 4): their mandate was purely domestic, as was their accountability, but international cooperation was necessary for them to govern cross-border finance.

In international forums, central bankers met relatively frequently with their foreign counterparts to discuss macroeconomic issues and, at times, coordinate policy actions (for instance, in response to the financial turmoil triggered by the 9–11 terrorist attacks in 2001) and made transnational careers, forming part of a club-like policy community (Seabrooke and Tsingou 2020, p. 294, Jones 2020) and an emerging 'transnational deliberative democracy' (Germain 2010, p. 493).[4] Moreover, through these international gatherings, central bankers come to forge (selectively) strong interpersonal ties as well as relations of trust and goodwill. During the Great Financial Crisis of 2008, interpersonal trust among central bankers enabled them to engage in ad hoc cooperation in conditions of emergency and uncertainty. Thus, swaps lines were activated between the Federal Reserve and a selected group of central banks that were regarded as reliable partners by the Fed, whereas other central banks had to resort to less favourable unilateral and multilateral borrowing alternatives (Sahasrabuddhe 2024). Along similar lines, during the Great Financial Crisis and during the pandemic-related economic crisis, the ECB was selective in activating credit lines with other central banks, thereby providing better borrowing conditions to certain central banks, notably those of countries interested in joining the euro (Spielberger 2023).

The bourgeoning literature on central banking has, however, left some blind spots. The first body of literature reviewed in this section has examined how central banks have responded to recent financial and economic crises as well as the (re)politicisation of central banking. However, we lack an overall view of the new roles that central banks have taken on, how and why as well as an assessment of the implications of these developments for the independence and legitimacy of central banks. The second body of literature reviewed in this section has discussed the transnational dimension of central banking, stressing the ability of central banks to cooperate cross border as well as their similar epistemic views on several issues. But how has the rise of geopolitics and geoeconomics impacted international and bilateral relations among central banks? Several papers in our special issue contribute to filling out some of these gaps.

Main findings of the special issue and how they advance existing knowledge

What new roles of central banks, how and why?

The articles in this special issue show that over the past decade and a half, central banks have rediscovered 'old 'roles – such as acting as lender of last resort, overseeing payment systems, supervising banks, issuing currencies (in a digital format) – and have taken on new roles. These roles including: 'crisis managers' of first resort, backstopping banks, non-banks, states and fellow central banks; 'recession fighters' of second resort as well as 'quasi' fiscal authorities; supporters of the green and digital transition; '*sui generis* diplomats' fostering international cooperation, while behaving as hesitant 'geoeconomic actors' in an increasingly geopoliticised world.

Central banks are *crisis managers* of first resort, backstopping banks, non-banks, states and fellow central banks, as happened during the Great Financial Crisis and the pandemic-related economic crisis (Bateman, this issue, Nagel and Van Kerckhoven, this issue, Spielberger, this issue). Central banks are able to do so because they have the financial firepower that other institutions do not have: they can set interest rates and decide what collateral to accept from market players in return for loans; they can buy large quantities of government debt, establishing a monetary-fiscal backstopping (discussed further below) that does not sit well with the concept of central bank independence. Central banks are able to act quickly in response to crises because they have a hierarchical yet agile internal decision-making process. They do not need to please electoral constituencies or worry about the electoral repercussions (for them) of their policy choices.

During the Great Financial Crisis and Covid-19-related economic crisis, central banks stepped in to fill a void because elected politicians were unable or unwilling (or both) to take action (Heldt and Mueller 2021), especially when timing was of the essence, as in crisis management. Through their actions, these technocracies bought time for the political authorities to act (Quaglia and Verdun 2023a). It was 'leadership by default' (Schoeller 2018), which sometimes resulted in what Padoa-Schioppa (2004, p. 180) and others have called 'loneliness', especially in the euro area, where the ECB lacked EU-level fiscal and political counterparts (see also Mabbett and Schelkle 2019, p. 437). Moreover, whereas central banks have often succeeded in safeguarding their independence from the political authorities, they have become heavily dependent on financial markets (Dietsch *et al.* 2018).

Central banks can act as *recession fighters* and *quasi-fiscal authorities*, directly, by lending to sovereigns, or indirectly, by using their money-creating authority to fund government bond purchase through open market operations. Under the header of Quantitative Easing (QE), central banks support the financing of government debt in an indirect way (Bateman, this issue). Central banks have intervened to prop up the economy, especially in countries that had limited fiscal space, or where the political authorities were reluctant to use the fiscal lever to fight off the recession (see Diessner and Lisi 2020). These developments did not all happen at the same time. Unlike in the Global North, it took the Covid-19 pandemic to fundamentally change central banking in Latin America, when central banks were forced to go beyond the 'fiscal firewall' (Nagel and Van Kerckhoven, this special issue). Nagel and Van Kerckhoven's comparison of Argentina, Brazil, and Chile suggests that a mix national (domestic financial system) and international (access to global liquidity) factors shape the variation in how this change unfolded across these three Latin American cases.

Central banks have become *promoters of the green and digital transition*. Their involvement in greening the economy is open to debate (Siderius 2022, Deyris 2023, Larsen 2023, Quorning 2023). Some have argued that they have done so to increase public support for them and underpin their legitimacy. Others, including central banks themselves, have argued that this new interest in greening the economy is part of their wider understanding of what it takes to ensure financial stability and monetary policy goals in the medium and longer run (Helleiner 2025). In China, the People's Bank of China has become a frontrunner in greening the economy due to worsening pollution and the domestic institutional structure and political context (DiLeo *et al.*, this issue). In the digital realm, some central banks, including the People's Bank of China and the ECB (Quaglia and Verdun, this issue), have taken the lead in sponsoring central bank digital currencies, which are part and parcel of the digital economy, but are also entangled with one of the oldest functions of central banks: the issuing of the currency and the oversight of payment systems.

At the international level, central banks have consolidated their role in the governance of a globalised economy, where cross-border cooperation is both crucial and difficult. Indeed, they are '*sui generis* diplomats' in international financial networks that are instrumental in fostering cross-border cooperation with counterparts in other countries (Singer 2007). Central banks have a well-established tradition of cooperation in international financial forums, such as the Bank for International Settlements, the Financial Stability Board, the Basel Committee on Banking Supervision and the Committee on Payments and Market Infrastructures (Kapstein 1992, Goodhart 2011). Over the past decade and a half, financial and economic crises, as well as inflation dynamics, have renewed incentives for cooperation among central banks to maintain both monetary and financial stability (Spielberger, this issue). At the same time, this cooperation has been heavily influenced by the dominant role of the US Fed, which has important repercussions for other central banks, not just in developing and emerging economies, but also in advanced economies.

Central bank cooperation came to the fore during the Great Financial Crisis and the first year of the Covid-19 crisis when the Fed and, to a more limited extent, the ECB, provided an international financial safety net in the form of credit lines to their counterparts in other countries. Yet, the ECB's and the Fed's uneven support for emerging market economies prompted central banks in Latin America to establish swap arrangements with China (Nagel and Van Kerckhoven, this issue). This suggests that cross-border central bank credit lines are not only instrumental in safeguarding global financial stability. They are also geoeconomic tools. The Fed and the ECB must navigate between established roles on central bank cooperation and increased pressure to use credit lines for geopolitical purposes (Spielberger, this issue).

More generally, central banks have become geoeconomic actors in an increasingly geopoliticised world. That means that central banks have begun to pay attention and openly talk about the need to preserve their 'monetary sovereignty', including the control of the currency they issue, and protect the 'strategic autonomy' of critical financial infrastructures (such as payment systems) in their jurisdiction. There is a second way in which central banks can behave as geopolitical actors, which is by promoting their respective currencies as leading international currencies. Indeed, currencies can be a tool of geopolitics and international currency rivalries have unfolded over time (see Cohen 1998). Notably, the ECB has shifted from neutrality about the use of the euro as an international currency to the active promotion of it (Cohen 2019, Spielberger 2025). Partly motivated by these considerations, the ECB took on a leadership role in the introduction of a European Union issued central bank digital currency, the digital euro, to underpin it as a leading international currency (Quaglia and Verdun this issue). Furthermore, central banks (also as banking supervisors) have been enlisted for monetary and financial warfare, for instance, by implementing financial sanctions, such as freezing foreign reserves of the central bank of Russia (Quaglia and Verdun 2023b).

What are the implications of these developments for the central banks themselves, including their independence and legitimacy as well as their roles in cross-border cooperation and as actors in the international arena?

We have established that over the past decade and a half, central banks have taken on several new or rediscovered roles, which involve multiple goals, other than price stability. These additional roles and goals have important implications for two crucial inter-related features of the political economy of central banking: independence and legitimacy.

When the idea of central bank *independence* gained momentum in the 1980s, it was seen as instrumental in protecting price stability, the primary goal that was given to several central banks when they were made independent. Yet, over time, central banks have moved from a narrow and clear domestic mandate with a primary goal to a broader fuzzy mandate with a variety of goals, ranging from providing a global liquidity backstop (Spielberger, this issue), to green transition (DiLeo *et al.*, this issue), to geopolitics (Quaglia and Verdun, this issue). These multiple goals have impaired the ability of central banks to pursue their primary goal (price stability), which could undermine their independence, which originally had been granted to these bodies to enable them to conduct anti-inflationary monetary policies. Indeed, it is worth noting that such independence is de jure and de facto reversible, and in several countries it is currently being tested.

Moreover, significant 'knowledge controversies' have surfaced within and among central banks, undermining their efforts to depoliticise key issues (Best 2024). For instance, Fraccaroli *et al.* (this issue) show that central banks had been struggling to identify the drivers of inflation (i.e. public spending, higher wages, supply-side disruptions or corporate profits) as well as potential solutions to force inflation down. On the one hand, central bankers are aware that there are significant limits to their expertise; on the other hand, they worry that acknowledging this might undermine their technical authority. Moreover, central banks face a 'visibility dilemma': their expertise must be visible enough for them to act as technocratic voices balancing the default foibles of politicians, while not coming across as too conspicuous to avert political backlash (Best 2022).

A second important implication of the new roles acquired by central banks concerns the way their policies are being *contested* (some use the label *politicisation*). Central banks have multiple goals, the pursuit of which involves trade-offs, which leads considerable distributional implications, generating winners and losers as we mentioned above.

These technocracies have come under increased criticism from elected officials and the wider public. When central banks in the Global North raised interest rates to fight inflation, they were criticised by politicians and the business community for deterring investments (meaning, to make loans more expensive), while they were blamed by the public for failing to control inflation and the cost of living. Thus, as is often the case for central bankers, they are 'damned if they do' (take action, by tightening up monetary policy) and 'damned if they don't' (take action, failing to control inflation). Furthermore, as a consequence of contestation, central bankers have had to tread carefully in the political milieu, so that their actions or policies would not be perceived as partisan. For example, in the US, the Fed has not engaged in the greening of monetary policy in order to avoid being seen as taking sides against the Republican party and its leaders (DiLeo *et al.* 2023).

The challenges to the independence of central banks have prompted these technocracies to shore up their *legitimacy* by seeking public support and by explaining their policies in ways accessible to a broader audience, speaking more, in various ways and to a variety of audiences ('Bank of England underground', 'ECB blogposts') and they listen too ('Fed listens'). Yet, central banks have sharpened their communication strategies and techniques also for other purposes. For instance, North Atlantic central banks (US, UK and EU) talked about 'unconventional monetary policy' and 'quantitative easing' to justify their institutional independence and obscure their role as quasi-fiscal agencies (Bateman, this issue).

Finally, the developments that have taken place in central banking over the past decade and a half, have implications for cross-border cooperation bilaterally and multilaterally. On the one hand, the well-established central bank cooperation concerning financial stability, banking supervision and oversight of payment systems has continued and has been extended to new dossiers, such as green populist finance and digital finance. For example, the Network of Central Banks and Supervisors for Greening the Financial System has been set up (Helleiner *et al.* 2024), and the BIS and Financial Stability Board have done extensive research and have set embryonic standards on various aspects of digital finance, including central bank digital currencies (Quaglia and Verdun, this special issue). On the other hand, as explained above, central banks have become involved in geoeconomics (Quaglia and Verdun, this issue Spielberger, this issue), which carries the risk of fragmenting the international financial and monetary systems, reducing globalisation, and the ability to cooperate across borders, also to deal with global economic and financial crises.

Conclusions

The purpose of this special issue is to examine the new political economy of central banking. To this end, the contributions tease out the multiple roles that central banks have come to perform since the Great Financial Crisis of 2008 and what that entails for their independence and legitimacy in few cases in the Global North and in the Global South. We conclude that whereas some new or rediscovered tasks (such as crisis manager, recession fighter, quasi-fiscal function) have been performed by central banks in various regions of the world, other tasks have not been taken up across the board. Notably, the greening of the economy and the development of central bank digital currencies have been pursued by the central bank in China and the EU, but not in the US or South America. It is also noteworthy that central banks have embraced different epistemic views about the causes of and solutions to inflation, and they have followed somewhat different communication strategies. Partly because of the increasing powers given to or autonomously taken up by central banks, their independence has been challenged: it has been reduced in South America but has remained unchanged in the US and the EU. It was absent in the first place in China.

International cooperation remains important for central banks but features two competing trends. On the one hand, more institutionalised cooperation and the sharing of a normative frame (at least between the Federal Reserve and the ECB) concerning global liquidity provisions. On the other hand, geoeconomic competition concerning the issuing of central bank digital currencies and the management of payment infrastructures. The provision of an international financial safety net remains primarily the prerogative of the Federal Reserve, even though the ECB and People's Bank of China have also engaged in smaller scale cross-border liquidity provisions. These differentiated roles, whereby the Federal Reserve is *the* international LLR, has mostly to do with the position that central banks occupy in the global financial system, which has a hierarchical structure with the Federal Reserve top, followed (at some distance) by the ECB and the People's Bank of China, whereas central banks in Global South are in a subordinated position. Given the current state of affairs, where the United States administration is on course to challenge the post-second world war liberal international order (Vinjamuri *et al.* 2025), the central banking community is bound to be presented with formidable challenges, if it is to uphold the legacy of international central bank cooperation.

We conclude that central banks are reluctant Atlases (see, also Mabbett and Schelkle 2019, Diessner 2023) – well, sometimes not that reluctant, as in the case of the pursuit of green monetary policy and central bank digital currencies – and that they suffer from a lack of connection to central fiscal authorities as well as from goal overstretching. In Greek mythology, there are two different versions of Atlas' fate: according to one, he was turned into stone after being challenged by Perseus; according to another version, the Titan was 'tricked' by Hercules into continuing to carry the weight of the heavens on his shoulder. Given the current state of the world, central banks face similar risks: their autonomy might be undermined by populist, anti-establishment or authoritarian executives, or they might be forced to continue performing atypical roles, dealing with the new economic and financial problems caused by politicians in office.

The tasks and tools of central banks have expanded, but their status has been given closer scrutiny. Central banks have stretched their mandate somewhat, their independence has been questioned and so has their legitimacy. The outcome of the general elections in the US as well as in Europe, the rise of parties (such as right-wing, populist, anti-establishment parties) which are likely to confront central banks, the ascent of these parties into government, general discontent among public opinion, the geoeconomic turn in the international system poses major challenges for central banks and for scholars of central banking in the near (and less near) future.

As researchers review the future of research on central banking, they may wish to re-examine the role of legitimacy and central bank independence in the changing geoeconomic world which is challenged by populist and anti-establishment political parties. Whereas central bank independence had been set up originally to address policy outcomes, the challenges today may be different ones. There is less trust in elites and technocracies. It means that the roles of central banks are about to change. It also may be that these independent regulatory agencies could be captured by elected politicians who may choose to populate these institutions with experts who are sympathetic to the politics of the political leaders of the day.

Another path that deserves further attention is whether central banks play an important role in steering the economy, in areas such as digitalisation and the greening of the economy. Researchers may wish to examine the roles of these particular institutions and the tools they have to impact this change. These policies are not without distributive changes. Central banks are normally not focused on redistribution, but the research suggests that the choices they make have distributional effects. Uncovering the exact impact on winners and losers raises questions about the legitimacy of independence. This special issue provides some food for thought for these ongoing debates and societal concerns.

Notes

1. We wish to thank Louis Pauly for this point.
2. See for a short overview of the development of central bank independence globally over the past 100 years in 155 countries see Romelli (2022, 2024).
3. It is, however, noteworthy that compared to other central banks in the Global North, the ECB initially was rather slow in undertaking those unconventional measures, contributing to prolonging the economic recession in the euro area. We wish to thank a reviewer for this point.
4. This nurturing of close ties in monetary affairs among transnational elites in Europe and beyond has already been happening since the 1960s–1970s (Rosenthal 1975, Verdun 2000).

Acknowledgements

The names of the authors are in alphabetical order. Each author has contributed 50%. Earlier versions were presented at the European Consortium for Political Research SGEU biennial conference in Lisbon 19-21 June 2024, the Council for European Studies conference in Lyon 2-5 July 2024 and the International Studies Association conference in Chicago 2-5 March 2025. For useful feedback on an earlier draft, the authors thank the participants of these events, in particular David Howarth and Louis Pauly. They also thank the contributors of the Special Issue as well as the reviewers of this journal for helpful comments and suggestions on earlier versions. The research for this paper has been supported by the Social Sciences and Humanities Research Council of Canada. The authors thank Maximilian Backhaus and Malcolm Thomson for excellent research assistance.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This work was supported by Social Sciences and Humanities Research Council: [Grant Number 611-2023-0019].

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