SUMMER REPORT

Central Banks Under Attack:

*How Do Government Attacks on Central Bank Independence Affect Monetary and Economic Outcomes?**

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Abstract

This summer report investigates whether, and to what extent, political attacks on central bank independence (CBI) translate into measurable macroeconomic costs. I first present a simple game-theoretic model in which governments choose whether to attack and central banks decide whether to accommodate. Combining AI generated narrative evidence with Binder's (2021) structured database, I assemble two event samples of encroachments on central banks. For each episode I construct a counterfactual using synthetic control methods. Across the six narrative cases (United States 1965 & 2018, Argentina 2012, Hungary 2011, India 2018, Turkey 2018) as well as the 47 episodes taken from Binder (2010-2019), synthetic twins track treated economies closely before the attack and, somewhat surprisingly, show no systematic post-event divergence in inflation, growth, debt, or policy rates. The lone exception is Argentina, where inflation and real activity deteriorate markedly, consistent with that country's unusually low statutory CBI. Taken together, the findings suggest that modern legal safeguards largely insulate monetary policy from short-term political pressure.

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1 Introduction

Central bank independence (CBI) has long been regarded as a cornerstone of credible monetary policy, vital for maintaining low and stable inflation. Over the past several decades, many countries enshrined legal independence for their central banks to shield monetary policymakers from short-term political pressures. This trend was motivated by the success of independent central banks in overcoming the high inflation of the 1970s–80s and by influential theories of time-inconsistency which suggested that commitment mechanisms are needed to avoid an inflationary bias. However, in recent years there have been several instance where this independence has come under threat. The prime example of this is US President Trump who attacked the Fed for cutting rates "too late" and called Chair Jerome Powell a "numbskull" and a "FOOL, who doesn't have a clue". High-profile cases also include emerging markets like Turkey, where President Erdoğan dismissed the governor of the Central Bank of the Republic of Turkey four times between 2019 and 2023, resulting in a collapse of the lira and surging inflation. These incidents raise an important question: *How do government attacks on central bank independence affect monetary and economic outcomes?*

This question is both policy-relevant and academically interesting. Central bank independence (CBI) is meant to prevent the short-termism of politics from causing excessive money creation and inflation. Therefore, one would expect an attack on the central bank to have little effect in countries with truly independent central banks. On the other hand, it is hard to imagine that even the most independent central banks can operate in complete isolation from the fiscal authorities. For instance, a government may act in bad faith against a central bank by upping government spending to unsustainable levels de facto forcing the central bank to bail out the government, while suffering the reputational cost of causing high inflation in the process. Understanding these dynamics is crucial for macroeconomic stability, especially in an era where populist movements and fiscal pressures pose a threat to public support for independent central banks (Ehrmann, 2025)

Inspired by previous, mostly theoretical work, on the interactions of governments and central banks, I first present a simple stylized game-theoretic model that summarizes the basic incentives faced by both governments and central banks. The takeaway from this exercise is that a likely motivation for pressuring the central bank is to make the central bank accommodate the short term needs of the government, e.g. through lower interest rates and/or monetization of debt. If the hypothesis is correct, cases of government interference should on average lead to higher inflation, and worse macroeconomic outcomes, thereby reintroducing the time-inconsistency problem described by Kydland and Prescott (1977) that CBI was meant to solve.

In my empirical analysis, I employ a comparative case methodology using the *synthetic control methods* (SCM) pioneered by Abadie and Gardeazabal (2003) and Abadie et al. (2010), which allows estimating the counterfactual path of an economy absent the "treatment" (in our case, a government attack on the central bank). I propose three approaches to identify episodes in which governments challenge or exert pressure on central banks. The first approach employs automated text analysis of news sources using a large language model (LLM). The second leverages the "deep research" capabilities integrated into commercial AI platforms. The third relies on the hand-coded dataset developed by Binder (2021). For each episode where a government compromises central bank independence, I construct a synthetic twin or "Doppelgänger" which is a weighted combination of control countries that did not experience such an attack, aiming to match the treated country's pre-attack economic trends. This provides an estimate of what the trajectory of inflation, interest rates, and other macro variables would have been without the political interference.

With the exception of Argentina in 2012, I find very little effect of central bank attacks on macroeconomic outcomes, suggesting that CBI works as intended in safeguarding central banks from government interference. In what follows, section 2 reviews relevant literature, section 3 outlines a theoretical framework for understanding government-central bank strategic interactions, section 4 describes the empirical methodology and data, and section 5 concludes.

2 Literature Review

2.1 Theoretical foundations of central bank independence and its limits

A discretionary policymaker with short-term objectives (such as boosting output or reducing unemployment) will have an incentive to generate surprise inflation, which economic agents anticipate, leading to an inefficient inflationary bias (Kydland and Prescott, 1977; Barro and Gordon, 1983). Building on the time-inconsistency insight, Rogoff (1985) developed the idea of appointing a "conservative" central banker as a commitment mechanism. Rogoff formalized how delegating monetary policy to an independent central bank governor who places a higher weight on inflation stabilization (relative to employment) than elected officials do can lead to lower average inflation without large output costs. By effectively increasing the policymaker's aversion to inflation, society trades off a bit more output variability for a substantial reduction in the inflation bias. This provided a theoretical rationale for the wave of central bank independence reforms: an independent central bank run by officials with tenure and legal mandate to focus on price stability can resist pressures to engineer unsustainable politically motivated booms. Another foundational theoretical result pertains to the interplay of monetary and fiscal policy. Sargent and Wallace (1981) "Some Unpleasant Monetarist Arithmetic" demonstrated that without fiscal discipline, even an independent central bank cannot guarantee price stability. They showed that if the government runs persistent deficits, a monetarily independent central bank could initially refuse to monetize them (i.e. not finance deficits by printing money), but this would simply lead to an exploding public debt. Eventually, either the government defaults or the central bank is forced to capitulate and monetize the accumulated debt, leading to a burst of inflation. Thus, Sargent and Wallace coined the concept of *fiscal dominance*: when fiscal policy is not sustainable, it will dominate monetary policy, undermining central bank independence. The policy implication is that legal independence alone may not suffice if the government's budget constraint ultimately forces the central bank's hand. In later literature, this idea is echoed in frameworks distinguishing "active" vs. "passive" fiscal and monetary policies (Leeper, 1991) and the *fiscal theory of the price level* (see Cochrane (2023)). The general lesson is that central bank independence may not be enough to overcome the time-inconsistency problem and a form of coordination and trust between monetary and fiscal authorities is required to achieve optimal policy outcomes. When governments attack their central bank, either verbally or by directly inferring in their policy, this can be seen as a failure of this coordination, likely leading to worse policy outcomes.

2.2 Empirical Evidence

Empirically, a robust finding in earlier literature was that greater central bank independence is associated with lower inflation and no loss in economic growth. Alesina and Summers (1993) provided comparative evidence across developed economies that those with independent central banks had significantly lower average inflation, while real variables like output or unemployment were not worse off compared to countries with politically dependent central banks. Later studies constructed indices of legal CBI (Grilli et al., 1991; Cukierman et al., 1992; Romelli, 2022) and find the same pattern: legal independence correlates with price stability. This also holds for emerging economies and developing countries (Garriga and Rodriguez, 2020, 2023; Acemoglu et al., 2008).

There are few studies that explicitly study what happens when central banks get under political pressure. Most closely comes a literature that differentiates between legal *de jure* independence and *de facto* independence. As Walsh (2005) noted, legal measures of CBI may not reflect the true relationship between the central bank and government. However, de facto independence is difficult to measure. A commonly used proxy is the turnover rate of governors (see e.g. Cukierman et al. (1992)), and in particular irregular exits as used by Dreher et al. (2008). However, as Binder (2021) note governors can change for reasons unrelated to political pressure. To date there is very little systematic documentation of episodes of political interference. The main contribution comes from Binder (2021) who constructs a novel dataset on political pressure on 118 central banks using narrative reports. Binder collected quarterly country reports from the Economist Intelligence Unit (EIU), coding each country-quarter for whether there was no mention of government pressure, evidence of pressure with the central bank resisting, or pressure with the central bank yielding. This data revealed that political pressure on central banks is not a rare occurrence. In fact, about 39% of sampled central banks experienced at least one episode of reported pressure in that 8-year span, and in an average quarter one in twenty central banks was facing political pressure. In over 90% of these instances the pressure was for easier monetary policy, aligning with the intuition that governments often prefer expansionary monetary policy that can deliver short-run economic gains.

Looking at the examples from the introduction, attacks on central banks seem to come mostly from populist governments who prioritize short-term gains and espouse "anti-elite" rhetoric that targets technocratic institutions like central banks. This research question of this report is therefore somewhat related to the effects of populist leadership more generally. Funke et al. (2023) study a large sample of populist leaders around the world and their economic impact. Using both inverse-probability weighting and synthetic control methods, they find that countries led by populists tend to experience significantly weaker GDP growth and higher debt levels and a tendency for inflation to rise in the short run. This would be consistent with the notion that populists often pressure central banks for easier money.

3 Theory: Monetary-Fiscal Coordination with Asymmetric Costs

I embed the classic time–inconsistency problem of Kydland and Prescott (1977) and the fiscal-dominance logic of Sargent and Wallace (1981) into a simple game between a government that can *attack* the central bank and a conservative central bank that can choose whether to *monetise* the government's deficit.

3.1 Stage game

The following game is considered, with these strategy options:

3.1.1 Strategies

(i) The **Government** (G) chooses **Respect** (R) or **Attack** (A).

(ii) The **Central Bank** (B) chooses **Conservative** policy (C) or **Monetisation** (M).

3.1.2 Parameters

- $g > 0$: Short run electoral/fiscal gain to G if B monetises.
- $c_G > 0$: Inflation-episode cost internalised by the government (political blow-back, long-run growth loss).
- $c_B > 0$: Cost internalized by the central bank.(reputational damage to the bank, long run consequences of having more difficult monetary environment in the future).
- $\kappa_G, \kappa_B >> 0$: Crisis cost if G attacks and B resists. This is the payoff in the catastrophic outcome where the government spends an unsustainable amount but the central bank does not monetize the debt. This leads to a fiscal crisis / government default (Analogous to a crash in the chicken game)

3.1.3 Payoff matrix

The following matrix gives the payoffs of the two players (G) and (B). Further, I make the assumption that from the social planners point of view who maximizes the utility of all agents in the economy **(R,C)** is always the preferred outcome. Or in other words, if the government chooses to persue short run gains g there is a negative externality in the future borne by none of the players.

	C	M
R	$(0, 0)$	$(g - c_G,\ -c_B)$
A	$(-\kappa_G,\ -\kappa_B)$	$(g - c_G,\ -c_B)$

Interpretation of outcomes

- **(R,C)** is the desirable "price stability" outcome (*Monetary dominance*)
- **(A,M)** is the "inflation-bias" equilibrium; the government realises $g - c_G$. (*Fiscal dominance*)
- **(A,C)** is the “crash”: they suffer $-\kappa_G$ and $-\kappa_B$.
- **(R,M)** would be monetization without pressure

3.2 Equilibrium analysis

In this part, I analyze the equilibrium outcomes of this game. Note that we have not specified yet, when players move. However, first note that when $g < c_G$, there is no conflict. It is not worthwhile for the government to try to force the central bank to monetize debt and the desirable outcome **(R,C)** is the only equilibrium. This is a situation where the government is forward looking and taking into account future losses of this policy. However, when we are in the world of Kydland and Prescott (1977), and we have a time inconsistency problem $g > c_G$, (e.g because it is a myopic government with low c_G), the game has two pure-strategy Nash equilibria{**(R,C)**, **(A,M)**}. The outcome of the game depends on who moves first. Anyone who can commit to their strategy can enforce their will on the other party, as both parties would like to avoid **(A,C)**. The game then resembles a game of chicken and it is unclear who wins.

Threatening the central bank (e.g. either verbally or threatening to remove the governor) may be seen as an attempt of committing to strategy A, making sure that the central bank would like to avoid catastrophe and accommodates the government. Another real world implication of this game could be that players try to send signals about their move slowly moving in their preferred direction but not following through to avoid again the catastrophic **(A,C)** outcome. Brunnermeier (2015) refers to monetary and fiscal authorities waiting on each other to resolve the situation as *strategic delay*. This could be another channel through which the incentives in the game above lead to worse policy outcomes. Even if **(R,C)** is played in the end, the time it took to coordinate to arrive at this outcome may already cause damage as it delays the implementation of the appropriate policies on both the monetary and fiscal side. In a more general sense, any time a central bank is put under pressure is an indication of a government willing to sacrifice long term stability for short run gains. Still, what this does to the economy very much remains an empirical question, which will be addressed in the following section.

4 Empirics

In this section I describe the empirical strategy, including how I identify events of government attacks on central bank independence and how I use the synthetic control method to estimate their causal impact on economic outcomes.

4.1 Identifying "Attacks" on Central Bank Independence

A critical first step is to define and identify the events that are considered as attacks on central banks. Broadly, I define an attack as a significant episode where a government openly pressures, undermines, or curtails the autonomy of the central bank. In the following I will discuss three approaches through which this could be achieved. The first approach, whereby a novel dataset is created using a large language model (LLM) would be the preferred one but due to time constraints only the latter two are implemented.

1. **News-Based Classification with Large Language Models (LLMs):** LLMs find increasing usage in economics to work with large textual sources. For instance, Leek and Bischl (2025) use an LLM to detect sentences indicative of monetary, fiscal and financial dominance in a dataset of 18,826 central bank speeches. Jamilov (2025) use the New York Times archive with an LLM classifier to identify instances of "price conflict" among unions. A similar approach could be used to detect articles describing government-central bank conflicts. Specifically, one can prompt a large language model to classify news articles or report snippets on whether they describe an event that constitutes a government attack on the central bank. For example, using the New York Times or Financial Times archives, one would retrieve all articles mentioning the central bank of a country and terms like "government pressure," "independence," "fired governor," "rate hike controversy," etc. Then prompt engineering techniques can be applied to have the LLM classify each article as indicating an attack event or not. A possible prompt could be: *"You are an analyst reading a news article about Country X. Determine if the article describes the government interfering with or pressuring the central bank's decisions or personnel. Answer YES or NO and provide a brief reason."*. The goal would be to construct an original dataset of attack events by feeding decades of news text through the LLM. It's essentially an automated narrative search, and thereby loosely connected to the *narrative*

approach of Romer and Romer (2004) to detect monetary policy shocks in FOMC statements, and what Funke et al. (2023) call *big literature* approach to identify episodes of populist governments from 770 texts about populism. Unlike these papers, which analyze texts by hand, thereby constraining scale and possibly introducing some researcher judgments, the LLM-based automation could be applied at much larger scale with less judgment involved from the researcher.

2. **Leveraging "Deep Research" by LLMs:** As a second approach, I make use of the compiled knowledge and tools present in generative AI tools like ChatGPT, Google's Gemini and Perplexity AI, which have been trained on vast data including historical news and research. Furthermore, these three AI platforms all have a version of what is typically called *Deep Research*, whereby the LLM can read and analyze news, analyst reports, academic papers, case studies etc. that can be found on the internet. Using this tool, I prompt the three above mentioned AI tools, to give me a list of episodes of when central bankers were attacked by their governments. The exact prompt used for all three is in Appendix C.1. While the exact episodes that are identified by these tools differ, there is quite high overlap (more in the data section). This approach may not catch every minor incident, it is likely a quick and effective way to identify the most commonly discussed encroachments of central bank liberties.

3. **Structured Data from Binder (2021) and EIU Reports:** Thirdly, I utilize the dataset of Binder (2021). As already mentioned, Binder provides a coded timeline (2010–2018 quarterly) of political pressure events for 118 central banks. I will use her data to identify specific quarters and countries where pressure was reported. This directly gives a set of events of interest. However, the indicator may be too "sensitive" to isolate the events that are severe enough to have a macroeconomic impact. The dataset records over 100 events in its 8 year coverage, including the United States in the years 2010, 2011, 2012, 2017 and 2018. The first four events would fall under the Obama administration, which seems at odds with prevailing narratives about the Fed's institutional independence during that period. Indeed, these early U.S. episodes probably reflect rhetorical critiques of low-rate policy rather than threats of legislative or executive interventions, as what we have seen under President Trump.

4.2 Synthetic Control Methodology

To estimate the causal effect of a political attack on central bank independence (CBI) I employ the *synthetic control method* (SCM) of Abadie and Gardeazabal (2003); Abadie et al. (2010). Let J be the number of countries in our sample who never experience an attack on the central bank. These countries form the *donor pool*. The synthetic control operates by constructing a counterfactual for the treated country by building a weighted average of the J countries in the donor pool, whereby a non-negative weight w_j is estimated for each country. Let the treated country be indexed by $i = 1$[1]. The country is treated in year T_0. For every country i and year t denote the outcome of interest by Y_{it} and stack K pre-treatment predictors in the column vector $\mathbf{X}_i$.

$$\mathbf{W} = \left(w_2, \ldots, w_{J+1}\right)', \qquad w_j \geq 0, \quad \sum_{j=2}^{J+1} w_j = 1, \tag{1}$$

where $\mathbf{W}$ is the $J \times 1$ vector of donor weights used to construct the synthetic control.

[1] There are multiple treated countries but in this baseline approach, I treat each episode independently.

Stack the predictors of the donors in $\mathbf{X}_0 = (\mathbf{X}_2, \ldots, \mathbf{X}_{J+1})$ and denote the treated country's predictors by $\mathbf{X}_1$. SCM chooses $\mathbf{W}$ by solving

$$\hat{\mathbf{W}}(\mathbf{V}) = \arg\min_{\mathbf{W}} (\mathbf{X}_1 - \mathbf{X}_0\mathbf{W})'\mathbf{V}(\mathbf{X}_1 - \mathbf{X}_0\mathbf{W}), \tag{2}$$

where $\mathbf{V}$ is a $K \times K$ symmetric, positive-semidefinite *predictor-weight matrix*. Following Abadie et al. (2010), $\mathbf{V}$ is selected endogenously so that the mean-squared prediction error of the pre-attack inflation path is minimised; in practice, $\mathbf{V}$ is diagonal and typically attaches the largest weights to several lags of Y_{it}, making the procedure "match on the outcome".
The synthetic counterfactual for country 1 in period t is

$$\widehat{Y}_{1t}^{\text{SC}} = \sum_{j=2}^{J+1} \hat{w}_j Y_{jt}, \qquad t = 1, \ldots, T, \tag{3}$$

and the point-wise treatment effect on the treated is

$$\hat{\tau}_{1t} = Y_{1t} - \widehat{Y}_{1t}^{\text{SC}}, \qquad t > T_0. \tag{4}$$

Aggregation. Let there be M treated countries indexed by m. First, a country specific ATT which is the average of the pointwise effect $\hat{\tau}_{mt}$ over L post treatment periods:

$$\widehat{\text{ATT}}_m = \frac{1}{L} \sum_{t=T_{0m}}^{T_{0m}+L} \hat{\tau}_{mt} \tag{5}$$

The overall effect is then the average of the country specific ATTs:

$$\widehat{\text{ATT}}_{agg} = \frac{1}{M} \sum_{m=1}^{M} \widehat{\text{ATT}}_m \tag{6}$$

Empirical specification. The baseline predictor set $\mathbf{X}_i$ consists of twelve annual lags of the outcome variable $(Y_{i,t})_{t=T_0-12}^{T_0-1}$. Weights are therefore constructed using only the lags of the outcome variable itself as is frequently done in the literature (Abadie, 2021).

Identification assumptions. SCM delivers causal estimates under three core conditions (Abadie et al., 2010). First, *no time–varying unobservables differentially affect the treated unit after the attack* once matching on pre-treatment outcomes took place; intuitively, if the synthetic control tracks the treated country closely before T_0, it is plausible that the same latent forces would have continued to move both in parallel thereafter. Second, *no interference* (SUTVA): the attack on country i must not change the outcome, say inflation, in donor countries. This is reasonable for most medium-size economies but could fail if, for example, the United States or the euro area were treated and global commodity prices reacted. Third, the *convex hull* assumption requires that the treated unit's predictor vector lies inside the span of the donors, i.e. a suitable set of non-negative weights exists.

4.3 Data

4.3.1 Central bank attacks

As mentioned before, for this report, I use approaches (2) and (3) explained in section 4.1 to identify attacks on central bankers. Appendix C.2 contains a table that displays the episodes and the associated narrative as extracted from the three AI platforms ChatGPT, Gemini and Perplexity AI. I take a country and year as having attacked their central bank, when at least two out of the three AI models identified it. This leaves me with the following 6 events:

Table 1: Episodes of Political Pressure on Central Banks

Country	**Year**
United States	1965
Argentina	2012
Hungary	2011
United States	2018
India	2018
Turkey	2018

Note: The table shows the countries and years where at least two of the three Deep Research Tools (ChatGPT, Gemini, Perplexity AI) agree that there was a political attack on the central bank

This narrative AI driven approach is likely to have a bias towards recent events, explained by the fact that most of its sources (articles on the web, news coverage) are much more frequent in recent years.

The second data source to identify events is the dataset from Binder (2021), which operates on quarterly frequency. I take the year in which a country's central bank is coded as under pressure for the first time as the relevant year, i.e. in case a country has more than one pressure event only the first is considered, giving 47 pressure events. A bit less than half of the countries have a pressure event. Table 2 displays the number of events in each year.

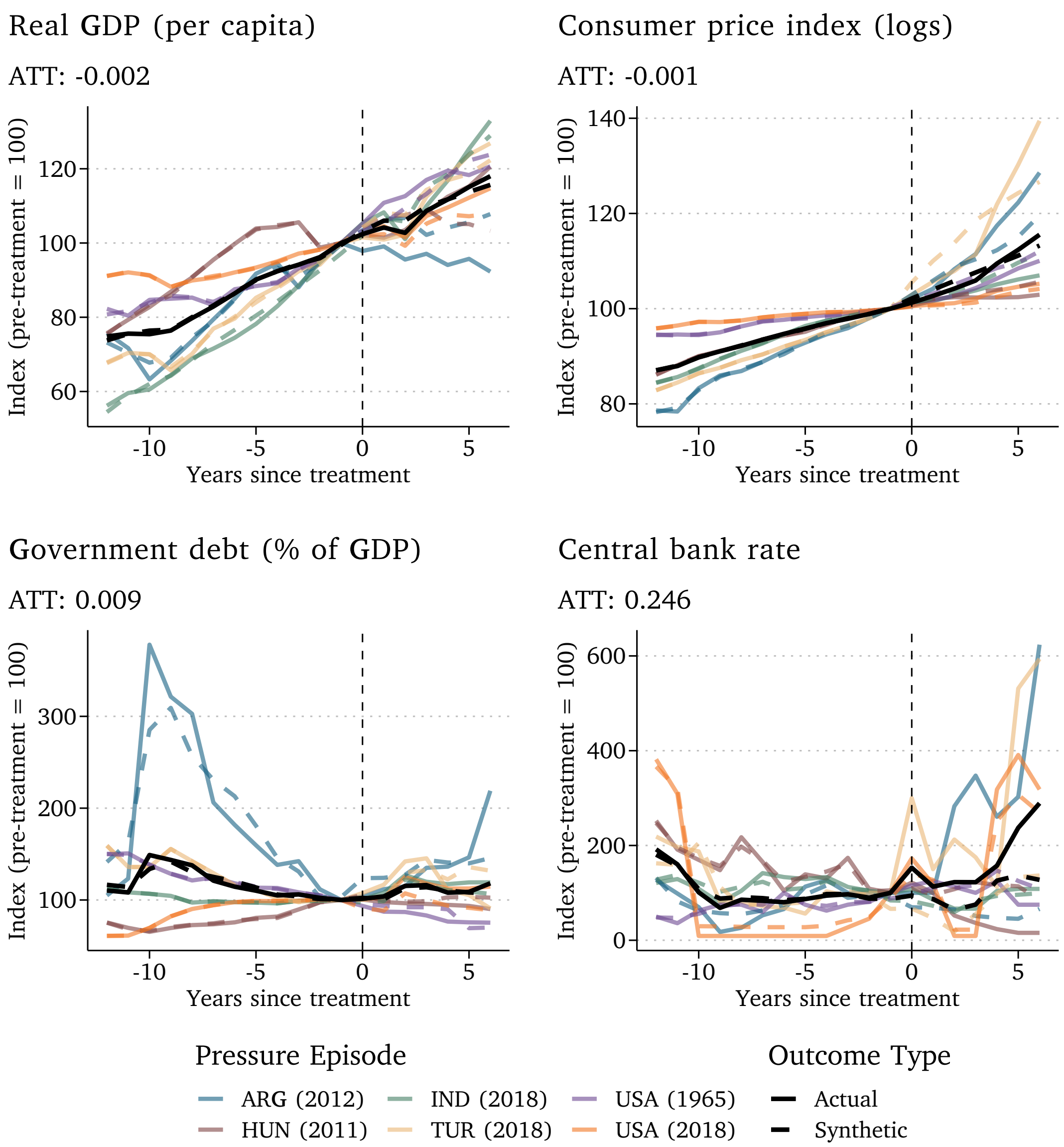
Table 2: Frequency of Central Bank Pressure Episodes by Treatment Year

Treatment Year	**Number of Episodes**
2010	12
2011	8
2012	8
2013	8
2014	2
2015	3
2017	1
2018	3
2019	2

4.3.2 Macro Data

Data on the macroeconomic outcomes (GDP, inflation, government debt and the central bank policy rate) are sourced from the *Global Macro Database* where Müller et al. (2025) aggregate macroeconomic indicators from a large number of sources to provide consistent, long-run coverage. Their primary data source is for macro variables in recent years is the IMF World Economic Outlook (WEO).

Figure 1: Actual and Synthetic control outcomes (Deep Research Sample)



Note: Each panel displays one outcome variable. Solid colored lines show the observed (treated) series, dashed lines their synthetic controls. All series are indexed to 100 in $t = -1$ (the year immediately before the treatment). The vertical dotted line at $t = 0$ denotes the treatment start. Numbers in the panel headings report the average treatment effect on the treated (ATT), calculated as the mean post-treatment difference (actual minus synthetic) over the horizon $t = 0$ to $t = 5$ (see equation (6)) The thick black line is the unweighted cross-episode average of the six actual and synthetic series.

4.4 Results and Interpretation

The main result of this report is shown in Figure 1. For each treated country–episode the actual outcome (solid colored line) and the corresponding synthetic control (dashed line) are plotted. All series are normalized to 100 in the year immediately before treatment, so vertical movements can be read as cumulative percentage changes relative to that baseline. The thick black line is the simple, unweighted average of the six actual and synthetic series. The synthetic series is calculated for six years after treatment, primarily due to data availability, as the most recent episodes occurred in 2018. Appendix A contains per country results displayed in levels of the outcome variable. Also refer to these graphs for the five countries with the highest weights in each of the synthetic controls.

Table 3 displays the averages of the considered variables in the pretreatment periods across the treated units, their synthetic controls and the unweighted average of all countries in the donor pool. The synthetic controls almost perfectly mirror the pretreatment averages of the treated units. Also in terms of trajectory, Figure 1 shows that the average of the synthetic controls (dashed black line) tracks the observed outcome (solid black line) closely in the years before treatment. With regards to the macro outcomes (Real GDP, CPI and government debt), gaps between actual and sythethic outcomes remain small, indicating no effect. Regarding the central bank policy rate, there is slight indication of higher rates, which would go in the opposite direction of the hypothesized effect of the central bank giving in to government pressure. Although it should be noted that this effect is mainly driven by Argentina and Turkey, which both had extreme interest rates of 40% and higher.

Table 3: Characteristics of the treated unit, synthetic control and donor pool countries before the populist treatment (12 years)

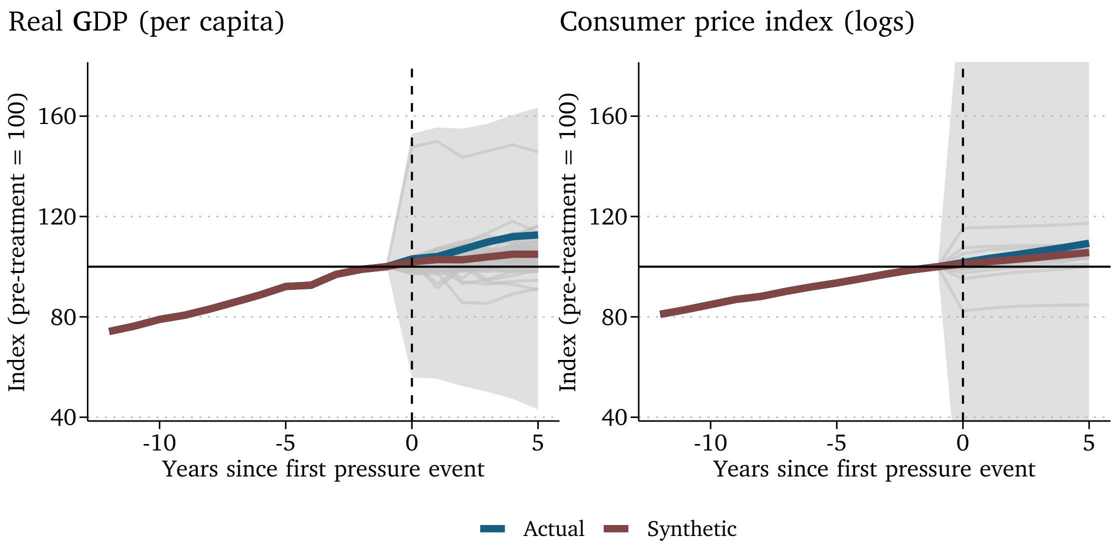
Variable	Treated	Synthetic	Donor Pool
Real GDP (per capita)	17918.591	17917.882	11522.668
CPI (logs)	4.192	4.193	3.698
Government debt (% GDP)	64.590	64.548	46.757
Central bank rate	6.158	6.139	7.253

Given the absence of effects for in the four main outcomes, I additionally look at the government-bond spread, defined as the difference in yield between the country's and Germany's 10 year government bond, which is likely to react more swiftly and consistently to news regarding monetary and fiscal policy. Owing to data limitations in the IMF's International Financial Statistics (IFS), the analysis is limited to only four of the six pressure episodes, and over a shorter window (only seven years before for matching). Appendix B reproduces the synthetic control exercise for this narrower sample. The results indicate that political attacks on the central bank tend to widen borrowing costs: across the treated cases the realized spread is roughly 10 percent higher than that of the synthetic counterfactual, consistent with investors demanding a premium when monetary independence is called into question. Still, this should be interpreted with cautions as most of the effect is driven by Turkey here.

Using the sample of Binder (2021), the same pattern is repeated. Again, no sizable effect can be found (See Figure 2 for the trajectories for real GDP per capita and the log CPI). Note that since there are many treatment episodes, I conduct the estimation using extensions proposed by Ben-Michael et al. (2021)[2], which further generalizes the method to accommodate multiple treated

[2]implemented in the `augsynth` R package

Figure 2: Actual and synthetic control outcomes (Binder sample)



Note: Solid blue (actual) and red (synthetic) lines depict the episode-average paths; shaded areas are 90% confidence intervals obtained using the jackknife method. Lines shown in light grey are the individual synthetic controls. The horizontal line indicates the pre-treatment average (indexed to 100).

units and staggered adoption in a single optimization problem, thereby exploiting all information simultaneously rather than episode-by-episode.

What does this zero result imply for our theory? The most parsimonious reading is that legal central bank independence works exactly as intended: it shields monetary policy from short-term political shocks, preventing governments from converting rhetorical pressure into real policy changes. This interpretation is consistent with the literature briefly discussed in Section 2 that associates higher CBI with lower inflation and better outcomes. A further hint in this direction is that the only country showing a sizable effect on inflation and real GDP growth is Argentina, where the central bank attack is associated with a reduction in GDP per capita of approximately 1,400 USD (see Figure A.1 in the Appendix). Notably, Argentina had comparatively low central bank independence in 2012, according to the dataset of Romelli (2022).[3] Since most countries have adopted high CBI (Romelli, 2024; Garriga, 2025), it may well be that day-to-day attacks catch attention but are largely irrelevant for macro outcomes as the central bank can resist. In terms of the chicken game described in section 3 this could mean that CBI makes the costs of a "crash" much more asymmetric, i.e. $\kappa_G > \kappa_B$, thereby making it much easier and more credible for the central bank to commit to not monetizing debt. After all a severe fiscal crisis would probably overthrow the government, while an independent central banker, who cannot be fired, would remain in office.

5 Conclusion

This report set out to evaluate whether political attacks on central bank independence (CBI) translate into tangible macroeconomic consequences. Using synthetic control methods, I examined episodes identified through deep research using large language models and through the structured

[3] According to Romelli (2022)'s extended CBI index, Argentina's statutory CBI in 2012 was 0.54, compared with a cross-country median of 0.70 in 2023.

dataset of Binder (2021). The main finding is that, on average, these attacks do not appear to cause large deviations in inflation, GDP, government debt, or policy rates.

However, the coverage of both datasets is limited. Future research could address these concerns by improving event detection through a more structured approach (similar to what approach (1) in section 4.1 proposes). Furthermore, to narrow down the channels explaining the non-effect investigating heterogeneous effects – by level of CBI, fiscal pressure, or political regime – could also shed light on the conditions under which CBI is most vulnerable. In short, the findings suggest that legal independence largely works as intended, shielding central banks from short-term political pressure. Yet, its effectiveness may not be absolute, and understanding when and how it fails remains an important research question.

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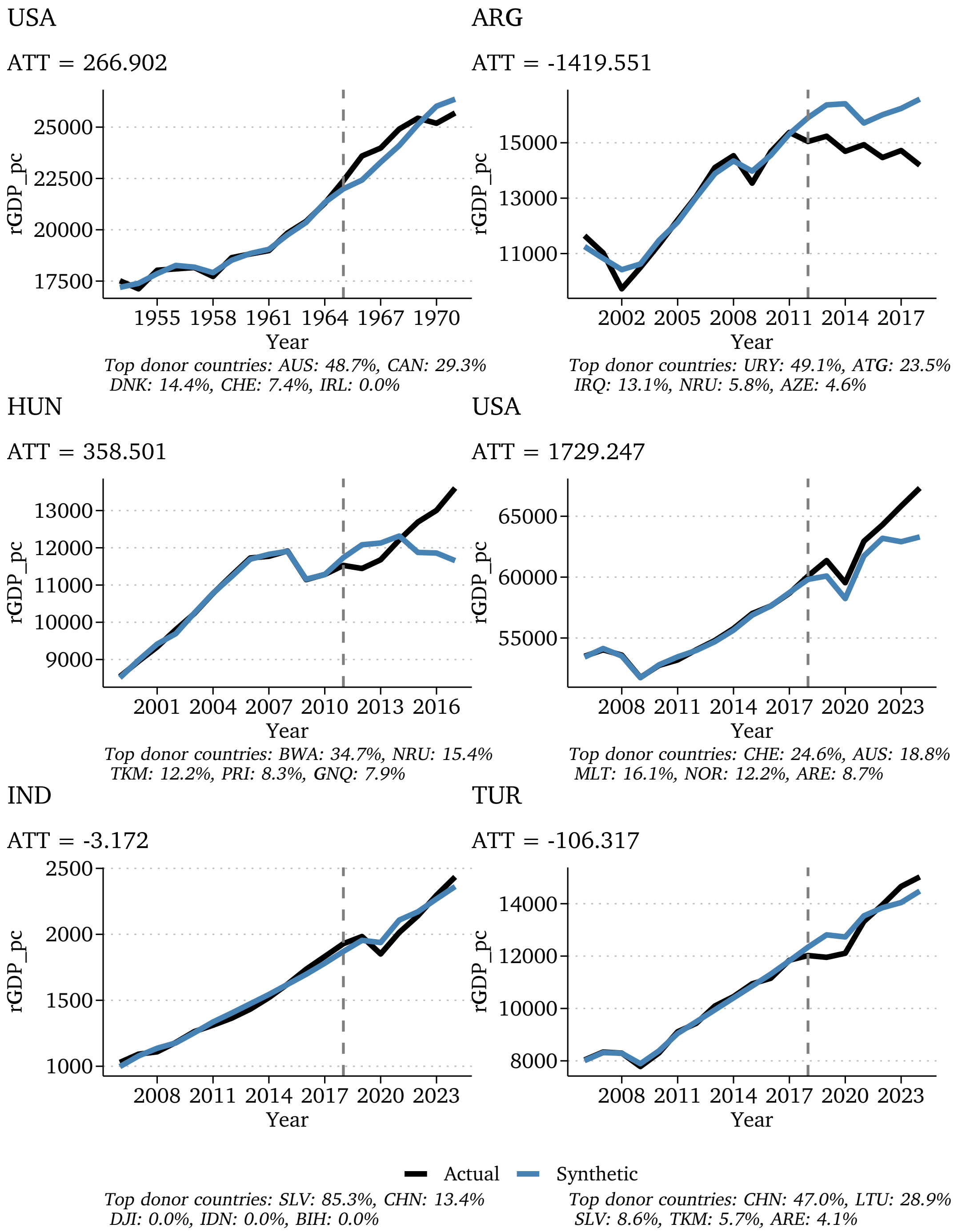
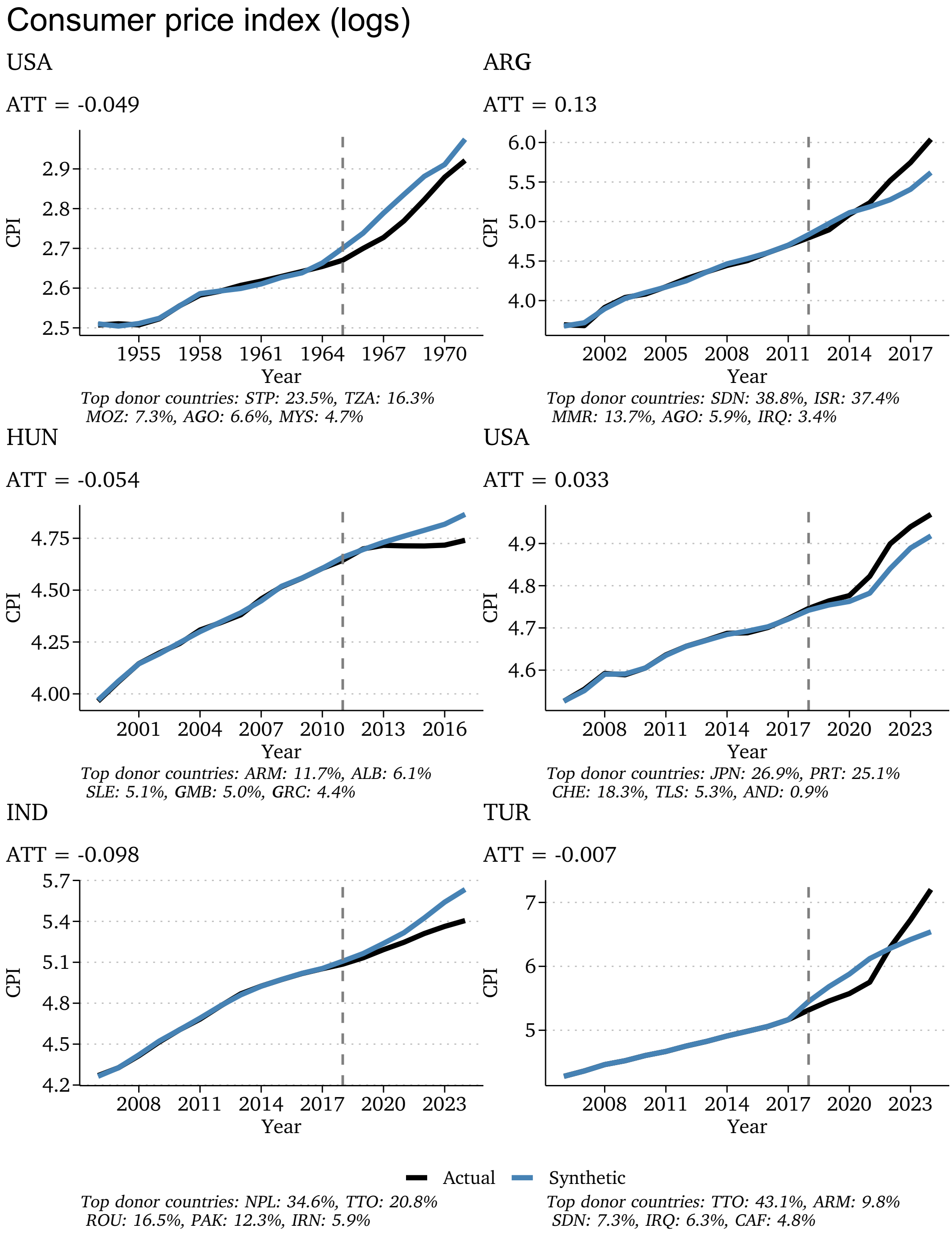
Appendix

A Per country synthetic controls in levels

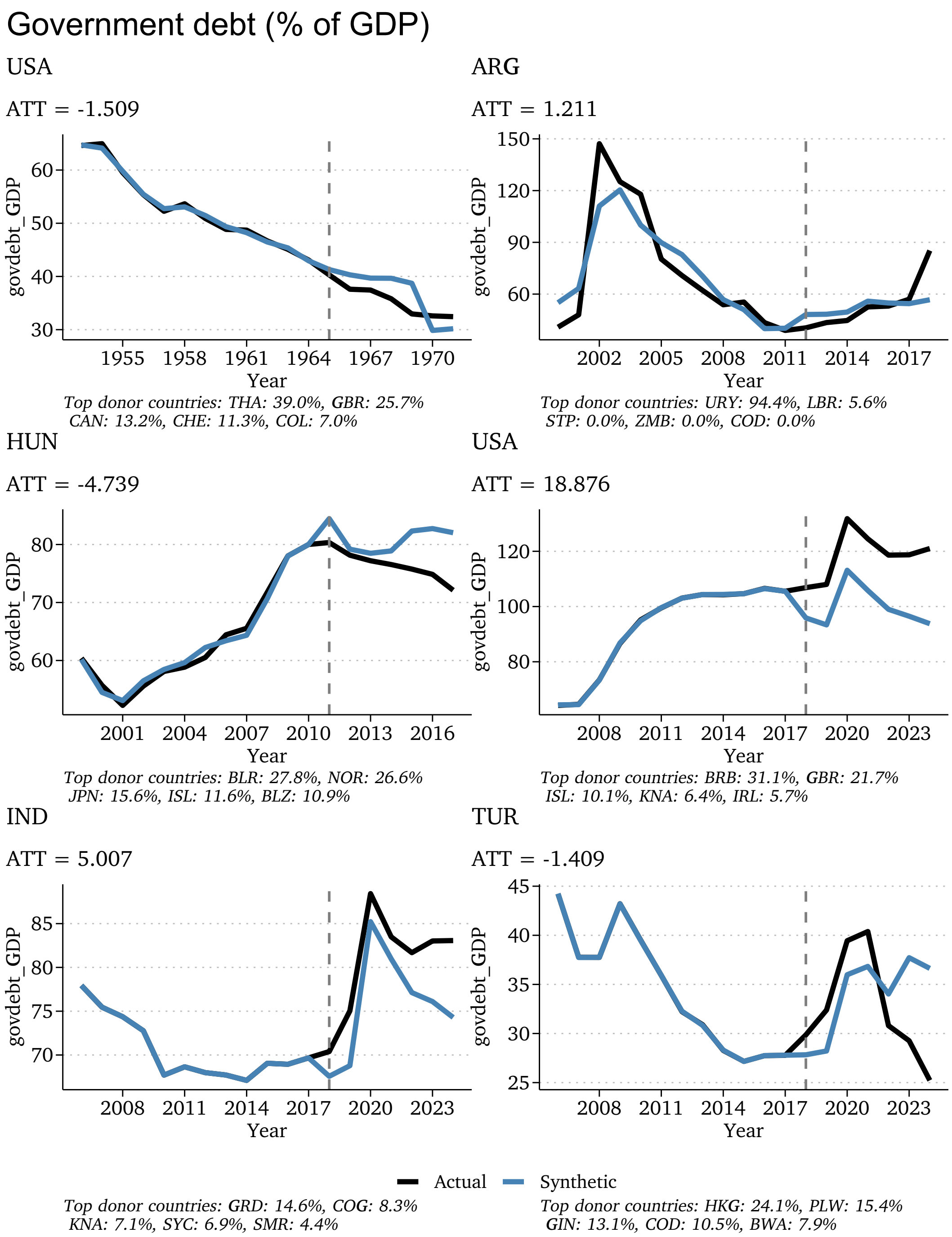
A.1 Real GDP per capita



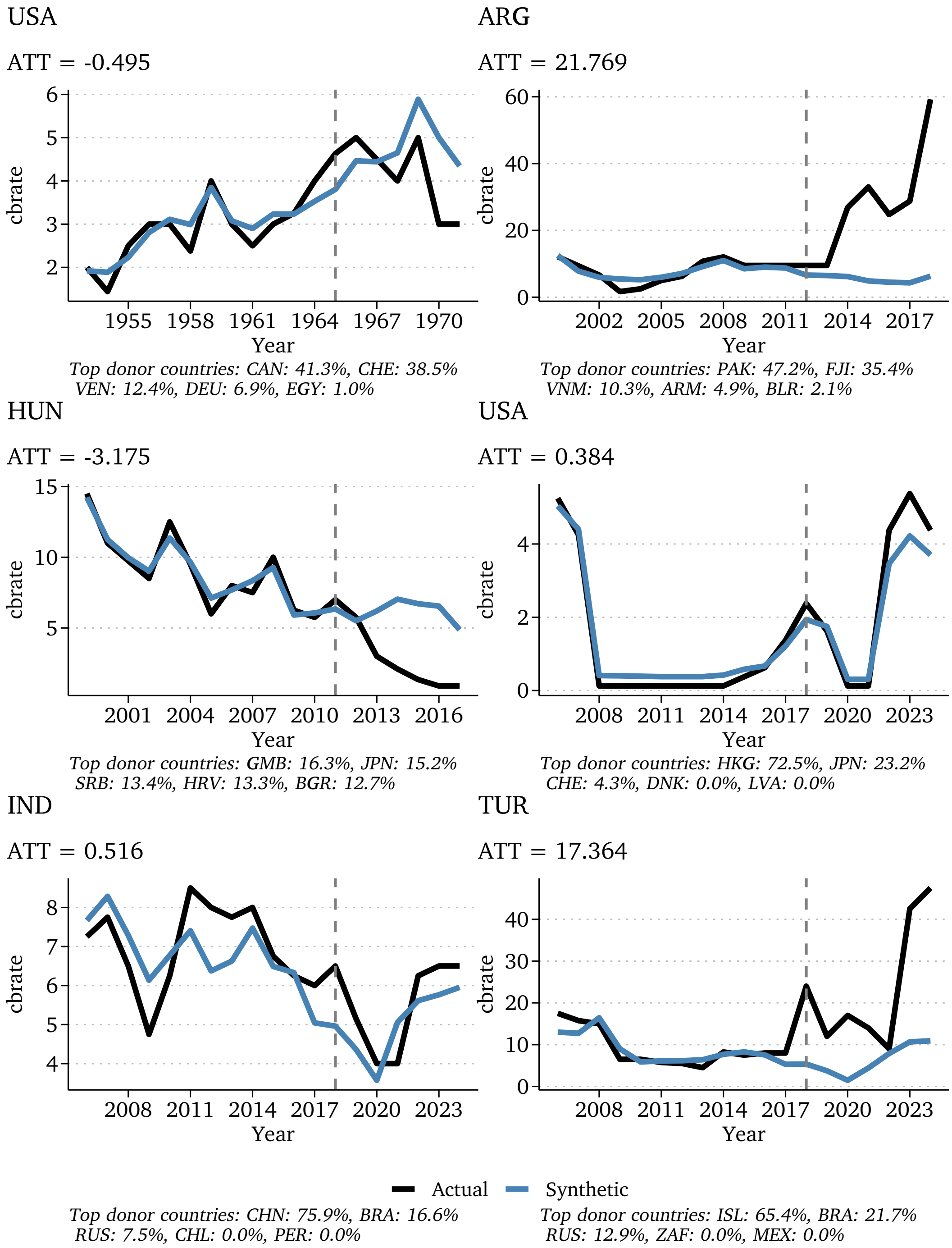
A.2 Consumer price index



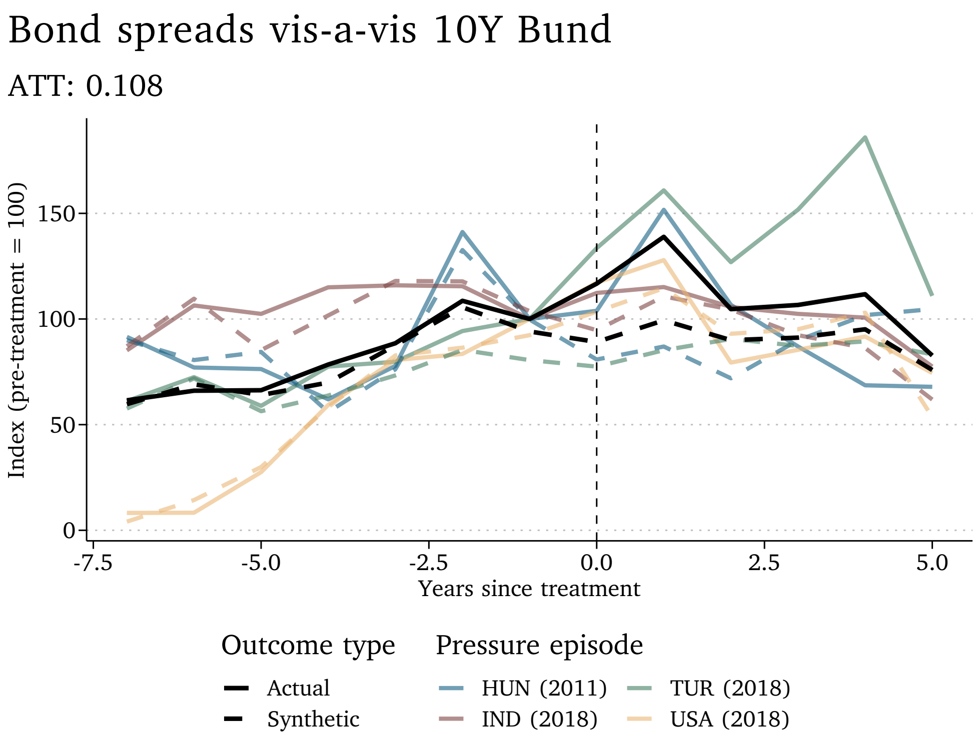
A.3 Government debt



A.4 Central bank policy rate



B Bond spreads



Note: The chart reports synthetic control estimates for the four pressure episodes for which government bond spread data was available in the IMF IFS. This includes Hungary (2011), India (2018), Turkey (2018) and the United States (2018). For each episode the actual 10-year sovereign-bond spread vis-à-vis the German Bund (solid colored lines) is compared with its synthetic counterfactual (dashed line). The vertical line marks the start of the episode; the index is normalized so that the last pre-treatment observation equals 100. Hence, differences can be interpreted as percent changes relative to the pretreatment year.

C LLM approach to identify central banker attacks

C.1 Prompt

Below is the prompt I use to query the LLM platforms to find epsidoes of central bankers under pressure.

```
I want to build a database of attacks by politicians on central bankers-i.e.,
instances where governments accuse their central banks of failing to fulfill
their mandate, insult central bank officials, threaten to dismiss governors,
or demand specific actions such as lowering interest rates.

A prime example of such behavior is former President Donald Trump's repeated
criticism of the Federal Reserve during his two presidencies.  I would like
you to create a structured tabular database that documents similar episodes.
These should represent distinct periods during which central banks were under
pressure and the respective governments can be considered hostile toward
them.

Note that these episodes do not necessarily have to coincide exactly with
a given administration's term in office.  A government may exhibit hostility
toward the central bank for only a portion of its time in power.  This nuance
should be carefully documented.

For each episode, you should report the following:

  • Country:  The nation in which the episode occurred.
  • Time Span:  The specific year or range of years during which the hostility
    occurred.
  • Duration:  The number of years the episode lasted (rounded to the nearest
    full year, if applicable).
  • Explanation:  A detailed description of the episode, including quotes
    from policymakers or central bankers, and concrete evidence of governmental
    interference, threats, or public criticism.

The final output should be a table with the following columns:

     year   |   duration (in years)   |   country   |   explanation

Please ensure the research is as thorough as possible.  All documented episodes
should be well-supported with credible evidence such as primary-source statements,
policy decisions, or reliable media reporting.
```

C.2 Identified episodes and narrative

Below are the episodes and the narrative identified by ChatGPT, Gemini and Perplexity AI.

Year	Country	Episode Description
ChatGPT:		
1833	United States	President Andrew Jackson vs. the Second Bank of the U.S.: President Jackson despised the national bank, vetoing its recharter in 1832 and withdrawing federal deposits in 1833. He accused the bank of wielding undue power and famously proclaimed it "a monster" to be slain. Jackson's campaign to "kill" the bank culminated in its charter lapsing in 1836.
1951	United States	President Harry Truman vs. the Federal Reserve: Amid the Korean War, Truman demanded the Fed cap interest rates to finance debt, telling Fed officials that not doing so was "exactly what Mr. Stalin wants." When Fed Chairman Thomas McCabe balked, Truman told him his "services were no longer satisfactory," prompting McCabe's resignation. Truman even called McCabe's successor, William McChesney Martin, a "traitor" for prioritizing price stability over cheap war financing. This clash led to the 1951 Fed–Treasury Accord restoring Fed independence.
1957	India	Finance Minister T. T. Krishnamachari vs. RBI Governor Benegal Rama Rau: India's fourth RBI Governor resigned in 1957 after public clashes with Finance Minister Krishnamachari. The minister belittled the Reserve Bank as a mere "department" of his ministry, and criticized its policies. Rama Rau deemed it "absolutely impossible" to continue amid such attacks and, with Prime Minister Nehru's acquiescence, stepped down.
1961	Canada	The "Coyne Affair" – PM Diefenbaker vs. Bank of Canada Governor James Coyne: A bitter public feud erupted as Governor Coyne's tight-money policies clashed with Prime Minister John Diefenbaker's agenda. Government MPs denounced Coyne as "an anarchist" and "a communist in sheep's clothing" in Parliament, even accusing him of quasi-larceny. Coyne fired back, calling Diefenbaker "an evil genius" acting with "unbridled malice". The government passed a bill to summarily remove Coyne, but after the Senate exonerated him, Coyne resigned on principle, underscoring central bank autonomy.
1965	United States	President Lyndon B. Johnson vs. Fed Chairman William McChesney Martin: When Martin raised interest rates to combat inflation, President Johnson was infuriated it might imperil his "Great Society" programs. Johnson summoned Martin to his Texas ranch and exploded, "You've got me in a position where you can run a rapier into me and you've done it... that's a despicable thing to do," he raged. LBJ reportedly shoved the Fed Chair against a wall, shouting "How can I run the country if... Bill Martin is going to run his own economy?". Martin stood firm, teaching Johnson a tough lesson in Fed independence.
2010	Argentina	President Cristina Fernández de Kirchner vs. Central Bank President Martín Redrado: Kirchner sought to use central bank reserves to pay government debt; when Central Bank chief Redrado refused, defending the bank's legal autonomy, Kirchner issued a decree to fire him in January 2010. Redrado initially fought the "illegitimate" ouster in court, drawing out a public standoff. Ultimately, under heavy political pressure, Redrado stepped down – a stark episode of a government openly subverting central bank independence.

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Start Year	Country	Episode Description
2011	Hungary	Prime Minister Viktor Orbán vs. the National Bank of Hungary: Orbán's government repeatedly tried to assert control over the ostensibly independent central bank. In 2011–2012 it passed a law expanding the Monetary Council and adding a new deputy governor post – seen as installing a "political commissar" at the bank. Orbán's ministers blasted Governor András Simor for rate hikes "not doing enough to boost the economy" and even mulled merging the bank with a regulatory agency to demote him. The EU and IMF objected to these moves, but Orbán defied external criticism, declaring Hungary "would not take orders from Brussels" on its central bank law. Simor's term ended in 2013, after which Orbán installed a loyalist, effectively ending the dispute.
2018	United States	President Donald Trump vs. the Federal Reserve: In an extraordinary breach of tradition, President Trump relentlessly and publicly lambasted the Federal Reserve and its chair, Jerome Powell, for raising interest rates. Starting in 2018, Trump called the Fed "crazy," "loco," "ridiculous," and "too aggressive", complaining that rate hikes were "a big mistake." He griped "the Fed is going wild... I don't know what their problem is... it's ridiculous". By 2019, as growth slowed, Trump openly pondered firing or demoting Powell, asking "who is our bigger enemy, Jay Powell or Chairman Xi?". No president in decades had so openly attacked the Fed. Powell, for his part, insisted the Fed would do its job "based on data" and not be swayed by politics – and indeed the Fed proceeded with rate decisions despite the unprecedented political onslaught.
2018	India	Modi Government vs. Reserve Bank of India (RBI): Tensions flared in 2018 as Prime Minister Narendra Modi's administration pressed the RBI to relax lending rules and hand over surplus reserves ahead of an election. When RBI officials resisted, a senior government official warned that if Governor Urjit Patel wouldn't accede to the government's "priorities," "it will be better for him to quit". Deputy Governor Viral Acharya publicly cautioned that undermining central bank independence could be "potentially catastrophic," citing a 2010 Argentina-like market collapse as a warning. The government even signaled it might invoke an obscure legal clause to dictate policy. In December 2018, after months of sparring, Patel resigned unexpectedly, citing "personal reasons" amid what was widely seen as intense government pressure.
2018	Turkey	President Recep Tayyip Erdoğan vs. the Central Bank of Turkey: Erdoğan has openly railed against high interest rates, contravening orthodox economics by claiming "interest is the mother of all evil" and causes inflation. After Turkey's currency crisis in 2018, Erdoğan demanded rate cuts to spur growth. He bragged about giving "instructions" on monetary policy – and dismissed any central banker who disobeyed. In July 2019 he fired Governor Murat Çetinkaya for not cutting the policy rate from 24%, with an aide noting Erdoğan had "expressed his discontent at every chance" and finally "decided to remove" the governor. Çetinkaya's successor briefly lowered rates, but when a later appointee hiked rates to curb inflation, Erdoğan sacked him too in 2021. Over 2018–2021, Erdoğan purged three central bank chiefs, cementing his will over monetary policy. The lira's repeated plunges underscored the market's alarm at this erosion of central bank independence.

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Start Year	Country	Episode Description
2019	Italy	Populist Government vs. Banca d'Italia: In early 2019, Italy's populist coalition leaders Deputy PM Matteo Salvini (League) and Deputy PM Luigi Di Maio (M5S) launched a frontal attack on the central bank's leadership. They accused the Bank of Italy of failing to prevent banking scandals and demanded a "clean sweep." Salvini said he wanted to "reboot" the Bank's top management, while Di Maio insisted on "discontinuity" at the institution's helm. The government even refused to renew a senior official's term and floated seizing the Bank's sizable gold reserves for the public good. These moves, highly unusual in Italy, drew warnings at home and in the EU about undermining central bank independence. Under pressure, the populists eventually toned down their attacks, and the Bank's governor remained in place – but the episode rattled confidence in Italy's commitment to central bank autonomy.
2019	South Africa	ANC Faction vs. South African Reserve Bank (SARB): After the ANC's 2019 election win, a faction in the ruling party led by Secretary-General Ace Magashule issued a statement that the ANC had "agreed to expand the mandate of the Reserve Bank beyond price stability to include growth and employment," even proposing the Bank consider "quantitative easing" to fund development. This unprecedented intrusion into the SARB's mandate (enshrined in South Africa's Constitution as price stability) triggered a political furor. The Reserve Bank Governor Lesetja Kganyago slammed the idea as an "unnecessary distraction," and President Cyril Ramaphosa hurried to clarify that official policy "had not changed" and the Bank's independence remains intact. The public tug-of-war – essentially the ruling party arguing with itself – shook investor confidence and caused the rand to wobble until assurances of the SARB's autonomy calmed markets.
2022	United Kingdom	Truss's Challenge to Bank of England Independence: During her brief tenure, Prime Minister Liz Truss signaled unusual skepticism toward the Bank of England's performance. As inflation spiked in 2022, Truss (then a leadership candidate) said she would review the BoE's mandate and consider whether its "entire independence" over interest rates was "fit for purpose". Her ally Suella Braverman even mused that other countries' central banks had "different degrees of independence" – implying the UK might rein in the BoE. Though Truss insisted she wouldn't revoke independence outright, such remarks were seen as a threat. Investors reacted nervously to any hint of political interference in the BoE. In the end, Truss's chaotic 6-week premiership ended before any mandate change occurred, leaving the BoE's independence formally intact – but not without raising eyebrows about political respect for central bank autonomy in Britain.

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Start Year	Country	Episode Description
2023	Brazil	President Luiz Inácio Lula da Silva vs. Banco Central do Brasil: After taking office in 2023, President Lula repeatedly blasted Brazil's central bank for keeping interest rates at a lofty 13.75% despite slowing inflation. He lambasted the bank's policy rate as "excessively high" and "holding the nation back". Lula openly questioned the bank's independence, noting its chief was appointed by his predecessor and vowing that "things will get better when I get to appoint a new head and we build a new philosophy". He deemed current borrowing costs "unreal" and blamed the central bank for a weak currency, saying it "has an obligation" to curb speculation driving up the dollar. The central bank, which only gained formal autonomy in 2021, has defended its inflation-targeting mandate and urged "patience." Lula's ongoing war of words – unprecedented in recent Brazilian history – has fueled investor concerns about political encroachment into monetary policy.
Google's Gemini		
1965	United States	President Lyndon Johnson exerted extreme personal pressure on Federal Reserve Chair William Martin. Following a significant fiscal stimulus package enacted amidst the Vietnam War, Johnson summoned Martin to his Texas ranch where he reportedly "physically shoved him around his living room to bully him into keeping interest rates low". This incident, while an extreme example, highlights the intense personal and direct pressure that can be applied by a president to influence monetary policy.
1971	United States	President Richard Nixon pressured Federal Reserve Chairman Arthur Burns to implement expansionary monetary policies in the period leading up to the 1972 presidential election. Evidence from "Nixon tapes" and Burns' diary shows political considerations influenced Fed decision-making, contributing to U.S. inflation in the 1970s. Nixon held an unusually high 160 meetings with Fed officials over six years, indicating a concerted effort to influence policy.
2007	Argentina	The period under Cristina Fernández de Kirchner's presidency (2007-2015) was marked by significant government interference in the Central Bank of Argentina (BCRA). In January 2010, Kirchner decreed the dismissal of BCRA President Martín Redrado after he refused to transfer US$6.56 billion of the bank's reserves to a "Bicentennial Fund" for debt repayment. Although a judge temporarily reinstated Redrado due to legal requirements for congressional consultation, the relationship was irrevocably damaged, leading to his eventual replacement by Mercedes Marcó del Pont. Kirchner's government subsequently nationalized private pension funds and renationalized the energy firm YPF, further indicating an interventionist approach to economic management. This period was characterized by economic challenges including high inflation.

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Start Year	Country	Episode Description
2012	Hungary	Prime Minister Viktor Orbán publicly accused the European Union of “colonial” interference in Hungary’s affairs, likening pressure to revise laws, including those concerning the central bank’s independence, to communist-era dictatorship. Speaking on March 15, 2012, Orbán stated, “We will not be a colony,” and “We will not live as foreigners dictate it, will not give up their independence or their freedom”. He rejected "unsolicited assistance of foreigners wanting to guide our hands" regarding laws. Orbán asserted that "financial independence is a precondition for freedom" and that an independent national bank "protects the national economy from foreign interests," not from its own nation. This confrontation arose as the European Commission pressed Hungary to revise laws to safeguard the independence of state institutions, including the central bank, following far-reaching constitutional changes introduced by Orbán’s government on January 1, 2012.
2016	India	The Reserve Bank of India’s (RBI) role during the 2016 demonetization initiative became a focal point of debate regarding its independence. While the government initiated the move to withdraw 500 and 1000 rupee notes, concerns were raised about the extent of the RBI’s decision-making power in the process. Critics widely deemed the demonetization as poorly planned and unsuccessful in achieving its stated goals of tackling black money, causing significant hardship to common people. This episode brought to the forefront discussions about the balance between the Ministry of Finance’s authority and the RBI’s autonomy, with some arguing for extreme RBI independence and others for governmental prerogative in times of crisis.
2018	United States	President Donald Trump’s criticism of Federal Reserve Chairman Jerome Powell, whom he appointed, escalated significantly. Trump’s dissatisfaction stemmed from the Fed’s interest rate hikes, which he believed were detrimental to the economy. The White House confirmed it was "studying legal options to fire Powell," triggering concerns about Fed independence. Trump publicly demanded rate cuts, stating, "CPI JUST OUT. GREAT NUMBERS! FED SHOULD LOWER ONE FULL POINT. WOULD PAY MUCH LESS INTEREST ON DEBT COMING DUE. SO IMPORTANT!!!". He also criticized the Fed as "’Too Late’ at the Fed is a disaster!" and noted, "Europe has had 10 rate cuts, we have had none".
2018	Turkey	President Recep Tayyip Erdoğan has waged a prolonged campaign against the Central Bank of the Republic of Turkey (CBRT), driven by his belief that high interest rates cause inflation. He has publicly declared himself an "enemy of interest rates," calling them "a tool of exploitation" and "the mother and father of all evil". Erdoğan has consistently asserted that "the central bank can’t take this independence and set aside the signals given by the president". This has led to aggressive interventions, including the dismissal of multiple central bank governors who resisted his calls for lower rates. Murat Çetinkaya was dismissed on July 5, 2019. His successor, Murat Uysal, was dismissed on November 7, 2020. Naci Ağbal, appointed November 7, 2020, was dismissed on March 20, 2021, after just four months, following a surprise interest rate hike. Ağbal was replaced by Şahap Kavcıoğlu, who supported lower rates and subsequently slashed them from 19% to 14%. Hafize Gaye Erkan, who succeeded Kavcıoğlu on June 8, 2023, was dismissed on February 2, 2024, and replaced by Fatih Karahan. These actions severely damaged the central bank’s credibility, contributing to the Turkish lira losing 44% of its value in 2021 and inflation soaring to 85% in 2022.

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Start Year	Country	Episode Description
2018	India	In 2018, the Indian government sought to compel the Reserve Bank of India (RBI) to transfer Rs 2-3 lakh crore from its balance sheet for pre-election expenditure ahead of the 2019 Lok Sabha elections. Former RBI deputy governor Viral Acharya revealed that the central bank refused this proposal, which he termed an attempt at "back-door monetization of fiscal deficit". Acharya noted that the government's demand intensified after reduced transfers during the demonetization year (2016-17) and its inability to generate sufficient divestment revenues. When the RBI resisted, a proposal within the government suggested invoking Section 7 of the RBI Act, which allows the government to issue directions to the bank in the public interest. This disagreement was a key reason for the resignation of then-RBI Governor Urjit Patel in December 2018.
2023	Argentina	President Javier Milei, a staunch opponent of government intervention, has taken a highly critical stance on the Central Bank of Argentina (BCRA), describing it as "one of the greatest thieves in the history of mankind". He categorizes central banks from "bad ones, like the Federal Reserve" to "horribly bad ones, and the Central Bank of Argentina". Milei advocates for the elimination of the BCRA and a dollarized economy to combat persistent inflation. His broader economic philosophy emphasizes radical reductions in government spending and "shock therapy," with a viral video showing him physically removing ministry names from a wallboard, declaring, "The state is not the solution. It is the problem". While his Minister of Finance, Luis Caputo, and BCRA President, Santiago Bausili, were previously accused by Milei of causing "the disaster in the Central Bank" in 2018, they now serve in his administration, indicating a shift in personnel but a consistent ideological stance against the central bank's traditional role. His austerity policies have led to soaring poverty rates and protests.
Perplexity AI		
2008	Venezuela	Chavez Banking Control: President Hugo Chavez nationalized major banks and sought to eliminate central bank "autonomy" through constitutional reforms. He stated "Now it is the people who rule here" and that "private banks wrote" the old banking laws. The government gained extensive control over banking sector interest rates and commissions.
2010	Argentina	Kirchner vs. Redrado: President Cristina Fernández de Kirchner attempted to fire central bank governor Martín Redrado when he refused to transfer $6.6 billion in reserves to pay government debt. She issued presidential decrees to dismiss him, though courts initially blocked the action. Redrado eventually resigned and was replaced by Mercedes Marco del Pont, who immediately complied with government demands.
2014	Turkey	Erdogan vs. Central Bank: President Erdogan engaged in sustained pressure on Turkey's central bank, stating "We do not have any word for the bank's independence" and questioning if the bank's "dependence gone elsewhere". He fired central bank governor Murat Cetinkaya in 2019 via presidential decree, replacing him with a more compliant governor. Erdogan believes high interest rates cause inflation, contrary to orthodox economics.

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Start Year	Country	Episode Description
2015	South Africa	Political Pressure on SARB: The central bank faced increasing political pressure to maintain "expansionary" monetary policy. The Public Protector ordered lawmakers to change the constitution to make the central bank focus on "socio-economic well-being of citizens" instead of inflation.
2017	United States	Trump vs. Federal Reserve: Trump consistently attacked Fed Chair Jerome Powell throughout both presidencies. Key quotes include calling the Fed "my biggest threat" and stating "The only problem our economy has is the Fed". Trump called Powell a "major loser" and "FOOL". He repeatedly demanded rate cuts and threatened to fire Powell, though legally cannot remove him. The attacks began in summer 2018 and continued through 2025.
2018	India	Modi vs. RBI: Prime Minister Modi's government stacked the RBI board with allies to pressure Governor Urjit Patel. The government demanded easier lending policies, access to RBI surplus reserves, and relaxation of banking regulations ahead of the 2019 election. The RBI warned that such interference could destroy its autonomy, citing Argentina's 2010 example.
2018	United Kingdom	Government vs. Bank of England: Environment Secretary Michael Gove revived criticism of the Bank of England, calling its policies "baffling" and "crazy". Multiple ministers attacked BoE Governor Mark Carney over Brexit-related economic forecasts and monetary policy impacts.
2021	China	Xi Jinping's Financial Crackdown: President Xi Jinping's administration sent discipline inspectors to the People's Bank of China with the message that "Beijing has little tolerance for any talk of central-bank independence". The central bank was forced to reverse policy signals under pressure from senior leaders worried about economic growth.
2022	Hungary	Orban vs. Central Bank: Prime Minister Viktor Orban and his government engaged in "repeated attacks" on the central bank's monetary policy. Economy Minister Marton Nagy repeatedly criticized the National Bank of Hungary for keeping rates too high. The central bank warned that government "attacks" could limit scope for rate easing and impair policy transmission.
2022	Canada	Poilievre vs. Bank of Canada: Conservative Party leader Pierre Poilievre launched "near daily attacks" on the Bank of Canada, accusing it of being "incompetent and a government puppet". He pledged to fire Governor Tiff Macklem if elected, despite requiring legal changes.
2022	Italy	Meloni Government vs. ECB: Italian ministers called the European Central Bank's rate hikes "baffling," "crazy," and "unbelievable". Deputy Prime Minister Salvini and Defense Minister Crosetto publicly attacked ECB policies, with Crosetto sarcastically thanking ECB President Lagarde for her "Christmas present" of higher rates.
2023	Brazil	Lula vs. Central Bank: President Lula repeatedly attacked the central bank, calling interest rates "shameful" and blaming them for stunting growth. He accused the bank of trying to "sabotage" the government and criticized the bank's autonomy established under his predecessor. Socialist allies called central bank governor Campos Neto an agent left to "boycott" the economy.
2024	Poland	Government vs. Glapinski: Poland's government summoned central bank chief Adam Glapinski to the state tribunal, marking a significant escalation in conflict between the ruling party and central bank. The Law and Justice party accused the bank of not doing enough to support the economy.

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Start Year	Country	Episode Description
2025	Russia	Putin Administration vs. Nabiullina: Finance Minister Anton Siluanov launched an "aggressive political and information campaign" against central bank governor Elvira Nabiullina, demanding immediate rate cuts. There were rumors of possible dismissal due to her unwillingness to yield to business interests. Putin previously blocked Nabiullina's resignation attempt after the Ukraine invasion.