



**Interview with Benjamin Braun, specialist in central banks and financialized capitalism**

## **«Central banks have played a very important role in keeping wages low in recent decades»**

Dosis académica

**Por** Aldo Madariaga, Marcela Ramos, Alejandra Solar, Nicole Cerpa y Emilia Guzmán

11/03/2022

This interview is not simple, but it is crucial. It attempts to build a bridge between two issues that are not discussed in the Chilean media. It describes financialized capitalism, dominated by huge “asset managers” who push privatization and drive housing prices up globally. The interview also describes the way central banks have used their independence to help develop these asset managers—who they are now trapped by. All this has consequences for employment and wages. It also limits governments’ policy options. The interviewee is Benjamin Braun: economist, political scientist and one of the world-leading critical voices on central bank research and financialization. Here he proposes to limit central bank independence to make them act in coordination with governments. If you’re wondering why the central bank intervenes when consumer goods prices are on the rise but doesn’t seem to react to the rise in housing prices, then you need to read this.

Imagine an AFP (Chilean private pension fund administrator), but ten times... a hundred times larger. A mountain of money provided by pensioners, not only from Chile, but also from Sweden and the United States, multinationals such as Amazon, Russian oligarchs or even public authorities that are billionaires like Chilean President Sebastián Piñera, who invest part of their large fortunes there. What does this monster do to achieve the profitability that its clients expect?

You can be sure that they don't wait for customers, as the old banks did.

These huge funds, called «asset managers,» travel the world looking for profits. And if the real economy does not provide them, they go to developing countries and promote the privatization of infrastructure; or they go to the big capital cities of the world, buy apartment buildings and rent them. Hundreds of buildings. In [Amsterdam](#), London, [Berlin](#), these managers are accused of causing housing prices to explode, making their owners and those who buy to invest richer, and making and those who rent or who buy to live poorer. Some of that is already happening in Santiago, the Chilean capital.

These administrators have altered the way capitalism functions. Benjamin Braun told TerceraDosis that the Gordian knot that encourages their expansion is that today lending money and investing it in the financial market generates more profits than investing it in research and development. That is why the resources managed by these administrators end up feeding rentier businesses which do not contribute to increase productivity in the real economy nor the wellbeing of the population.

«There is a strong disconnection between the needs of institutional capital funds seeking high-yield, long-term investments, and the needs of the non-financial economy to invest in productive projects,» Braun told TerceraDosis. [Blackrock](#) and [Vanguard](#) are two of the most famous administrators, but there are dozens, and produce what Braun calls “asset manager” or financialized capitalism. This capitalism is governed by what economist [Daniela Gabor](#) calls [\*The Wall Street Consensus\*](#).

«My colleague Daniela Gabor describes a capitalism where international asset managers pressure governments to privatize public infrastructure to make it accessible for financial investment. Today we are not facing borrowers who approach the financier; it is the asset manager who approaches countries and asks them to make infrastructure accessible for financial investment. «

Specifically, what do they invest in?

«This capitalism promotes a type of development where more and more public goods and services are privatized, because privatizing generates new classes of financial assets for investors. For example, when education is privatized, a demand for bank loans is generated and once the system is mature, institutional investors can purchase securitized student loan portfolios. The same goes for housing. The mortgage market starts with banks, but then it becomes attractive to institutional investors”, Braun told TerceraDosis.

Another characteristic of this type of capitalism is that «asset prices can be as important to the economic cycle as wages. This is key, especially in those countries where the pension system is completely financialized,» says Braun.

Benjamin Braun is an economist, political scientist and senior researcher at the Max Planck Institute in Cologne, Germany. An institute belonging to the Max Planck Society, one of the most prestigious research centers in the world. He has thoroughly studied asset managers and the institutions that helped create them: central banks. In 2016 his thesis on financialization and central banks received the “best thesis” award by the British Political Science Association, and his articles have been published by the most recognized academic journals.

Braun told this media outlet that a type of capitalism that allocates more resources to high-yield investments than to productive investments «can cause workers’ wages to stagnate, while asset prices are inflated.» Among the assets that are «inflated» is housing, probably the main area of profit extraction for these funds. In Chile, it is not yet clear how much AFPs invest in this sector, but Braun believes that if they have not yet entered that business, «sooner or later they will.»

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*«We have had a huge increase in wealth inequality due to asset price inflation that has not been accompanied by an increase in wage incomes»*

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«It’s almost inevitable, you might say, because there aren’t that many interesting assets for institutional investors, who have a long-term investment horizon and relatively high demand for yield,» Braun told TerceraDosis. The housing market, on the other hand, «will always generate return because people are required to pay rent.»

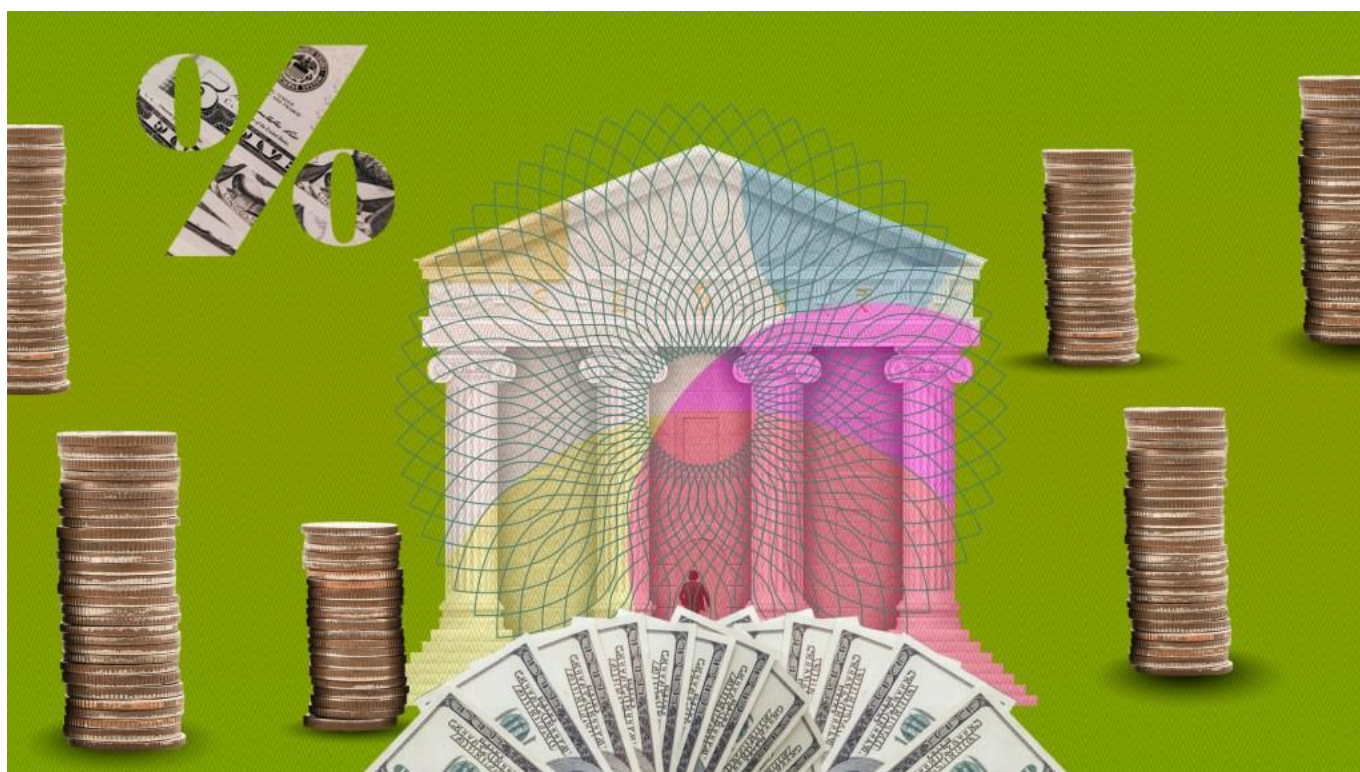
In any case, it is worth noting the following: among the six AFPs existing today in Chile, one of them (Capital), which manages about 20% of all Chilean pension funds, is controlled by one of the largest asset managers in Latin America, the Colombian Sura. Four others are completely or partially controlled by international financial groups (Prudential, Principal, Metlife, Assicurazioni Generali). Moreover, among the top 10 recipients of pension fund investments we find are Blackrock and Vanguard, the largest asset managers in the world[1].

Are there positive elements in financialization? In the real estate area, its proponents argue that transforming housing into an investment vehicle increased the availability of capital in the form of mortgage loans. However, without denying that, Braun believes that the main effect of financialization is to generate «asset price inflation, driven by pension funds, which is good for those who have those financial or real estate assets and bad for the rest. And we know that, around the world, the distribution of those assets is extremely unequal.»

Central banks in developed countries promoted this kind of capitalism, Braun told TerceraDosis. And now that these asset managers are giants, central banks are trapped by them. Today, central banks «plan for the private financial system.» And when the system goes into crisis, they must «prop it up,» even though it is an «inefficient and oversized financial system that misallocates capital,» he said.

This is how central banks are using their independence, says the researcher. And he believes that this needs to be reviewed and that central bank power needs to be used for the public good. In this interview Braun delves into financialization and its connection to central banks. He also argues for reforms that would allow governments to regain control over this institution. He explains that two key aspects of central banks today—central bank independence and that their main task is price stability—were both set as a response to economic crises in the 1970s. But today the problems are different, not only because of the presence of huge institutional investors and the financialization of the economy, but also because of increasing inequality and the climate crisis.

Braun believes that governments must be able to use all the available public policy instruments. This would mean something different than what we have today: today central banks decide an important part of what can and cannot be done and the rest of the institutions have to adapt.



By Leonardo Camus

## CENTRAL BANK

Central banks are key players for institutional investors because they have control over interest rates and liquidity, which are the most important determinants in the prices of the assets held by the administrators. This means that central bank decisions affect how much profit these investors produce and because of that, Braun says, central banks come under a lot of pressure. But mechanisms that increase the value of those assets sometimes go against the interests of ordinary people.

**—How would you describe, as simply as possible, the role of the central bank in financialized capitalism?**

-The short answer is that in financial capitalism, asset prices become as important, if not more so, than wages. And the central bank is the institution that has the most control over interest rates and liquidity, which are the most important determinants of asset prices.

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*«Intervening in the housing market to stop price inflation is always extremely unpopular because usually the homeowners are upper and upper middle class and everywhere in the world these are the most powerful constituencies»*

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**–This means that since central banks manage the interest rate, they also manage how much asset managers produce.**

– Yes. Credit creation in the economy is governed, to some extent, by the central bank. They don't have full control, but they're the only ones with some control.

**–How does that relate to your claim that central banks plan for the private financial system?**

– In saying that, I want to emphasize, firstly, that monetary policy is a form of central economic planning. And what is planned is, among other things, the short-term interest rate, which is an important price in the economy. So, in debates about the virtues and problems of economic planning, we must consider this. Secondly, what do central banks plan for? Well, they have a mandate to keep prices stable and control inflation. But what they also do is shore up the existing financial system, because when that system is large and developed, the central bank relies heavily on financial stability. If there is no stability, the central bank's monetary policy will not work and it risks losing control over other macroeconomic variables, including price stability. That is why central banks are forced to prop up a financial system that, in my opinion, is inefficient and oversized and misallocates capital. Alone, central banks don't have the power to change anything. So they plan for private finance rather than for a public purpose.

**–Could we say that the central bank is trapped by this configuration of financialized capitalism and the dominance of the administrators and that its goal has become to maintain that system?**

– Yes. But before I say they are trapped I would say first that, because central banks have played an active role in the development of the financial sector for decades, they have co-produced this financial system. Recent research shows that. After every financial crisis they have intervened as lenders of last resort and as market-makers of last resort, making it so that the financial sector did not shrink after major financial crises. Today, we have a huge financial system with many leveraged investors, hedge funds, private equity funds, etc., and because of this you could say that central banks are to some extent, trapped. They depend on

financial stability, and maintaining it becomes an additional task that requires even more state intervention, in a sense. But state intervention for what? To support the profits of the financial sector. And this cannot be the ultimate political goal.

**–Is this applicable to different contexts, such as the United Kingdom, Chile or Argentina?**

The main difference between Chile and, say, the UK, is that capital flows and exchange rate movements tend to be much more volatile in Chile. When the Fed – the US central bank – raises interest rates, money returns to the centre, especially to the US financial market. When they go down, capital flows into the so-called periphery of the global financial system, creating a glut of capital inflows. That's not necessarily because of investor speculation but it is the result of what Helene Rey calls the «*global financial cycle*.» Chile is much more attached to that cycle than a financial center like the United Kingdom. So, Chile's Banco Central operates under very different conditions than the Bank of England.

«So what I'm describing is more applicable to the United States and the United Kingdom, and also to the eurozone. Perhaps to a lesser extent to Chile, where the central bank must not only manage its own financial sector, but also the conditions of the national economy, keeping an eye on what happens in the global financial system, so that when capital flows in and out, it does not interfere too much with the exchange rate. Of course, the Central Bank of Chile has little or no power over the development of the global financial system. But still, it is trapped by that system.»

**–Can we say that Chile's central bank is trapped in two ways, by global capital flows and by the local financial market?**

-Yes, absolutely. I would expect the availability of credit for corporations to be, first and foremost, a problem of domestic financial market conditions, influenced by global financial flows. And to the extent that households are in debt, that's a big constraint on any central bank because the interest rate becomes a more important variable, relative to the rate of inflation, or wage growth, or even the growth rate of the economy. When debt repayment is the largest household expenditure, the interest rate is key for households.

ALTERNATIVE MODELS?

**–In Chile's recent presidential elections, one of the most important debates surrounded the type of development model. However, in this financialized capitalism it does not seem possible to think of an agenda that goes beyond the limits of this model.**

-Yes, it is difficult to think of alternative development models. In part this is a result of real limitations, as well as a lack of ideas and knowledge about alternatives. In Chile, external constraints are more important because it is more exposed to global capital flows. But within that, I think it makes sense for Chile and for any other country, to start thinking about coordinating policies: monetary policy, financial regulation, policies aimed at the labor market, etc. That coordination is something that has been lost all around the world in the last decades. Chile is a very good example because there the democratic political process took monetary policy out of the debate. I think we have to rethink the independence of the central bank.

**–How does the lack of coordination relate to the independence of the central bank?**

-In emerging economies, central bank independence fulfills a function similar to exchange rate arrangements. That is, you can have a fixed exchange rate as an anchor, or you can have a central bank which is independent and guarantees price stability. In both cases, other policymakers have to adapt. So, there is policy coordination, but dominated by the central bank. This is what is called «monetary dominance.» And that is important when thinking about alternative development strategies, because they might require, for example, imposing regulations on national and international finance so that they reach the sectors that the country decides to develop. For that, the government, the central bank, and perhaps even Chile's pension funds could channel investments. But that requires a level of coordination that under the current system is simply impossible.

**-Usually, what you hear is that the central bank only does its job: worry about inflation and price stability. But what you say is something different: by having an independent central bank, the consequence is to adapt all other policies to that independence. Then there would be no autonomy to define many other economic policies.**

-Absolutely. The independence of the Central Bank is a commitment of macroeconomic policies to a specific policy. Because this cannot be changed, other policies are adjusted. If the government takes measures that clash with the mandate pursued by the central bank, it may end up doing something that contradicts the government's objectives. For example, an expansionary fiscal policy which increases growth and employment can be undercut by the central bank if it, fearing inflation, raises the interest rate. This has been happening everywhere, including Chile.

**-What other policies are affected by an independent central bank?**

-The labour market is always affected by monetary and fiscal policies. The more the country prioritizes price stability, the greater the burden of adjustment on the labor market, that is, on the workers. Because when prices in the economy have to adjust, that usually means that wages have to adjust downwards, or that they can't grow as fast.

**-So, are low wages related to the central bank?**

-One could definitely put it in those terms. But it's not that simple. There are systemic limitations for a country like Chile. And it's extremely complicated, but this is definitely true in Europe and the United States. Central banks have played a very important role in keeping wages low in the last decades.

## INFLATION AS THE ONLY TASK

**-Today the fight against inflation is the main objective of the Central Bank in Chile, but there was a time when that was not the case. You say that because of the situation of the Chilean economy, it should take care of the exchange rate, that is, the parity between the peso and the dollar, for the capital flows to which it is exposed. What would be the way to incorporate the type of change in the mandate of the Central Bank? This is an important debate, precisely because of how exchange rate volatility impacts the domestic economy, both on the prices of imported consumer goods and on those who use imported products to produce.**

-Difficult. Inflationary pressure and the exchange rate movement can have different causes. For example, there may be an increase in prices as a result of the increase in wages (what is

called ‘wage-price spiral’), which had an important role in the classic American/European scenario of the 70s. But inflation can also originate in the problems of the global supply chain, as it is currently the case and was also in the 70s, with inflation in the prices of raw materials, especially petrol. These are very different reasons why there may be inflation. Similarly, the movement in the exchange rate may be due to domestic inflation or capital inflows and outflows, which has nothing to do with what is happening in your economy, but rather with the global financial cycle, for example, when the FED raises or lowers interest rates.

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*«Central banks have played an active role in the development of the financial sector for decades and have co-produced this financial system»*

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«Since this is extremely complicated, by giving the central bank a strict mandate, which only takes into account consumer price inflation, what you do is prioritize one set of interests in the economy over others. And they are the interests of those who want price stability. But this is not working today—because of this multiplicity of sources of movements of the inflation and the exchange rate. In my opinion, a more sophisticated institutional arrangement is necessary to cope with these pressures, especially for an open economy like Chile’s.»

**–It is widely argued that inflation targeting helps the poor. The argument is: ‘Who is it that consumes most of their income and doesn’t save? It’s the poor. They don’t have the means to protect themselves from inflation. That’s why the central bank’s main job is to address inflation.’ Are the poor really the ones who suffer the most from inflation?**

-In equal conditions, lower inflation is better for everyone than high inflation, in the long run. I agree with that. But the problem is that there is no even playing field in the real world, and you always have to make adjustments. If you make limiting inflation the only and primary objective, and you do so by giving the central bank so much power that it can counter government policies geared towards growth or employment— or other policy goals such as the decarbonization of the economy, –then you can immediately see that there may be costs to achieving price stability.

«This leads us to another widely repeated argument: that the central bank has only one instrument and therefore can only pursue one goal. This is the so-called «Tinbergen principle», named after a Dutch economist. I don’t believe there is evidence for this principle. I think that when central bankers say they only have one instrument and therefore can oversee a single target, this argument should be rejected and questioned. Anyone who studies central banks knows very well that there are many different instruments. They can intervene in the short term in the money market to control liquidity conditions in the interbank market and they can also buy long-term assets. They usually have influence over certain parts of financial regulation and engage in international economic diplomacy with other central banks, and so on.

«So, there is nothing wrong with the idea that central banks should have more than one goal, as long as they are not the ones who start interpreting this more complex mandate. Central



banks are extremely powerful institutions and are an important part of the macro-financial architecture, and the idea that this powerful instrument should be used only for one purpose, I think is wrong. The central bank should be seen more as a swiss army knife of banking, rather than according to Tinbergen's principle. This is what we have called it with Leah Downey, ([The Swiss army knife theory of central banking](#)). They are institutions with a lot of tools that can be used for different purposes.»

**–There is a debate in Chile about the focus of central banks on price stability. It is a debate that was silenced for a long time because it was said that there was no other option. But some people say today: ‘this is becoming more and more complicated and more tools are needed to respond differently and give more flexibility’. The answer of those who defend the current arrangement is: the central bank has done well taking care of inflation, why would we change it? Let us change other things: if we want competitiveness, let us have a policy of competitiveness. If we have problems with wages, let's review the labor market. But let's not fix what is not broken. What would you say about this?**

-We should ask, is the central bank working well? It depends on who we ask. For example, anyone who is concerned about the growing inequality will have very different view than someone who is focused on stable conditions for domestic and international investors.

«Another answer I would give is that there is a risk of attributing too much weight to what central bankers and technocrats say on this issue. They are not a neutral party to this discussion: they have a vested interest in a limited mandate for themselves, because it is easier to be a technocrat outside the democratic political process, and to be responsible for achieving a very limited goal, and which they can also achieve most of the time. But at what cost? If you have price stability as the primary goal in an economy that has many other problems and goals, that comes at a cost. Therefore, the reasoning of the central bankers themselves on these institutional design issues should not be overemphasized.

«And finally, we must consider that times change, and that macroeconomic policy, and monetary policy in particular, are institutional and political responses to a very peculiar historical period. We are talking about the 70s and the repression of inflation by the Fed, led by [Paul Volcker](#); and also about several developments within the politics and macroeconomics that led to a consensus in favor of the inflation targets of independent central banks. But now we are in 2022, the financial system looks completely different and the world economy has a very different level of integration. And we have a climate emergency. These are radical changes that are barely reflected in the macroeconomic policy framework.

**–Since it seems that the interests of central banks are aligned with the interests of financial and asset managers, can we think of a different model?**

-This is a very good question. And sadly, the short answer is that there is no plan ready to implement. But the most hopeful message would be that there has been a [de facto change](#). If you look at what the major central banks have done in the last ten years, they've completely destroyed the playbook, engaging in massive quasi-monetary financing of their governments by buying large amounts of government bonds. That wasn't supposed to be part of the policy toolkit. Of course, this is not geared towards a coherent agenda of strengthening the development capacities of states; it is done within the paradigm that I call «planning for private finance», to underpin that system. But this may still be a hopeful development because it shows central banks can deploy additional tools.

«On the other hand, there is definitely a resurgence of developmentalist thinking among economists and the term ‘industrial policy’ no longer has such a negative connotation. So there has been a significant change, both in the practice of central banks and on the side of ideas, although the two have not come together.»

## DEMOCRATIZE THE CENTRAL BANK

**–In some of your work you propose to «democratize the central bank.» What does this mean in practical terms? How do you operationalize it?**

-I don't have a definitive answer, especially for Chile, because democratizing such an important institution will definitely mean different things in different countries. One of the craziest aspects of the inflation-targeting regime is that it is a solution that ‘suits all countries’. I think it's quite surprising that we have to believe that there is an institution that is optimal for very different countries around the world with a lot of diverse economies. So that's a first warning.

«On the other hand, democratizing central banks does not mean treating them as a ministry that is completely politicized and where the minister can be hired and fired at will. Experts have a role to play, and some independence makes sense. However, the idea that these experts, once appointed, have to be completely independent of the government and the priorities of the different elected governments is problematic. So the way to make central banks more accountable is to give parliament more powers to challenge central banks. We have systems like that in the eurozone but they are very weak. They are basically a formality.

«Another aspect of democratization would be, for example, to increase the diversity and governance structure of central banks. Today, central bank governors tend to come from a very specific background. They are professors or financial technocrats. I see nothing wrong, for example, in having labor representatives on the governing councils or boards of directors of central banks. That would be democratizing by allowing for the representation of various groups and interests in society.

«A third point would be for the government to have the power to reorient the central bank, not on a daily basis, and not completely arbitrarily, but having a process by which the mandate and objectives of the central bank can be reassessed through a democratic process. And that means having a lower threshold for changes to the central bank's mandate than to constitutional change. The mandate for the governance structure of the central bank should not be institutionalized, in my opinion, at least not completely. This is a problem that Chile has, and that the euro area also has.»

**-It seems difficult that in our constitution the Central Bank can be democratized in the way you suggest. Are there any worldwide experiences that have shifted towards this direction?**

Historically, central banks were not independent. They were part of the government and were often subordinate to Treasury departments. Today almost all central banks are highly independent. We have to think very carefully about what would be a realistic way to change that. I believe that the first and most important step, beyond changing representation, would be to have a structured process of periodic re-evaluation of the mandate and goals of the central bank within the political process. My co-author, Leah Downey, wrote [an article](#) on this, focusing on the case of the US Federal Reserve.

**–In the UK and Australia, the central bank and the government may decide to do the same and coordinate their agendas. But they have to meet on a regular basis and coordinate with the elected authorities. Is this a way to move towards what you are saying?**

-Absolutely. I would only say that the process in the UK is a formality, and that the financial sector in Britain is a little different than most everywhere else. There is such a close relationship between the Bank of England, the City, the government and the global financial system, that investors are zero percent worried that something might happen that is against their interests. I would advocate for a more public process and with more stakeholders included. A more democratic commitment.

**–Do you think it is possible for these large institutions to rethink themselves and identify their potential?**

-It's hard to imagine, but it's also important to recognize that central banks are completely atypical. There are no other institutions that have so much discretionary power and are so independent within democratic societies. It is important to recognize that they are a democratic exception.

**-If democratizing processes are activated, what will happen to capital? Because they need security, they need stability.**

-I think that the problematic and even dangerous thing was, as a result of the neoliberal turn that took place around the world, to take macroeconomic policy out of the realm of political competition and electoral politics. Re-politicizing that policy may be a risk for international investors, but it is also a public health measure, and required for democratic discourse and democratic electoral politics.

**-One of the challenges of democracies is that people feel less and less represented, less and less confident that the government will solve their problems. Do you think this is related to what you just said?**

-Yes, definitely. Because many political and economic projects are left off the table; and no actor or political party will ever talk about them. If part of the voting population would like some policies to be implemented, or at least would like to see them discussed, when they are left off the table those people feel less represented. Some demands can be unrealistic and potentially negative for society as a whole. But once you have an open political debate, and once economic policy options are on the table again, we will be able to engage in more long-term economic thinking, which is good for political culture. Today, the central bank is independent and price stability takes precedence – end of the debate.

#### THE «GOOD» INFLATION OF THE PRICE OF HOUSING

**-You suggest that financialized capitalism and the dominance of asset managers leads central banks to try to increase asset price inflation. This is necessary for the system to survive because it needs to produce profits, for example, for pensions. That's interesting because we generally have the idea that inflation is in the prices of consumer goods. Can you talk a little more about this? Because now we have consumer price inflation and central banks are stepping in. But the price of housing continues to rise. And maybe these processes are independent and have nothing to do with each other.**

-Yes. This debate, I think, is unfolding everywhere. The debate on the relationship between consumer price inflation and asset price inflation. There are several aspects to consider. First, housing is a financial asset that is on the asset side of household balance sheets. So rising house prices make households that own homes richer. But at the same time, housing is a cost to renters and that is expressed in the consumer price index. As the price of housing and rent are related, rising house prices usually mean an increase in living expenses for those who do not own homes.

«And then, more broadly, you have this discussion that is driven by the deeply distributive nature of the questions that we discuss when we talk about monetary policy. When the central bank cuts interest rates, it tends to increase economic growth and could therefore lead to somewhat higher consumer price inflation. But also, and especially in recent years, very low interest rate policies around the world, led by the Fed, have led to massive inflation in asset prices around the world. As everywhere, stock markets and housing markets are at their peak and this has made anyone who owns these assets much richer. But financial assets are extremely unevenly distributed, even more so than housing.»

«Therefore, the distributional consequences of inflation on asset prices, in my view, are far greater than the distributive consequences of these very minor movements in consumer price inflation rates that we have observed. This is perhaps the simplest way to say this. We have had a large increase in wealth inequality due to asset price inflation that has not been accompanied by an increase in wage incomes towards the bottom of the distribution of wealth and income.»

**-Could we say that when central banks are interested in addressing inflation, it is mainly consumer price inflation? That is, asset price inflation is good for them, so they try to maintain it, which generates enormously large distributional effects.**

-Yes. Of course. Raising interest rates to control consumer price inflation also tends to lower asset prices because interest rates and asset prices move in opposite directions. But, in general, the inflation-targeting paradigm has been such that the central bank puts the brakes on raising interest rates when consumer prices rise, but does nothing when asset prices rise and even acts quietly—or sometimes actively supports asset price inflation by ensuring stability, by acting as a lender of last resort, and by intervening when there are setbacks in the financial system.

**–And do you think that central banks are not intervening in real estate markets because they are aligned with large capitals?**

-Well, intervening in a housing market to stop price inflation is always extremely unpopular because the homeowners are upper and upper middle class – powerful political constituencies. So governments around the world delegated price control to independent central banks. But that doesn't mean these authorities actively intervene to curb house price inflation because that remains very difficult to do. The political problem is not solved by simply delegating the task to the technocrats.

**–So, independence seems quite political to me.**

-Yes, yes. There is no way to escape politics. That central bank independence is political is a good way of summarizing this.

**-Here we say, ‘If you stay technical, you’re acting in a political direction.’**

-Yes, exactly. There is a strong status quo bias in most technocratic arrangements. Unless you give the technocrats a very progressive mandate. Then they can do good things for you. But for this, there would have to be structures for elected governments to grant such mandates. And those structures currently don’t exist anywhere.

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## NOTAS Y REFERENCIAS

[1] Data published by Felipe Ruiz Bruzzone (2021) “Financialization and the Construction of Peripheral Business Power in the Chilean Pension System” In A. Madariaga and S. Palestini, *Dependent Capitalisms in Latin America and Europe*. Basingstoke: Palgrave Macmillan.

This interview is an academic-journalistic effort conducted by Aldo Madariaga and Marcela Ramos, with the help of Alejandra Solar, Nicole Cerpa and Emilia Guzmán.

Research Assistant: Alejandra Solar

Transcription and translation (English-Spanish): Nicole Cerpa

Translation (Spanish-English): Emilia Guzmán

## AUTORES(AS)



[Aldo Madariaga](#)

Es doctor en Economía y Ciencia Política (Universität zu Köln) profesor de la Escuela de Ciencia Política de la Universidad Diego Portales, e investigador asociado del Centro de Estudios de Conflicto y Cohesión Social (COES),



[Marcela Ramos](#)

Periodista, Universidad Nacional Andrés Bello. Magister en Políticas Públicas, Universidad de Chile (2007). PhD en Educación, Universidad de Bristol (2017).



[Alejandra Solar](#)

Es socióloga de la Universidad de Chile y Master of Arts en Economía Política de King's College London. Actualmente cursa estudios de doctorado en Ciencias Sociales en la Universidad de Chile.



[Nicole Cerpa](#)

Es economista y Magíster y Candidata a Doctora en Economía por la Universidad de Leeds (Reino Unido).



[Emilia Guzman](#)

Es estudiante de Ciencia Política en la Universidad de Amsterdam