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principle that is not associated with trade, but rather with other grounds of justice. Now, it may be true that the trade regime is embedded in these other grounds, and that it therefore should not undermine principles associated with them. But it does not follow that its primary goal should be to actively promote those principles, as opposed to the principles associated with trade justice itself. None of this is to say that I disagree with the authors' substantive proposals; it is merely to highlight the fact that exploitation does not seem to be the only, or perhaps even the most pressing, consideration in the domain of trade.

Despite these concerns, *On Trade Justice* is a thought-provoking book of considerable scope and ambition. There is a great deal to be learned from its sophisticated arguments, historical awareness, and commitment to linking philosophical theory with empirically informed discussions of trade policy. By articulating an original position centred around the concept of exploitation, it contributes a novel and important perspective on trade justice. For these reasons, the book is essential reading for anyone interested in the more recent literature on global justice in trade, within which it is sure to become a point of reference.

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Unelected Power: The Quest for Legitimacy in Central Banking and the Regulatory State, Paul Tucker. Princeton University Press, 2018, 656 pages.
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Because money is the most important institution of a capitalist economy, control over its issuance is a source of immense social power. Should that power be held by unelected officials, who use it to fight inflation?

Before the Global Financial Crisis of 2007–8 economists tended to say yes, which led to the creation of independent central banks around the world. Economists would

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justify their answer in part by invoking a narrow conception of what good monetary policy consists in. This conception sees central banks as having one simple tool, namely interest rates, which central banks should use to achieve one clear goal, namely price stability. Economists saw monetary policy as a technical task with little impact on economic distributions. Over the long run, monetary policy would merely enable the economy to achieve its long run equilibrium. These ideas about monetary policy help to explain why it should be left to central bankers, but it does not explain why they should be exempt from the democratic procedures that apply to other technical areas of economic policy. In other words, they do not provide a rationale for why central banks should be independent.

An influential justification of central bank independence invokes the need for credible commitment. It goes roughly as follows. Elected politicians cannot credibly commit to pursuing price stability because they are subject to political pressure. When an elected government controls monetary policy, therefore, the private sector expects inflation. This expectation brings about higher prices because it influences how firms and investors set prices. Making the central bank independent prevents inflation because economic actors trust central bankers and expect them to make conservative use of the money supply. This explanation does two things. It explains how independence itself has beneficial effects. It also serves to justify central bank independence from a democratic perspective. Independence does not hinder the government in achieving its economic policy objectives. Rather, independence turns out to be a means by which governments achieve their ends.

The crisis has put these justifications of central bank independence under considerable pressure. The past decade placed central bankers in crisis fighting roles often barely envisaged by their legal mandates. Historically, central banks have acted as a lender of last resort in providing loans when a financial panic stops private lending. The crisis led central banks to provide emergency loans to their domestic banking sectors, thereby deciding whether banks would default or be saved. To be able to lend in foreign currencies, central banks often borrowed from each other through so-called swap-lines, placing the US Federal Reserve in the position of lender of last resort for the global financial system. The European Central Bank became a lender of last resort to EU governments, sending out requests for labour market deregulation as a condition for its support. The economic crash that followed the financial panic again pushed central bankers into new roles (Klooster and Fontan 2019). Using considerable creativity in the interpretation of their mandate, central banks started so-called quantitative easing (or QE) operations. Through QE operations, central banks seek to cause inflation by buying large volumes of government bonds and other financial assets. This has large distributional effects. For example, QE has disproportionately benefited wealthy households. The Bank of England estimates that its QE programme provided the poorest 10% of UK households with a wealth increase of around GBP 3,000, while the wealthiest households gained an average of GBP 350,000 (Bunn *et al.* 2018). The QE operations also impact private sector investment. The European Central Bank's QE purchases of corporate bonds strongly favour carbon-intensive industrial sectors such as fossil fuel extraction (Matikainen *et al.* 2017). Their increased power and visibility have earned central banks critics across the political spectrum.

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Paul Tucker's book *Unelected Power: The Quest for Legitimacy in Central Banking and the Regulatory State* responds to these new challenges with a restatement of the credible commitment justification. Tucker is himself a central banker, who until 2013 served in key decision-making roles at the Bank of England. The book combines his personal experience with the existing academic and policy literature. It also engages in detail with relevant political philosophy. The book has four parts.

Part I asks when delegation of powers to unelected officials is permissible. Tucker answers this question by formulating Principles of Delegation, which consist in Delegation Criteria (DC), Design Precepts (DP) and a Multi-Mission Constraint.

The Delegation Criteria concern when to delegate to an independent agency. They hold that there must be a stable societal consensus on a well-defined goal (DC 1 and 2), which requires credible commitment to achieve (DC 3). Tucker takes a broad view of what counts as a problem of credible commitment. Governments may lack credibility because of popular pressure or influence from special interests. Governments can also lack credibility merely because they are likely to change their views on what is in the public interest. Besides solving a problem of credible commitment, checks must be in place to ensure that the agency pursues that goal effectively. These include a community of experts outside the IA (DC4), parliamentary oversight (DC6) and broader social context that is 'capable of bestowing esteem or prestige that can help bind the IA's policy makers to the mast of the regime's goal' (DC7; p. 569). Finally, unelected officials should not make 'choices on distributional trade-offs or society's values or that materially shift the distribution of political power' (DC5; p. 569). This last criterion does not require that monetary policy has no distributional effects at all. It merely requires that where policymakers face such choices, their mandate tells them what to do.

The Design Precepts (DP) specify how to design an independent agency. Independent agencies should have a mandate with clear objectives and instruments (DP1), political procedures for deciding how to pursue the objectives (DP2), operating procedures for the use of instruments (DP3), procedures for communication to the wider society (DP4) and procedures for dealing with emergencies not covered by the mandate (DP5). Finally, the Multi-Mission Constraint explains when independent agencies should be given more than one objective.

It is not entirely clear to me what the status of the Principles of Delegation is. They are presented as not just sufficient, but also necessary for permissibility (e.g. pp. 13–15), which seems implausibly restrictive. Depending on how one counts preambles and sub-conditions, the Principles consist of somewhere between 17 and over 40 distinct conditions. If these conditions are indeed all individually necessary, then failure on one condition would be enough to undermine legitimacy. Would delegation to an independent agency indeed no longer be permissible if a society cannot bestow esteem or prestige to bind it to its goals (DC 7)? Is it required that the IA cannot impose 'ruinous fines' (DP 1f)? More generally, is it really true that credible commitment is the only good reason for creating an independent agency? Rather than being necessary, the Principles could also be understood as mere sufficient conditions for permissibility. This is not just independently more plausible but also fits better

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with Tucker's arguments in favour of his Principles. He does not argue that the ability to impose ruinous fines or a society not bestowing social prestige makes unelected power impermissible. Rather, he raises familiar worries about democratic consent and bureaucratic overreach, to which he responds by strengthening his criteria so that the objections lose their force. This allows him to show that a range of objections to central bank independence would not hold for an institution that meets all his criteria. But that does not show that it would be impermissible to create an independent agency that fails to meet some of them.

Part II explores how the Principles formulated in Part I withstand a range of democratic objections. This is not an easy topic to address without taking a stand on why societies should be democratic and what democratic values require of institutions. Indeed, answering these types of questions is a legitimate part of democratic discourse itself, which raises the question in what sense a democratic decision to delegate can be undemocratic (Klooster 2018). In what to me was the most interesting philosophical contribution of the book, Tucker proposes the device of a robustness test. This a test for political legitimacy that is closely aligned with the political realism associated with Bernard Williams. An independent agency is legitimate if citizens accept its exercise of power based on adequate deliberation rather than coercion or deception. For this to be possible, citizens must have reasons to accept decision-making by unelected officials. Tucker seeks to show that citizens will indeed have such reasons through a birds-eye survey of the political traditions of conservatism, liberalism, republicanism and (a moderate version of) social democracy. The survey shows that these traditions all provide citizens with reasons to endorse independent agencies that fulfil the Principles of Delegation. Thus, central bank independence might be the outcome of deliberation within these individual traditions and hence potentially legitimate.

Part III covers the constitutional and political structures that govern independent agencies. This part looks in more detail at the question of how to introduce independent agencies into the constitutional structures of existing liberal democracies and incentivize unelected officials to act in accordance with their mandate. In exploring these topics, Tucker provides a broad-brush overview of the constitutional structures of the USA, the UK, Germany, France and the European Union.

Part IV, finally, asks what the Delegation Criteria imply for the legitimacy of central banks after the crisis. To justify the new roles that central banks have acquired, Tucker relies on his Multi-Mission Constraint. This principle holds that independent agencies can permissibly be given multiple roles if three conditions are met. First, the roles must be connected. Second, each role must individually face a problem of credible commitment. Third, assigning the roles to only one agency must improve outcomes. Tucker argues that this principle allows central banks to combine two roles. First, the use of monetary policy to pursue the objective of price stability. Second, the central bank's role as lender of last resort. The most important institutional change that Tucker favours is to revise central bank mandates more often. Central bankers should take an active role in asking for revisions. When facing emergencies not covered by their mandate, they should refer important choices back to democratic institutions.

Does the book succeed in defending the legitimacy of independent central banks? Tucker puts forward the most detailed account to date of the old justification, but

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that does not show that it has withstood the test of time. His exploration of this question remains tentative and, despite its over 600 pages, the book stops short of asking the most difficult questions.

For one, can central banks ever hope to meet DC5, which requires that they do not make important distributional choices? Central banks pursue price stability by contracting growth and ensuring that part of the active labour force remains unemployed. This involves trade-offs with pervasive distributional effects and there is nothing like a clear-cut prescription for how to make them. The effects of monetary policy are also difficult to predict, which means that there are risks, and hence again choices. Today's unconventional monetary policy operations are even more difficult to reconcile with DC5 (Klooster and Fontan 2019). Central bank mandates could of course be made more precise, but if delegation is intended to ensure independence, updates cannot be too regular. This means that the mandate can provide only general guidance on what the central bank should do.

Even if it were possible for central banks to avoid making distributive choices, this may still not be desirable. Tucker proposes restricting the role of central banks to steering conditions in financial markets and regulating banks with an eye to economic stability. The pre-crisis backing for such a narrow role relied on two market liberal assumptions. One, that governments should leave financial markets largely to their own devices. Two, that fiscal policy can achieve most economic policy objectives without central bank support. But of course these assumptions are hotly contested today. Will 21st century governments succeed in providing good jobs and adequate housing without more targeted credit policies? Is an adequate response to the looming environmental catastrophe even possible without making money creation subservient to a rapid green transition? Nobody thinks that central bankers can be the main drivers of such policies, but it is also difficult to see how they could remain uninvolved. If central bankers were to take on such roles, they would need to coordinate with governments and become subject to improved procedures of democratic accountability, but it is an open question what shape this would take.

A reader who is interested in these questions will not find an answer in *Unelected Power*. Tucker does not engage in much detail with critics of central bank independence. Pre-crisis critics of the idea that money is neutral in the long run are brushed off as 'a group of social democrat political scientists and commentators' (p. 530). The most critical author with whom Tucker engages is former US Treasury Secretary Larry Summers. How monetary policy affects fair access to housing, green finance or even unemployment remains undiscussed. Nor does Tucker have much to say about the pervasive cross-border effects of monetary policy, which raise entirely distinct questions of legitimacy. The Federal Reserve sets monetary policy to achieve a domestic objective of price stability, but also determines the pace for the global financial system. Most citizens who are affected by the Fed's decisions have no means of influencing them.

These blind spots notwithstanding, the book is a welcome contribution to current debates on central bank independence. Its conservative upshot puts it at odds with the barrage of criticism that central banks have faced in the past decade. Before its publication, justifications of central bank independence, often mutually incompatible or contradictory, were scattered throughout central bank speeches

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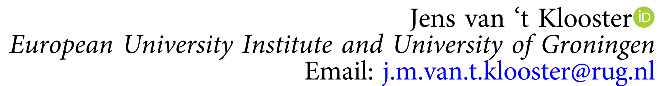
and policy documents. This made it difficult to engage critically with the normative justifications of the existing regulatory framework. Consider the distributional effects of QE already mentioned. Clément Fontan, François Claveau and Peter Dietsch (2016) perform a labour-intensive systematic analysis of central bank speeches to demonstrate that central bankers disavow responsibility for these effects. Tucker acknowledges the distributional effects and explains why he believes final responsibility for them lies with elected governments. In developing his Principles of Delegation, Tucker puts forward a systematized account of the views held within the central banking community and lifts them up to the level of a political philosophy of central banking. His vision of central bank independence is likely to be invoked and contested in the years to come.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Do Central Banks Serve the People? Peter Dietsch, Francois Claveau and Clement Fontan. Polity Press, 2018, vii + 135 pages.
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Central banks have exercised so much power since the financial crisis that it is both natural and good that there is renewed public debate about quite what they are for and how they fit into a system of constitutional democracy.

The cue for Peter Dietsch, Francois Claveau and Clement Fontan's contribution to this debate is Bank of England Governor Mark Carney's 2014 reconfiguring of the British central bank's mission statement to emphasize it exists ‘to promote the good

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