

# Right-Wing Populism and Support for Central Bank Independence: Evidence from India and Turkey

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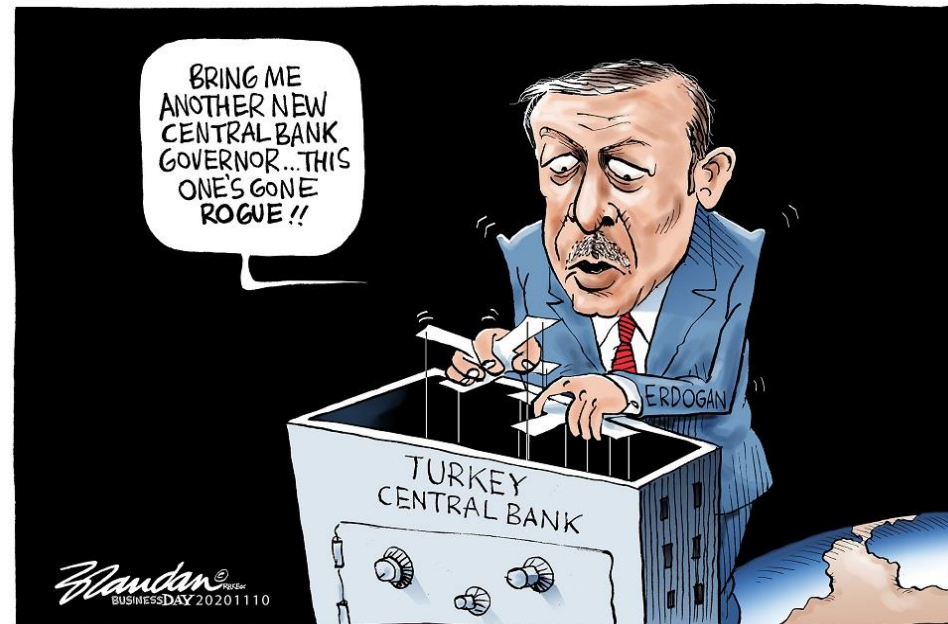
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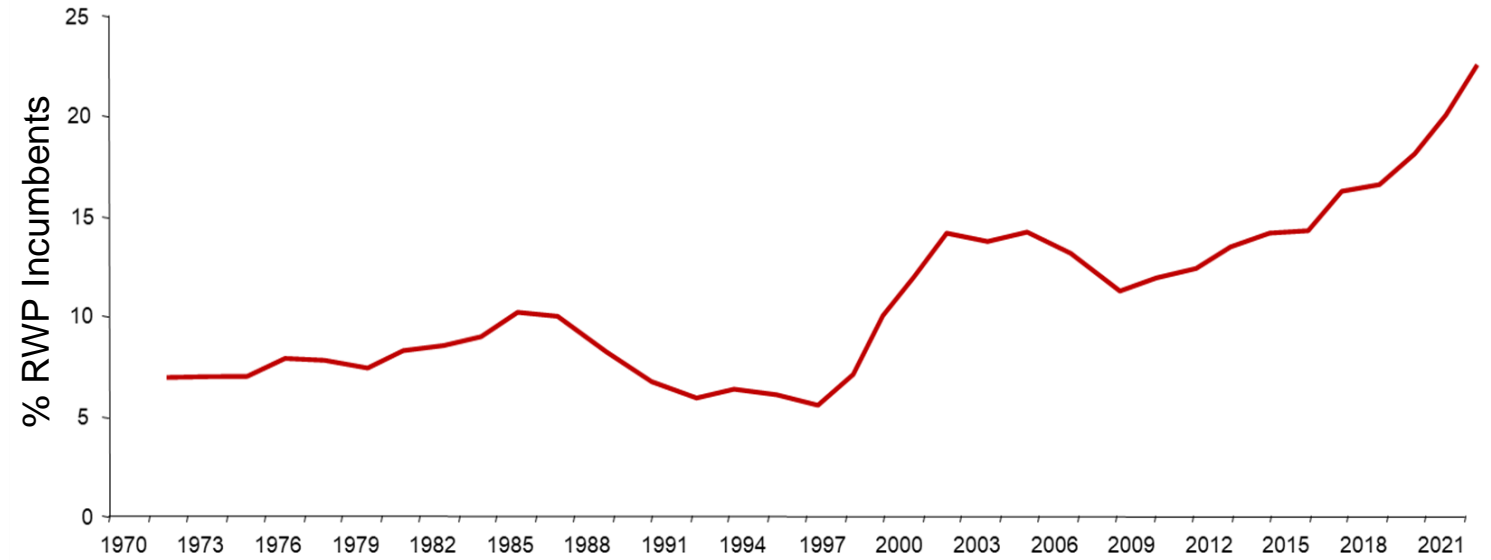
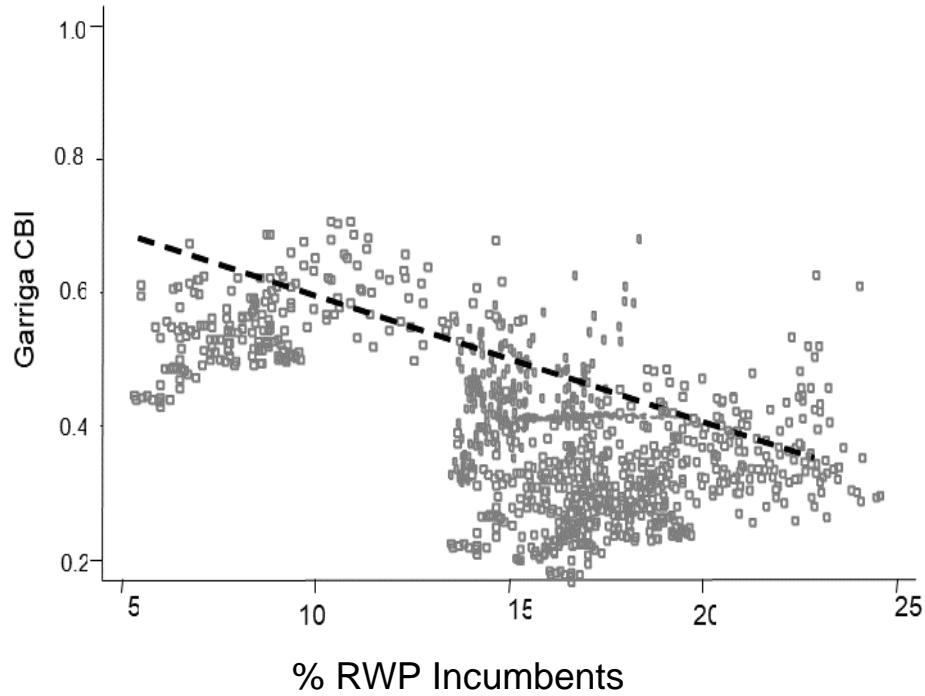


Right-Wing Populist  
(RWP) Leaders Around  
the World

# RWP Parties vs. Central Bankers



## Share of RWP Incumbents (90 Democracies Since 1970)



RWP Leaders and Decline in CBI

RWP leaders frame independent central banks as “elitist” ,  
“foreign agents”, and “anti-people”

## Questions:

- Does such *nationalist* framing of independent central banks by RWP leaders influence support for an independent central bank among *politicians*?
- *Who* responds by reducing support for CBI?

# Who responds to anti-national rhetoric by *reducing* support for CBI?

## 1. Members of RWP leader's party

- *If they share leader's belief or follow his lead => less supportive of CBI*
- *If just electoral rhetoric => no difference between RWP & non-RWP politicians*

## 2. Politicians with authoritarian personalities

- Authoritarian personality types defer more to “authority”
- Whose authority – party leaders or CB authority?
- Non-Authoritarians – driven more by beliefs or incentives

# Cross-Pressured non-RWP Politicians and CBI

## 1. Electoral Pressures:

- *Increased salience of CBI as part of globalization's "elite-capture" narrative*
- *Changes some voters' perception of CBI as beneficial for the nation*

2. Financial market pressure to support CBI

3. **Sincere beliefs** => CBI *supports/damages* macroeconomic health/growth of country

4. **Strategic Reason:** *Regain control of monetary policy*

- *Pro - realize future political benefits*
- *Con – prospects of future victory?*

# Expectations

**Micro-Level Prediction:** Nationalist framing of CBI

- reduces support for CBI among RWP Party politicians
- reduces support for CBI among *non-RWP* Party politicians
- reduces support for CBI among politicians with authoritarian personalities
- reduces support for CBI among politicians with non-authoritarian personalities will

**Aggregate Prediction:**

- Presence of RWP leaders in office will lead to reduced CBI



# Empirical Analysis

- **Micro-Level Test Using Elite-Level Data:** Survey experiment fielded to politicians
- **Survey Experiment:** 2 treatments + control
- **2 Countries:**
  - Turkey, 2016: n=349 (12.7% of Total Population of candidates)
  - India, 2019: n=165 (11% of Total Population of candidates )
  - Typical samples sizes for politicians!
- **Aggregate Prediction:** Sample of 3,335 *leader-years* (unit of analysis)
  - (Total 1,012 Leaders from 90 Democracies, 1970-2012)

**Common narrative:** “Inflation has increased steadily in India recently and the Indian rupee has also lost a lot of value in international currency markets. This affects Indian citizens and Indian businesses badly. Political leaders from different parties have expressed very different ideas about how to handle these economic problems.”

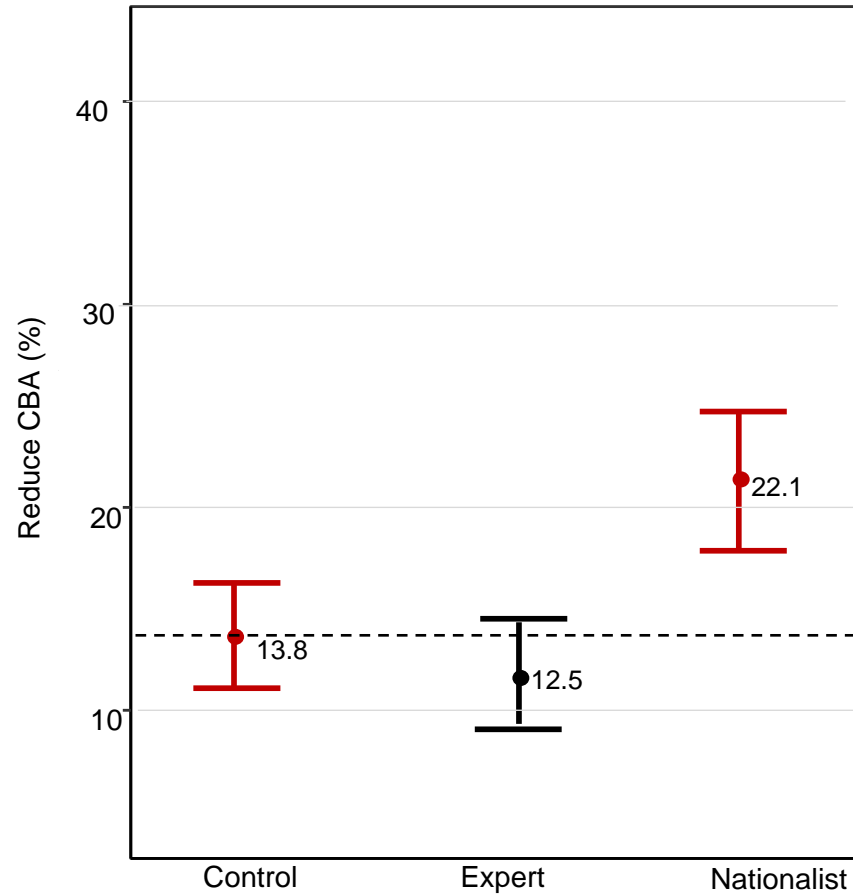
1. **Expert Treatment:** “Some parties’ leaders say that the economic experts at the RBI are the best people to handle these problems because they have the training and experience to decide which policies best serve our nation’s interests. These leaders think the government should deal with these important economic problems by respecting the RBI’s independence and letting the economic experts at the RBI decide which policies to adopt to address inflation and losses in the rupee’s value.”
2. **Nationalist Treatment:** “Some parties’ leaders say that the elites at the RBI can’t be trusted to take care of these important national problems because they care more about the interests of elites like foreign companies and traders, and the IMF than they do about the problems and welfare of their own ordinary citizens. These leaders think the government should deal with these important national problems by taking charge of the RBI itself and choosing which policies the RBI will implement to address inflation and losses in the rupee’s value.”

**DV:** “How do you think the government should address these important economic problems?”

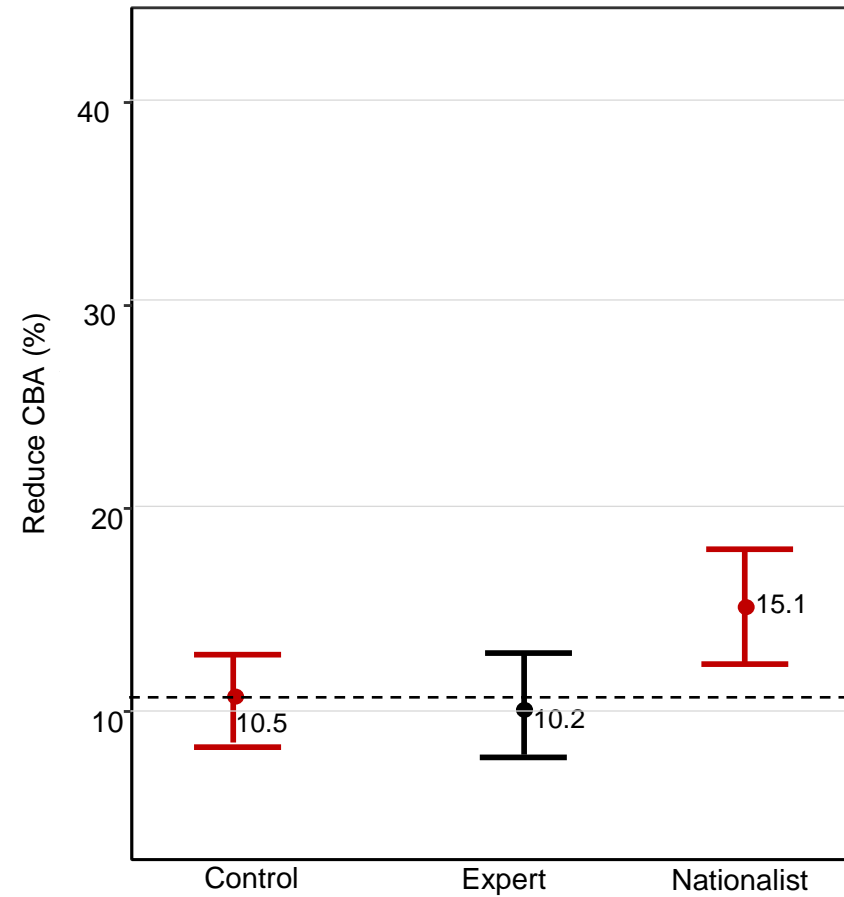
- Government should **respect the RBI’s independence and let the RBI decide** which policies can solve these problems => **(Reduce CB Autonomy, coded 0)**
- Government should **take charge of the RBI and select the policies** it wants to use to solve these problems and direct the RBI to implement them => **(Reduce CB Autonomy, coded 1)**

# *Reduce CB Autonomy : RWP Party Politicians*

## **INDIA: RWP-BJP**

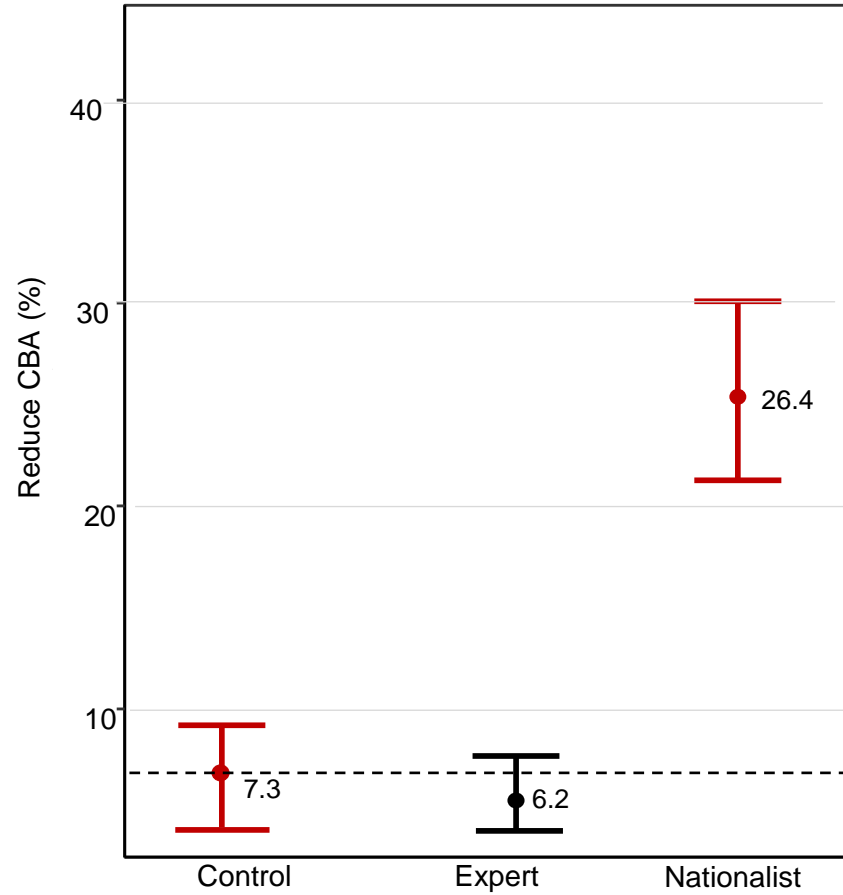


## **TURKEY: RWP - AKP**

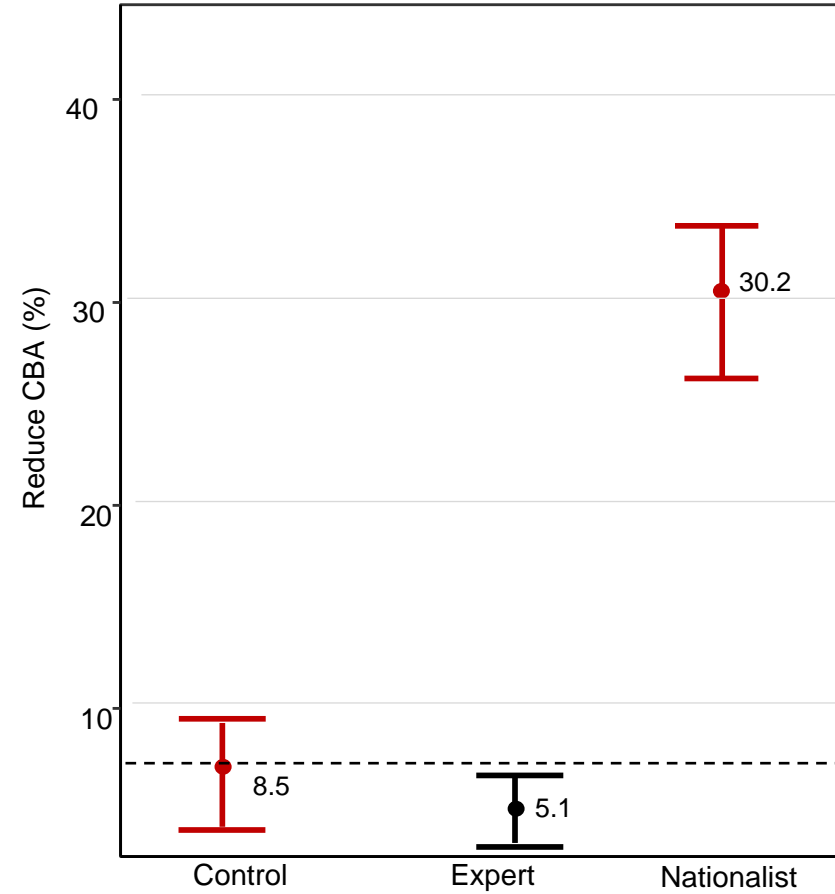


# *Reduce CB Autonomy: Non-Right Wing Populist Party Politicians*

## INDIA



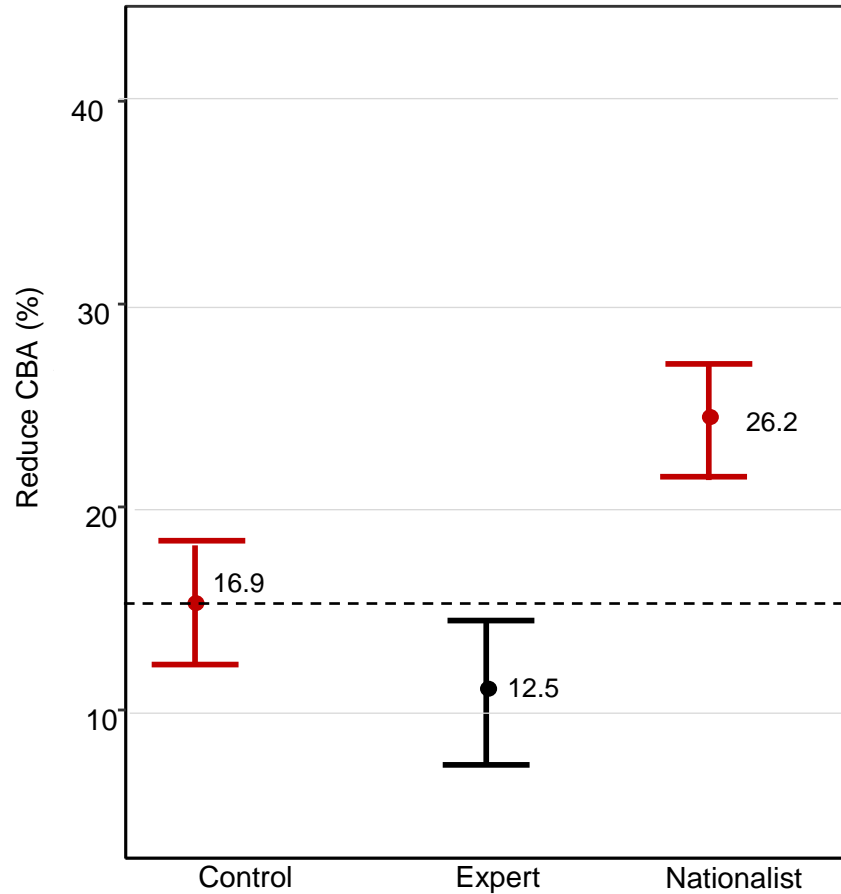
## TURKEY



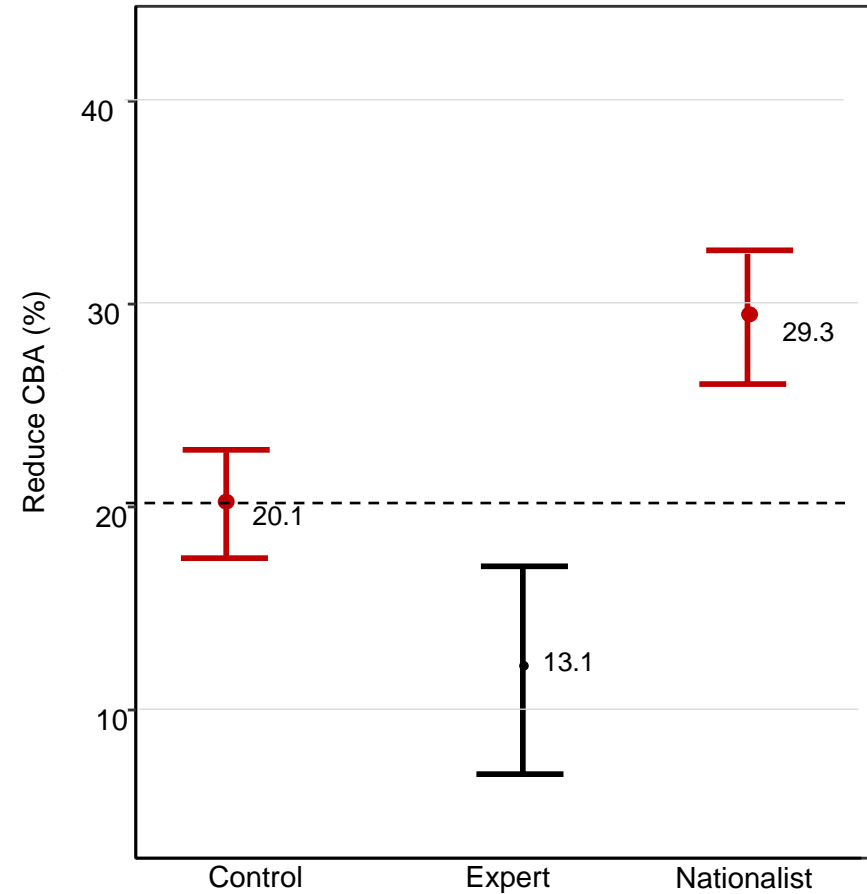
# *Reduce CB Autonomy: Authoritarian Personality*

## 4-Question Childrearing Index (Hetherington and Weller 2009, 2021)

**INDIA**

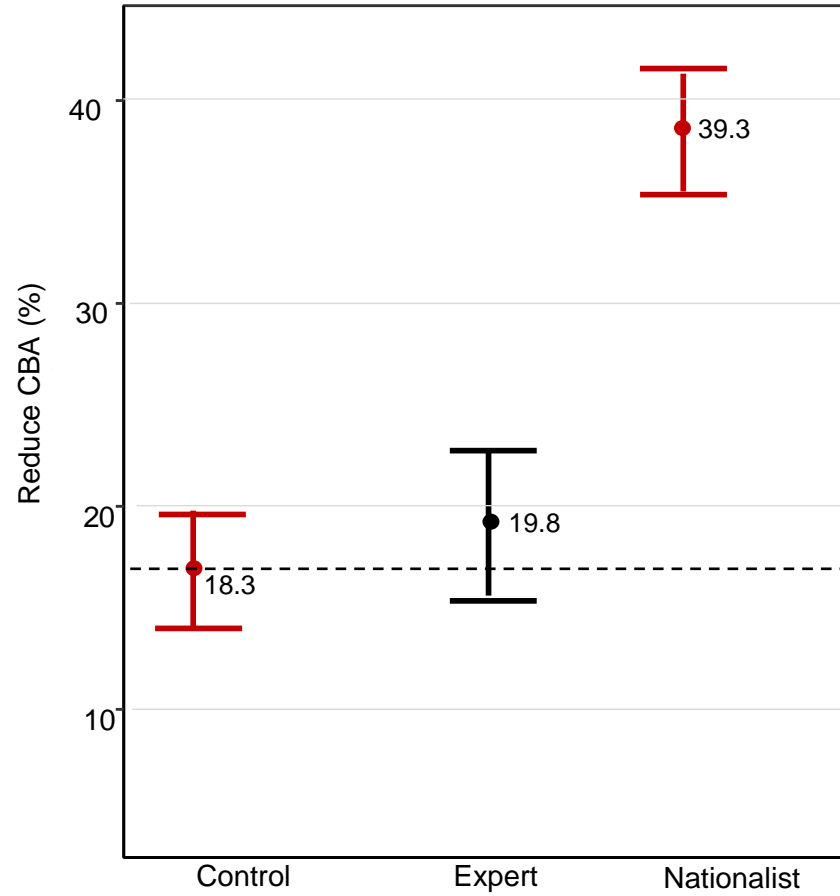


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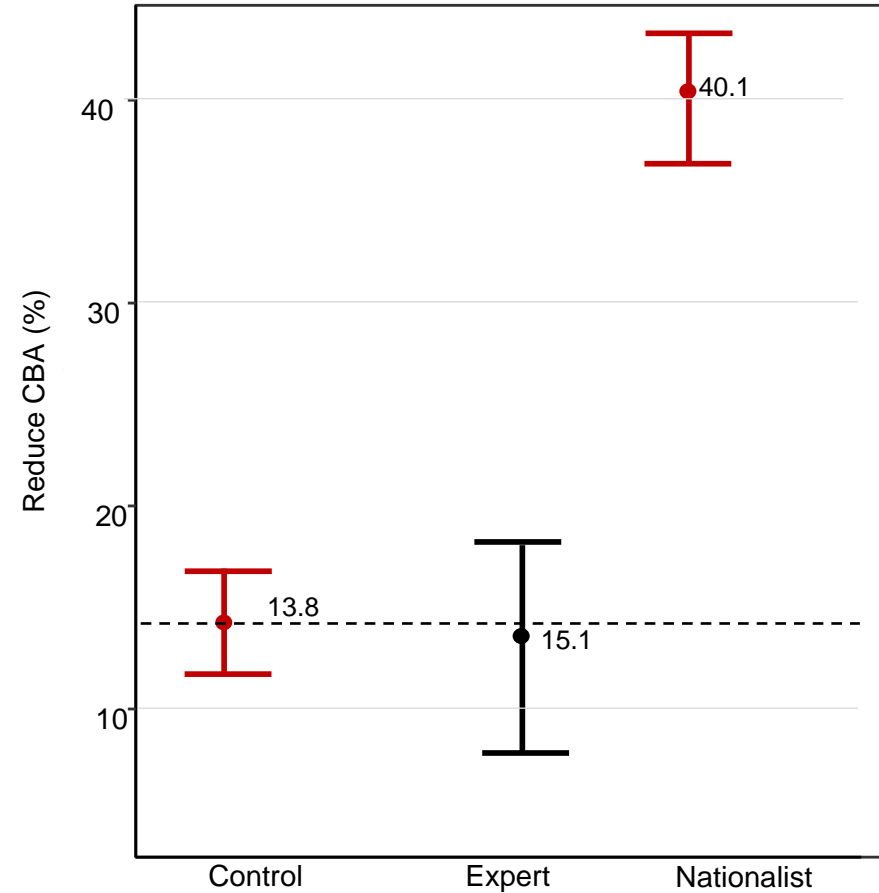


# Reduce CB Autonomy: Non-Authoritarian Personality

## INDIA



## TURKEY



# Conclusion & Implications

1. RWP Leader rhetoric attacking CBI does influence political support for CBI
2. Politicians respond heterogeneously depending on their personal traits
3. RWP Nationalist framing of CBI *reduces* support among *non-RWP* party members, *less authoritarian* politicians

## Implications:

- RWP parties don't have to win office for CBI to fall
- As inflation becomes more politically salient, expect more RWP attacks on CBI => CBI may fall in RWP-led countries *and in* non-RWP-led countries with RWP parties

# Appendix Slides



# Why do RWP Leaders frame CBI as “anti-national”?

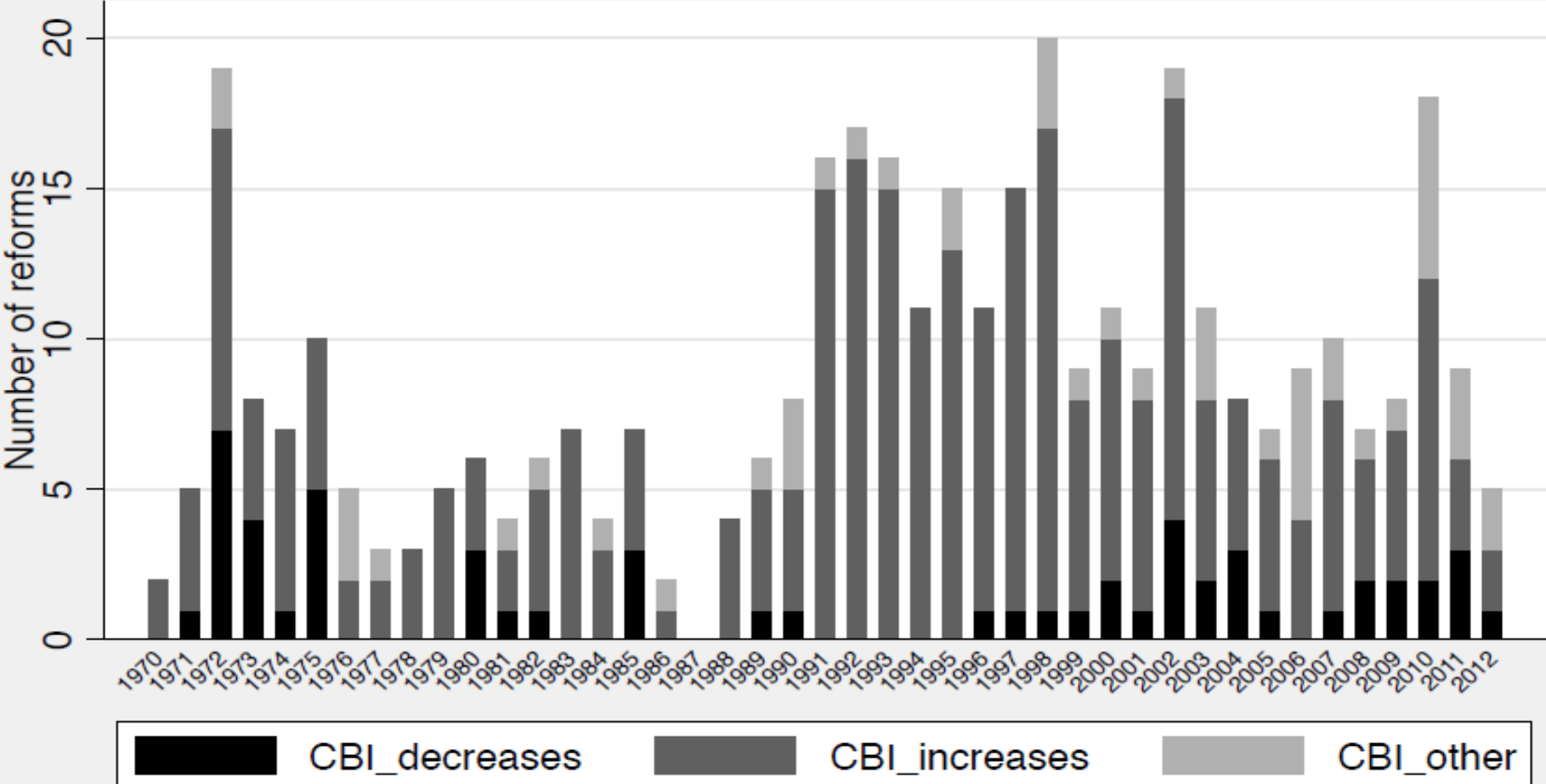
## Sincere Reasons:

- Experts as “elites”
- Genuinely believe independent central bankers care more about elite interests and foreign interests than “ordinary” domestic citizens

## Strategic Reasons:

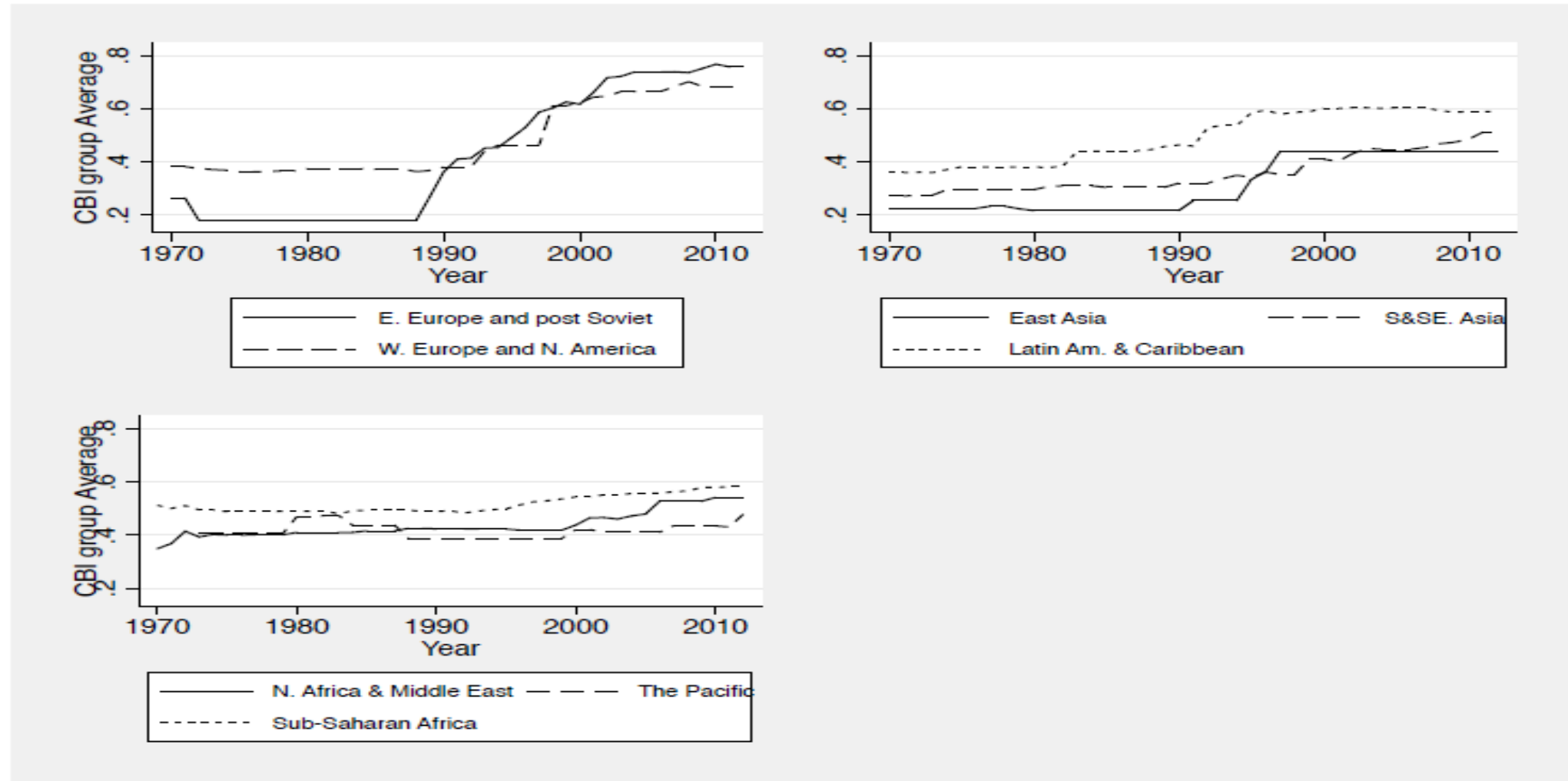
- Want to facilitate monetary manipulation for political purposes
  - Post-Covid inflation and interest rate cuts?

Garriga 2016: Figure 3, pg 13



# Garriga 2016: pg 18

Figure 6. CBI regional averages



# Survey of Indian Politicians: During 2019 Parliamentary Election Campaign

Date Fielded

April-May 2019

Sampled States

5 of 29 states -Andhra Pradesh Gujarat, Rajasthan, Uttar Pradesh, West Bengal

Sampled Parties

BJP, INC, BSP, CPI-M, SP, TMC, TDP, YSCRIP\*

Sampling Method

Stratified, clustered random sampling

Population Size

1494

Response Rate

59% (of 280 contacted)

Sample Size

165

# Survey of Turkish Politicians: During 2017, before referendum

Date Fielded

Feb.-March, 2017

Sampled Provinces

**76 of 81**

Sampled Parties

**AKP, Saadet, CHP, MHP, HDP**

Sampling Method

Stratified, clustered random sampling

Population Size

**2750**

Response Rate

65% (of 537 contacted)

Sample Size

**349**

Balance Tests -- INDIA	Treatment: Expert		Treatment: Nationalist		Control	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Age	56.8	10.583	54.11	10.121	53.09	11.963
Education	2.08	.829	2.36	.762	2.28	.708
Male	.83	.345	.81	.401	.85	.354
Rel. Pty Member	.25	.438	.22	.422	.21	.415
Authoritarian Score	2.85	.921	2.54	1.146	2.71	.844
Religiosity	.73	.452	.72	.454	.78	.415
Office Experience	.520	.464	.53	.506	.58	.500
Party Position Holder	.27	.452	.26	.445	.31	.467

Balance Tests -- Turkey	Treatment: Expert		Treatment: Nationalist		Control	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Age	46.77	10.216	49.06	9.430	46.23	9.12
Education	1.59	.615	1.55	.654	1.54	.621
Male	.79	.408	.76	.429	.71	.458
Islamist Party Member	.33	.498	.32	.471	.32	.469
Authoritarian Score	2.91	.814	2.73	.675	2.63	.839
Religiosity	3.37	1.000	3.09	1.063	3.23	1.142
Office Experience	.38	.489	.35	.480	.32	.468
Party Position Holder	.50	.484	.49	.503	.48	.503

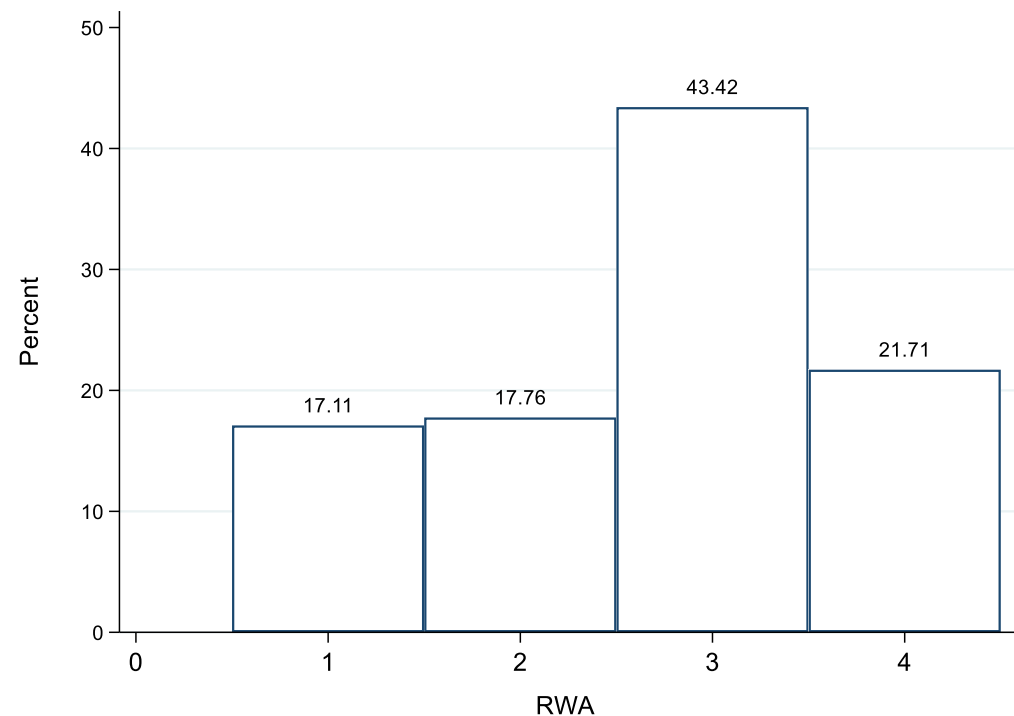
# Authoritarian Score: All parties - India

MEASURING RWA: HETHERINGTON AND WELLER 2009, ENGELHARDT ET AL 2021

Although there are a number of qualities that people think children should have, every person thinks that some are more important than others. Although you may feel that both qualities are important, please tell me which one of each pair you think is more important for a child to have.

1. Would you say that it is more important for a child to be INDEPENDENT or RESPECTFUL OF THEIR ELDERS?
2. Would you say that it is more important for a child to be OBEDIENT or SELFRELIANT?
3. Would you say that it is more important for a child to be WELL-BEHAVED or CONSIDERATE?
4. Would you say that it is more important for a child to be CURIOUS or GOOD MANNERED?

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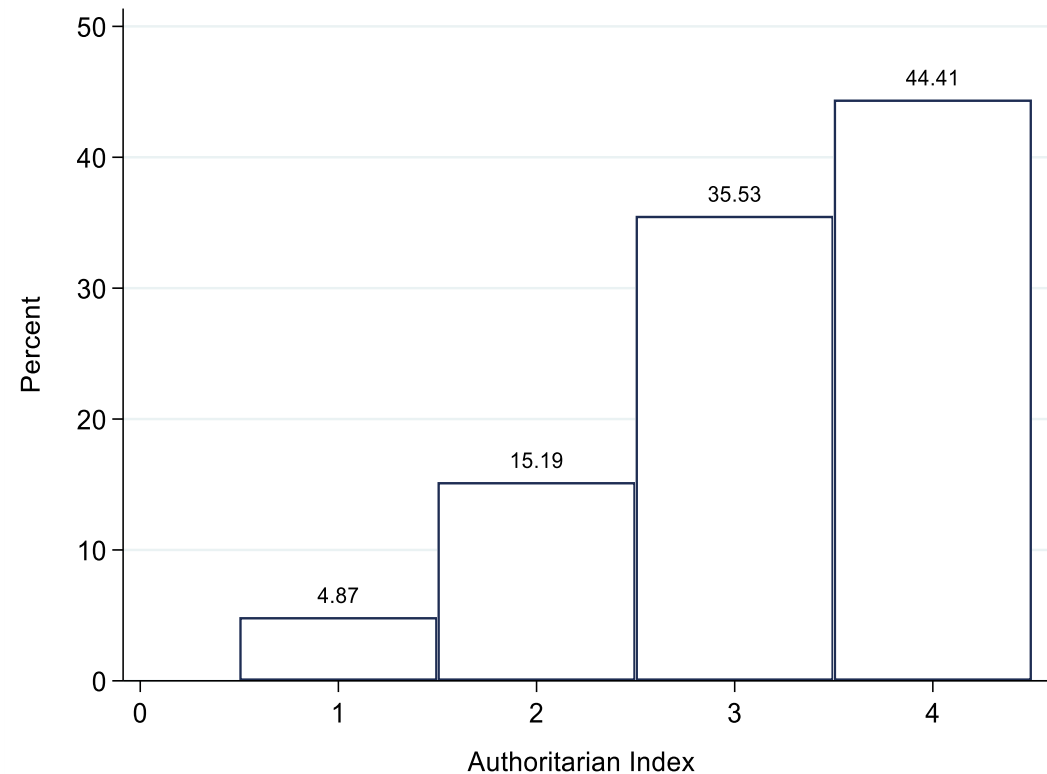
# Authoritarian Score: All parties - Turkey

MEASURING RWA: HETHERINGTON AND WELLER 2009, ENGELHARDT ET AL 2021

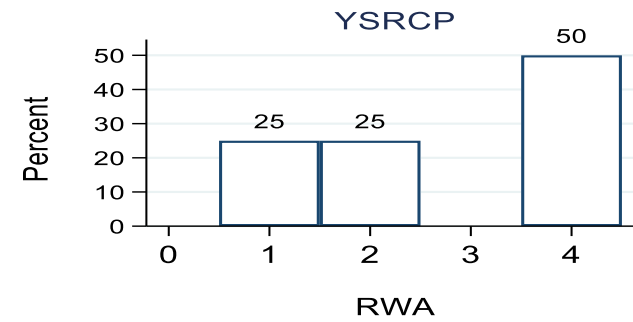
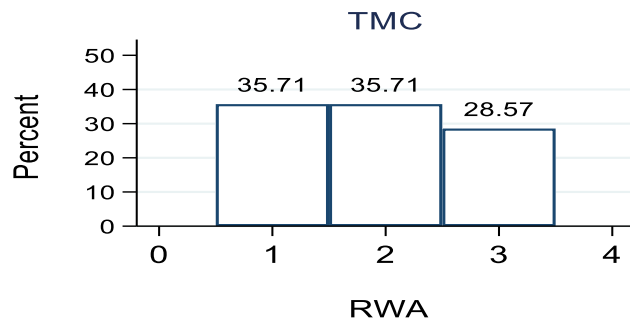
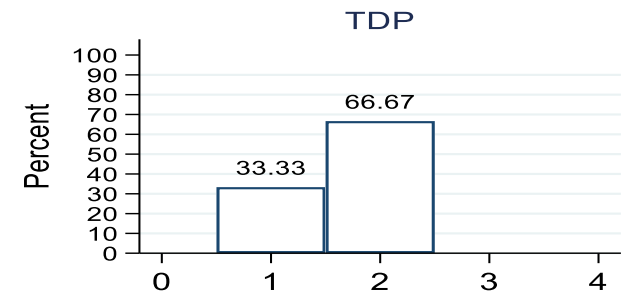
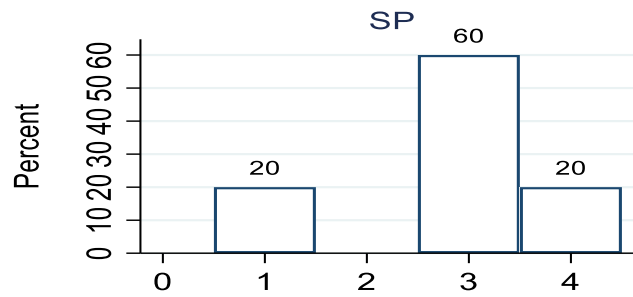
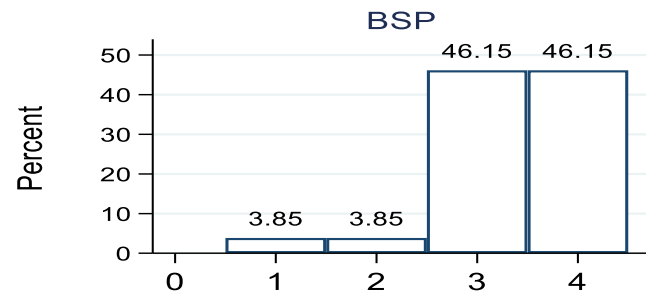
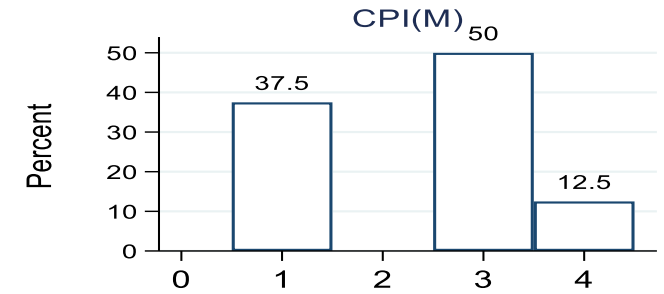
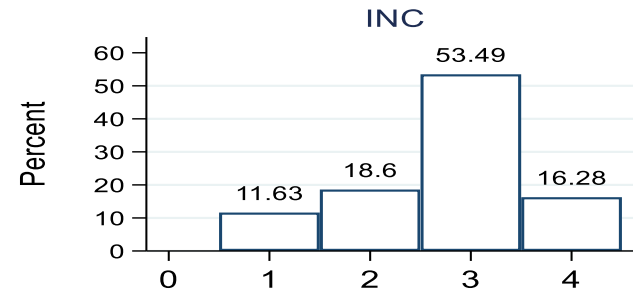
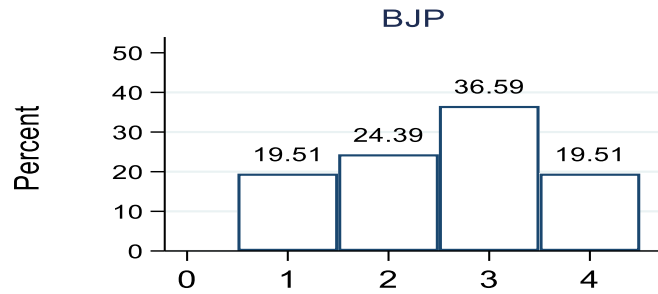
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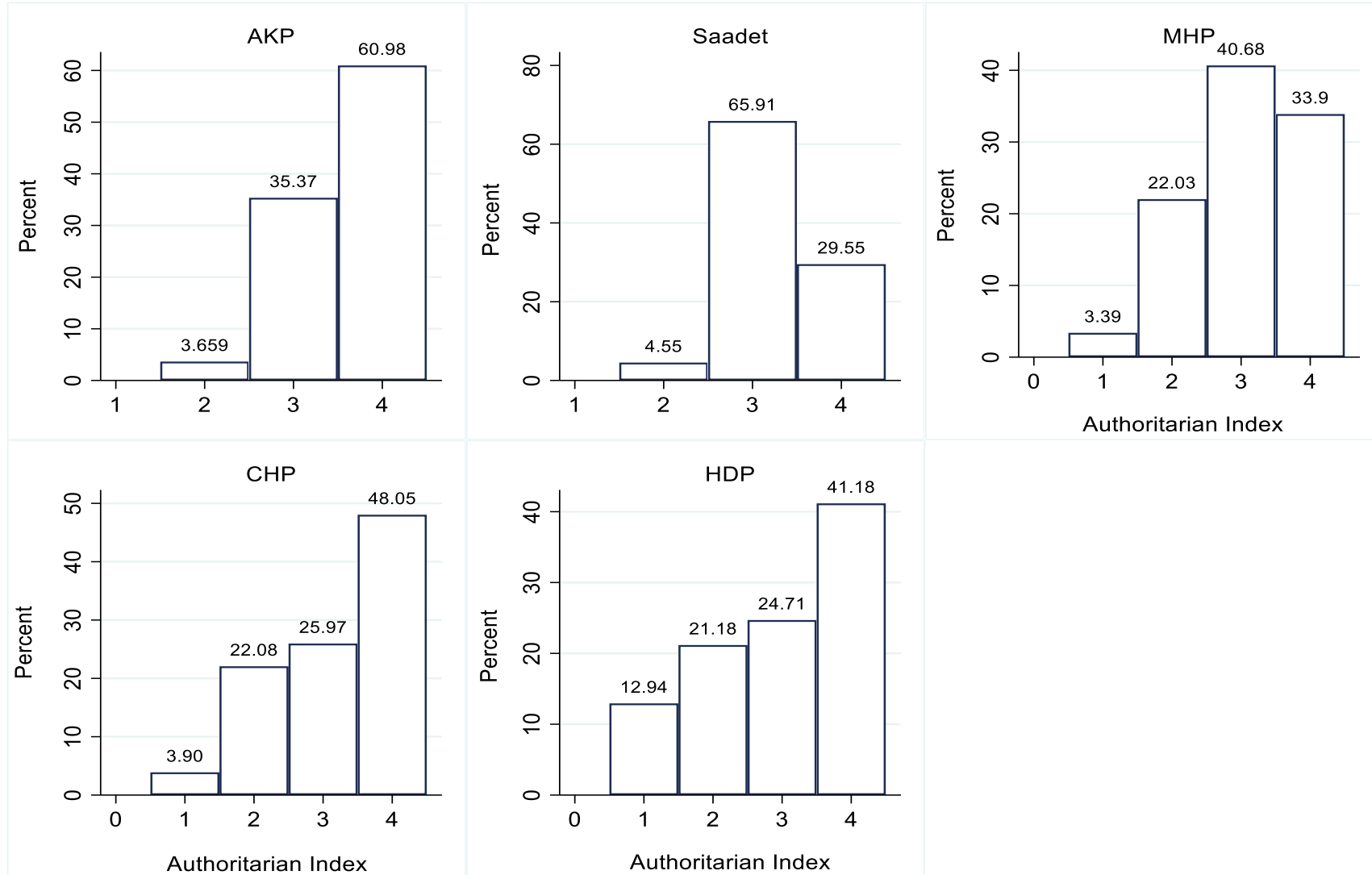
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# Authoritarian politicians NOT Exclusive to RWP Parties - India

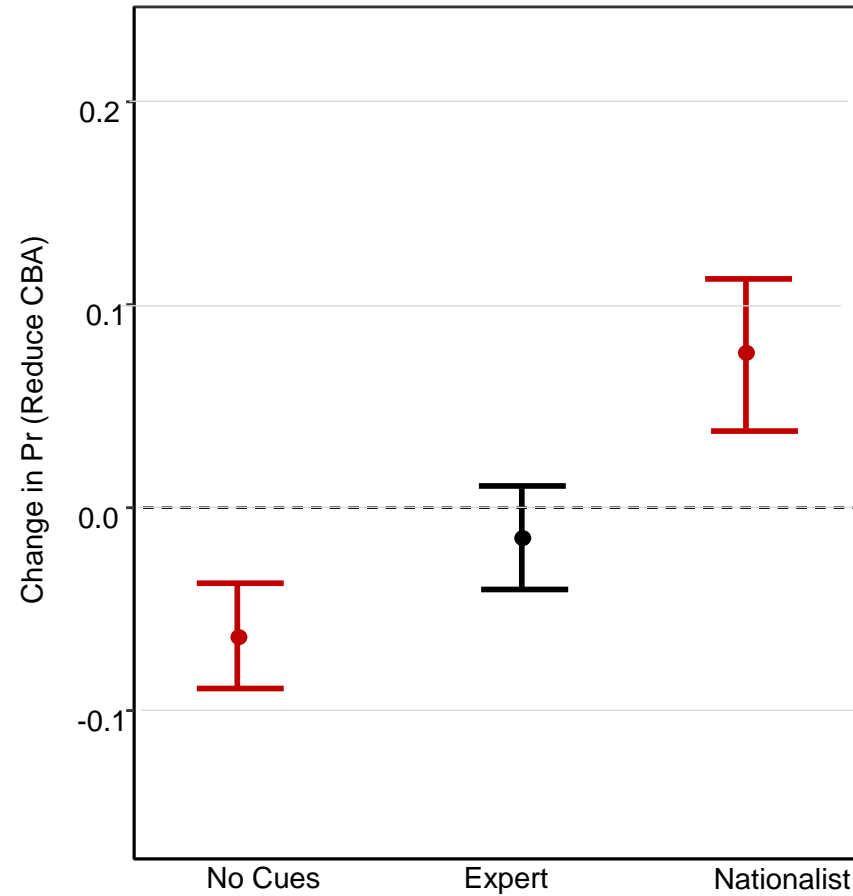


# Authoritarian politicians NOT Exclusive to RWP Parties - Turkey

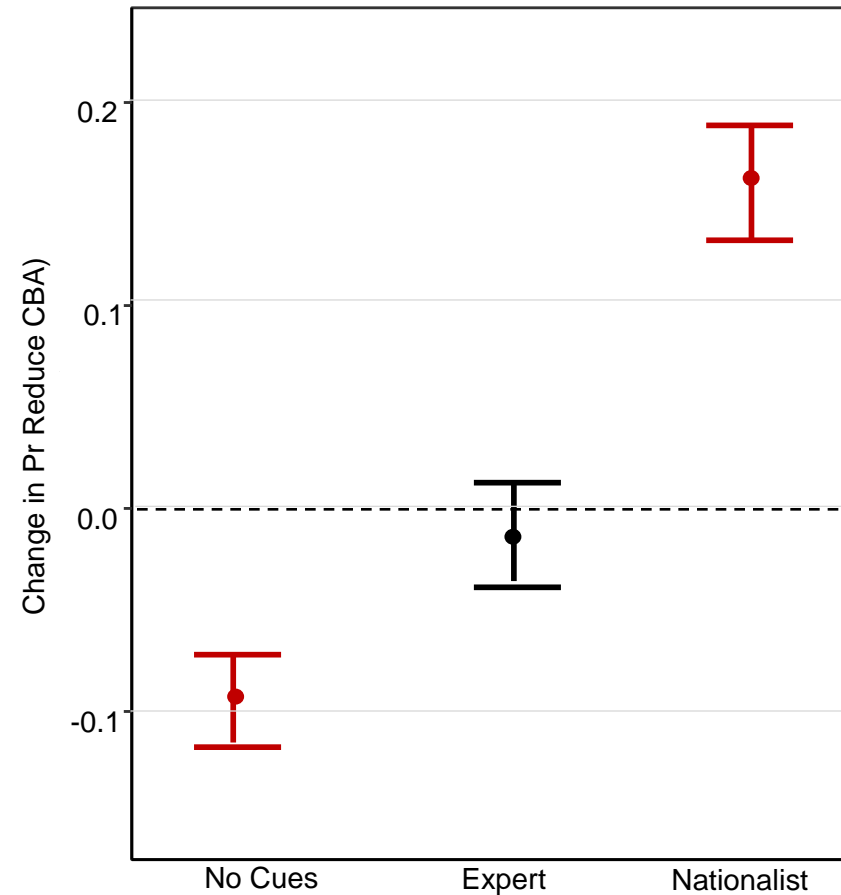


# *Reduce CB Autonomy : RWP Party Politicians*

## **INDIA: RWP-BJP**



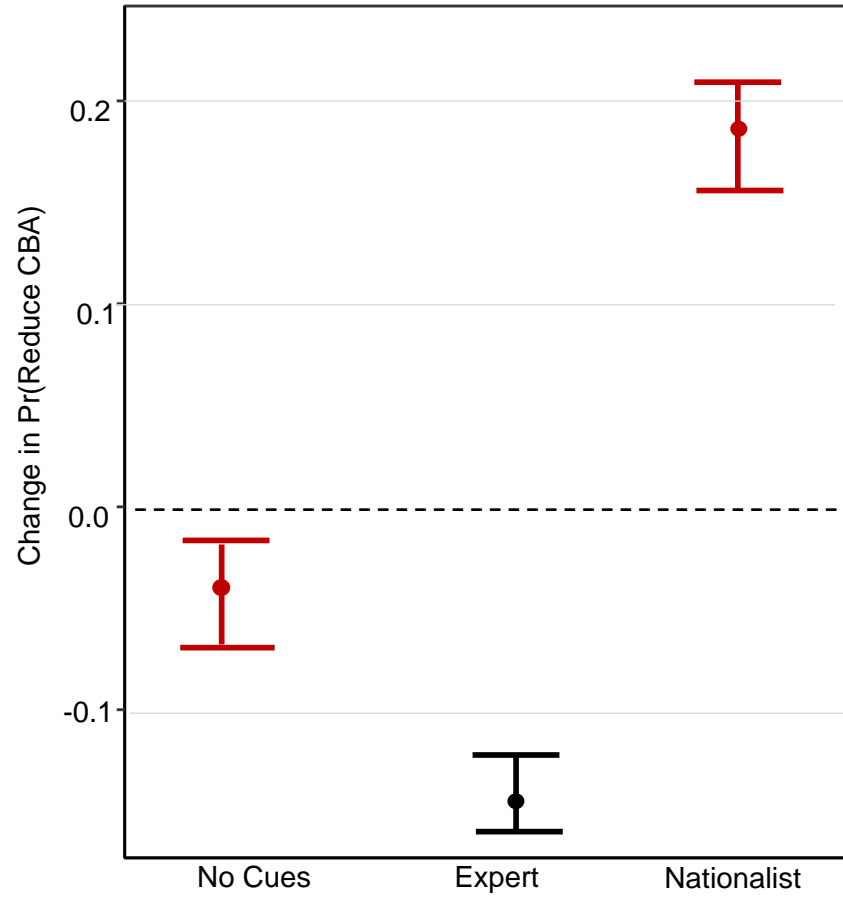
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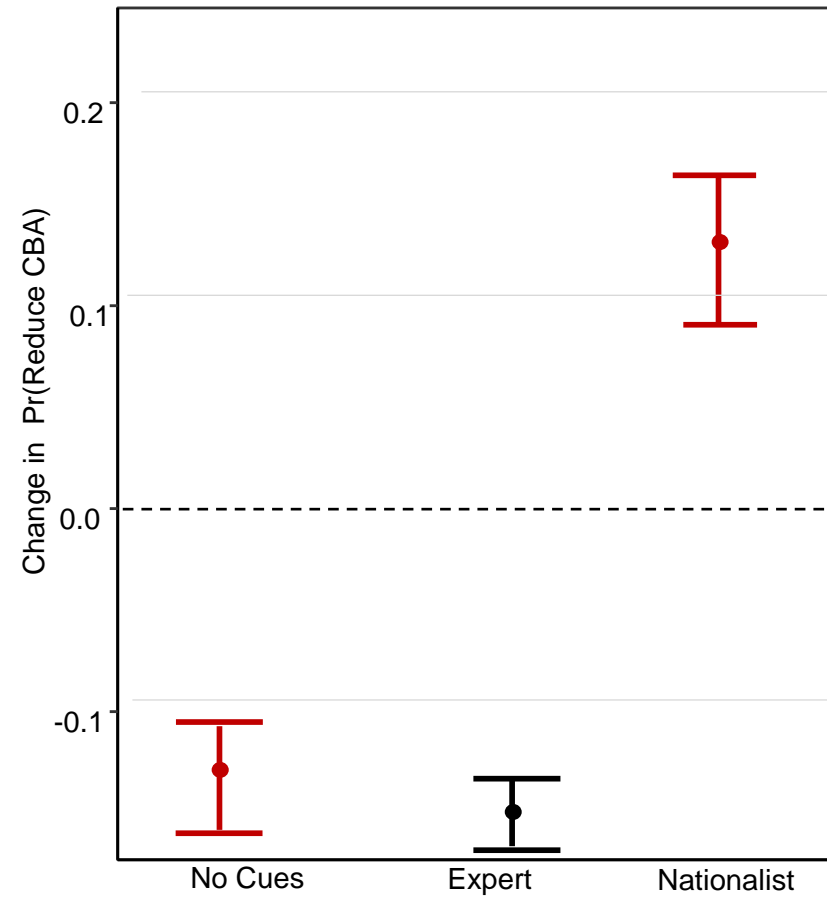
MEs based on parametric probit models

# *Reduce CB Autonomy: Non-Right Wing Populist Party Politicians*

**INDIA**



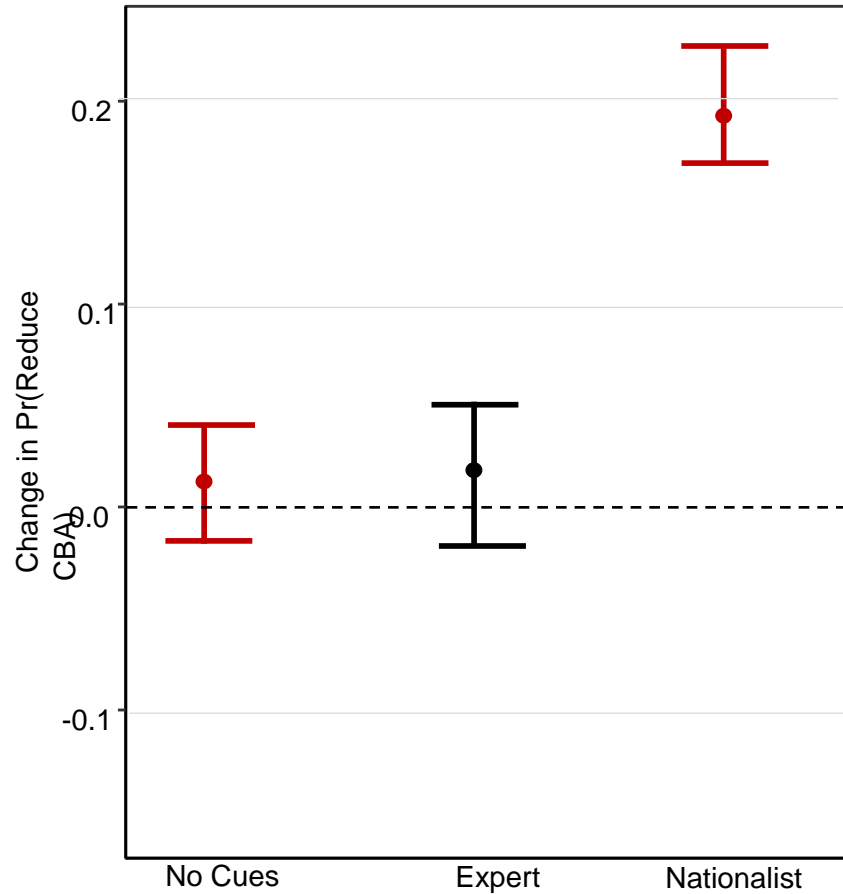
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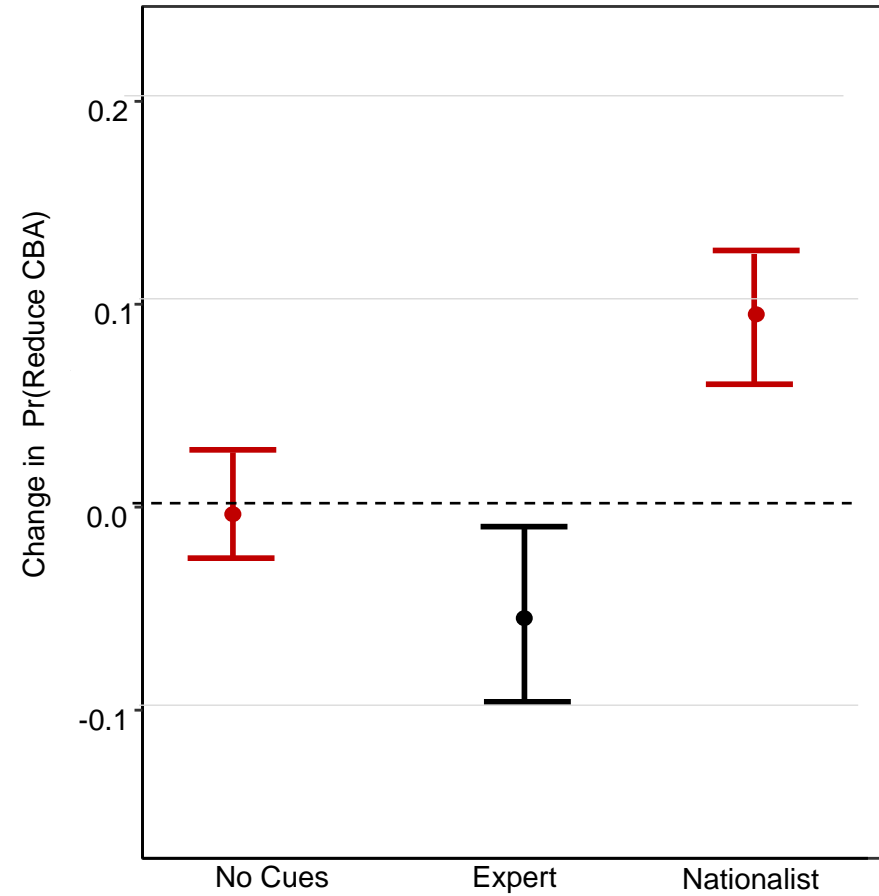
# *Reduce CB Autonomy: Authoritarian Personality*

## 4-Question Childrearing Index (Hetherington and Weller 2009, 2021)

**INDIA**

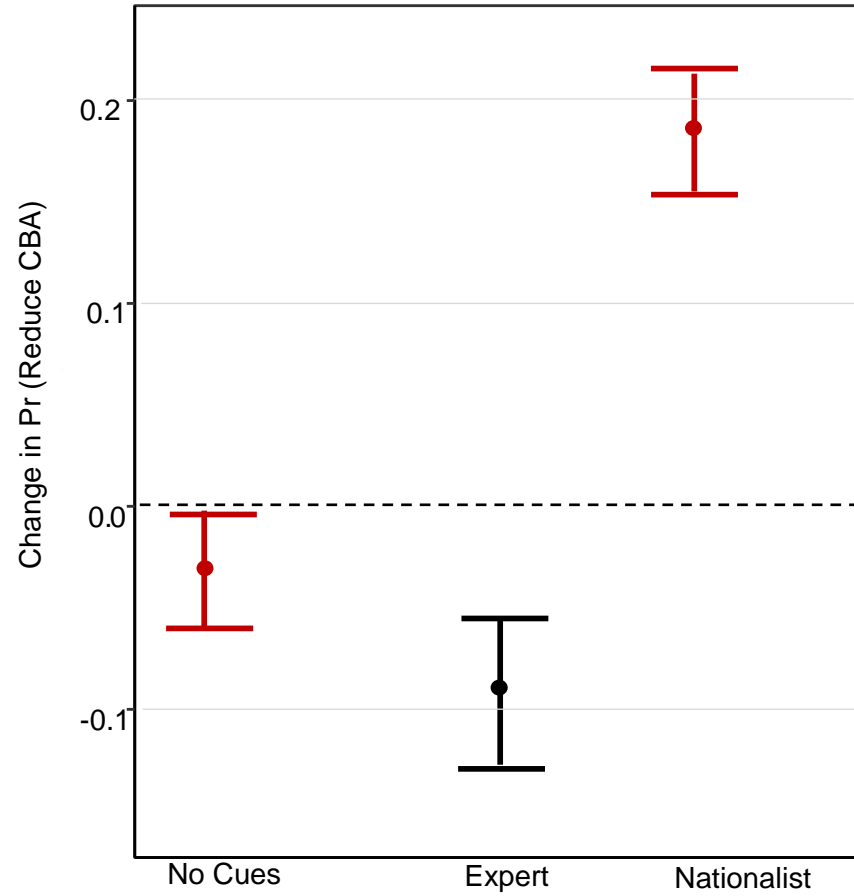


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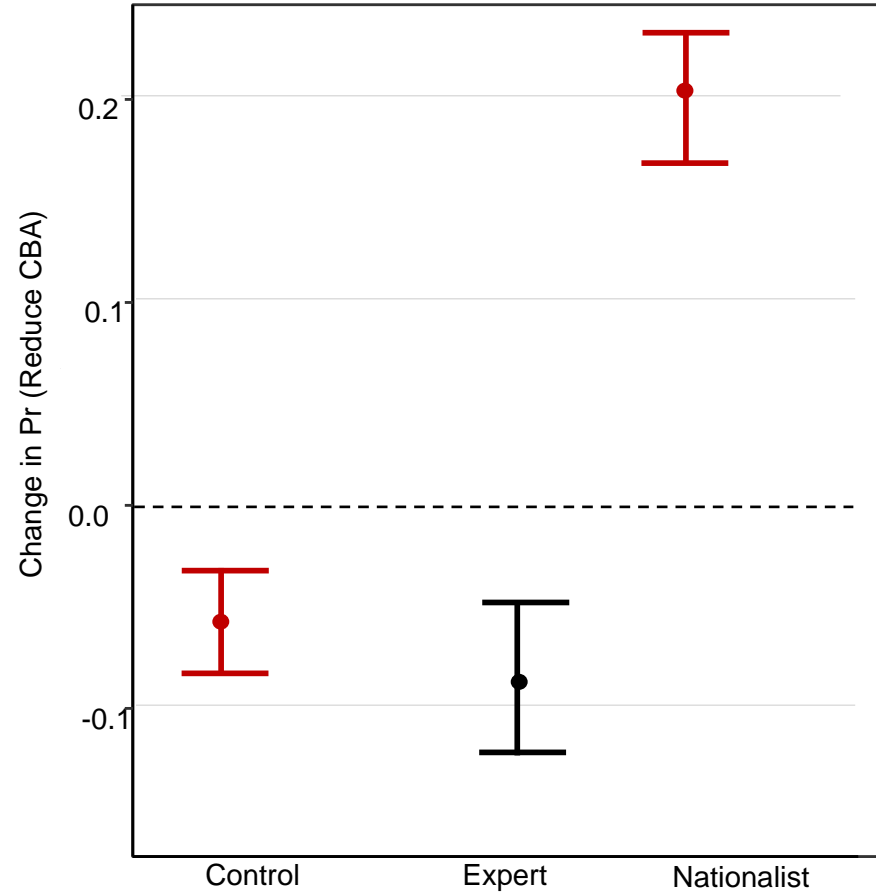


# *Reduce CB Autonomy: Non-Authoritarian Personality*

**INDIA**



**TURKEY**



# Large-N Analysis Research Design: Test Aggregate Prediction

## Sample

- 3,335 *leader-years* (unit of analysis)
- 1,012 Leaders (90 Democracies, 1970-2012)
- Sources
  - Archigos dataset version 4.1 (Goemans et al. 2016)
  - Leader Experience and Attributes Description (LEAD) (Ellis et al. 2015)
  - Coded incumbents as Right-Wing Populist, Left-wing Populist, and Centrist



# Large-N Analysis Research Design: Test Aggregate Prediction

- **Sample:** Leader-Year data from 90 Democracies, 1970-2012
  - Democracies defined as per Cheibub et al criteria
  - Democracies defined using Polity Index (Robustness test)
- **Dependent Variable**
  - Garriga (2016) *De Jure* Measure of CBI (0-1 Index)
  - Bodea and Hicks (2015) CBI Measure: Robustness Check
- **Models:** GLS Fixed Effects; TWFE models, System-GMM Model

# Independent Variable: **Right-Wing Populist Incumbent**

1. Anti-Elite
2. Ethno-nationalist Xenophobia
3. Authoritarian strongman

## **Binary Variable**

- 1 if a RWP Incumbent; 0 otherwise

# Control variables

## Economic Controls:

Growth; Terms of trade shock; Log inflation (lagged), Log GDP per capita; Capital account open; IMF Program

## Political Controls:

Veto Players, Federal, PR electoral system

## Leader-level Controls:

Male, Education, Time in Office, Left-wing Populist Incumbent  
(Centrist Incumbent as reference category)

## GLS Fixed Effects Models: select variables

	Garriga CBI Measure (1)	Bodea-Hicks CBI Measure (2)
Growth	-.057 (.109)	-.045 (.078)
LWP incumbent	.136 (.112)	.171 (.234)
RWP incumbent	-.100*** (.034)	-.104*** (.041)
lag dependent variable	.044*** (.012)	.065*** (.020)
Log inflation (lag)	.020** (.010)	.036** (.019)
fixed exchange rate	.032 (.019)	.025 (.017)
log GDP per capita	-.062** (.030)	-.037** (.019)
Veto Players	-.024 (.044)	-.037 (.051)
Capital account open	.022** (.010)	.036*** (.012)
<i>N</i>	3842	3842

\*\*\*,\*\*,\* significance, 1% ,5%, 10% level. Cluster-Robust Std Errors.

