The Pennsylvania State University

The Graduate School

College of the Liberal Arts

A RHETORICAL HISTORY OF THE FEDERAL RESERVE

A Dissertation in

Communication Arts & Sciences

by

Jessica A. Kurr

© 2017 Jessica A. Kurr

Submitted in Partial Fulfillment

of the Requirements

for the Degree of

Doctor of Philosophy

December 2017

The dissertation of Jessica A. Kurr was reviewed and approved* by the following:

Michele Kennerly
Assistant Professor of Communication Arts & Sciences
Dissertation Advisor
Chair of Committee

Stephen H. Browne
Liberal Arts Research Professor of Communication Arts & Sciences

Bradford Vivian
Associate Professor of Communication Arts & Sciences

Suzanna Linn
Professor of Political Science

J. Michael Hogan
Edwin Erle Sparks Professor Emeritus of Rhetoric
Special Member

Kirt H. Wilson
Associate Professor of Communication Arts & Sciences
Director of Graduate Studies in the Department of Communication Arts & Sciences

*Signatures are on file in the Graduate School

ABSTRACT

In this dissertation, I examine key moments when the Federal Reserve chair responded to important economic and political episodes, tracing its increasingly important role in these debates over the twentieth century. I build the concept of the "rhetorical Fed," including its three functions of negotiation, communication, and translation, to show how three Fed chairs, Marriner Eccles (1934-1948), Paul Volcker (1979-1987), and Alan Greenspan (1987-2006) navigated important transformative moments at the Federal Reserve. Given that all of these chairs raised the visibility of the Federal Reserve, I develop the idea of "institutional *êthos*" to explain the mutual relationship between the public perceptions of an organization and its leader. This dissertation provides a foundation for future scholarship intersecting the rhetoric of economics and public address and theorizing other rhetorical concepts from an institution's perspective.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS v

CHAPTER ONE: INTRODUCTION 1

The Rhetorical Fed 5
Rhetoric and Economics 9
Chapter Preview 17
Notes 23

CHAPTER TWO: ECCLES THE FIGHTER 33

Negotiation and the Rhetorical Fed 35
Eccles and the Bankers 39
Eccles and the Politicians 50
Eccles and the Public 57
Conclusion 65
Notes 67

CHAPTER THREE: VOLCKER THE SAVIOR 75

Communicating Policy and the Rhetorical Fed 78
The Lack of Trust in the Fed 83
Restoring Faith in the Fed 90
Conclusion 99
Notes 103

CHAPTER FOUR: GREENSPAN THE ORACLE 109

Translation and the Rhetorical Fed 112
Greenspan Becomes the Oracle 117
The Fedspeak of Irrational Exuberance 125
Conclusion 137
Notes 140

CHAPTER FIVE: CONCLUSION 147

The Federal Reserve and Public Address 149
Institutional *Êthos* and Rhetoric 156
Notes 163

REFERENCES 167

ACKNOWLEDGEMENTS

There are many people whose help was critical in conceptualizing, researching, writing, and editing this project, and to all of them, I will forever be thankful for their care. Normally, a person is only able to thank one advisor, but I am blessed to have had the guidance of two. I began this project as an advisee to J. Michael Hogan. His careful editing and invaluable input taught me how to take archival material and personal interview and turn it into rhetorical scholarship, both of which were critical this project's completion. And, while I researched and wrote this dissertation, he taught me the value, and the work, of editing as he and I along with two others edited a volume (I do not recommend doing these things simultaneously).

I finished this project as an advisee to Michele Kennerly. She instilled within me an appreciation of ancient rhetoric and stretched my mind to think more theoretically and to look at texts in different ways. At one of our first meetings four years ago, I asked her about the ancient texts about the economy, and she excitedly responded with an encyclopedic knowledge of ancient texts that I still consult. She also helped me develop as a person. She made me realize that I did not have to choose between my academic goals and my identity, and for that I am eternally grateful.

On my committee are three other individuals, and I want to thank all of them for their support. Stephen H. Browne taught me how to think on my feet as a rhetorical critic and always opened his door when I could not figure out an idea. Suzanna Linn helped me appreciate the value of quantitative work and how it assists in exploring topics from a humanities perspective. Brad Vivian, who joined this committee late, led a writing group that I was in with four other dissertation fellows, and during it, he provided critical

insight into my work and how I thought about rhetoric. I am grateful for all of the time each of them took out of their busy schedules to enable me to complete this project.

This project relies on a variety of archival research, and I owe thanks to the following: Gregory Thompson and the rest of the special collections staff at the J. Willard Marriott Library at the University of Utah; Dennis Northcutt and the rest of the archivists at the Missouri History Museum Library and Research Center in St. Louis; Mark Fischer and the entire staff at the Gerald R. Ford Presidential Library; Melissa Mead with the Rush Rhees Library at the University of Rochester; Sonia, Bell, and the rest of the finance staff in our department for processing all of the paperwork necessary to conduct it. I also am indebted to Paul Volcker, who let me interview him for this project.

I also am appreciative for the support of many others at Penn State. The faculty, including Anne Demo, Debbie Hawhee, Tom Benson, Kirt Wilson, Rosa Eberly, Jeremy Engels, Abe Khan, John Gastil, Rachel Smith, and Denise Solomon, all supported me as a person and as a scholar. I wish to thank the entire, vibrant graduate student community in our department. In particular, I would like to thank some individuals whose friendship and advice helped me through the dissertation process. Kyle King, Jeremy Cox, Laura Brown, and Claire Griffin made up the CDD fellows group where I improved greatly as a writer. With Jeremy Johnson and Mike Bergmaier, I learned how to organize a conference and edit a book. I entered graduate school with Emily Hobbs, Keren Wang, Dominic Manthey, Sara Salmon, Madisen Quesnell, Tiara Good, and Robert Marriot, and I wish them all the best no matter their path. David Maxson, Anne Kretsinger-Harries, and Brad Serber inspired me to continue my project and to develop professionally. And to Kaitlyn Patia, Lauren Camacci, Cory Geraths, Bre Mapston, Kasey Foley, Emily

Caldes, Caroline Koons, and Kellie Marin, in addition to making me smarter, I am eternally grateful for them welcoming me when I needed it most and for being friends at such an important time in my life.

Many other individuals in some way assisted me in finishing this project. My mentors and debate families at the University of Pittsburgh and Baylor University, especially John Rief, Matt Brigham, Joe Packer, Taylor Hahn, Paul Johnson, Leslie Hahner, and Scott Varda, drew me to rhetoric and helped me navigate life. And, my many friends, including Lindsay VanLuvanee, Rebecca Alt, CV Vitolo-Hadad, Stephanie Madden, Chuck Morris, Sarah Evans, Maddie Denison, Emily Bosch, Rei Lemashov, Kyle Vint, Heather Woods, and Alex McVey, provided me with the energy to finish.

Finally, the enduring support of my family made possible this endeavor. They always supported my love of rhetoric, even if they never fully understood why I studied it. Upon completion of this project, I will have spent ten years being thousands of miles away from them, but their love over this entire process helped me in ways I cannot explain. They are always on my mind, and during the week of my defense, my thoughts—instead of being focused on preparing—centered on my family and friends back home in Las Vegas:

> Home, means Nevada,
> Home, means the hills,
> Home, means the sage and the pines.
> Out by the Truckee's silvery rills,
> Out where the sun always shines,
> There is the land that I love the best,
> Fairer than all I can see.
> Right in the heart of the golden west
> Home, means Nevada to me.

CHAPTER ONE: Introduction

It provides … for public instead of private control, thus making the banks what they should be—the servants and not the masters of business. … With government control, there is created a force which, while it will not attempt to run the business of the banks, will be clothed with some authority to prevent injustice from the banks to the general public. Under the proposed plan, recognition is given to the interests of the people, and there is established the principle of some other control of credit than arbitrary control by the banks…. This is a great principle. So long as it is observed, the details themselves are matters of relatively minor importance.

—Woodrow Wilson, 1913[1]

In an early 1996 conversation with Chair Alan Greenspan, Laurence H. Meyer, a member on the Federal Reserve Board of Governors, inquired about guidelines on delivering speeches. Greenspan responded that there were only informal rules. He remarked that the first rule, "Don't do speeches," was always ignored, which necessitated the second rule, "Don't say anything that will move markets."[2] Speaking at the American Enterprise Institute annual dinner on December 5, 1996, Greenspan delivered an address on the evolution of central banking in the United States. Near the end of the speech, the chair pondered whether there was "irrational exuberance" amongst market investors. Immediately following the address, the Nikkei, Japan's main stock market index, fell 3.2%, followed by subsequent drops in Hong Kong, Germany, England, and the United States.[3] Greenspan had broken both of his rules for delivering speeches.

Convinced that the Fed has access to data and knowledge that ordinary investors lack, the public looks at the Fed chair as a modern-day economic oracle. When the economy crashed in 2008, not only did the current Fed chair, Ben Bernanke, testify before Congress, but former chairs Paul Volcker and Alan Greenspan also provided testimony. This elevation of the Fed chair to the status of an economic oracle is the most obvious manifestation of what James Arnt Aune labeled "the rhetorical Fed."[4] When and

how did this elevation of the Fed and its leader to this status come about? How did the Fed and its chair become such an influential voice in public debates over the economy?

The Federal Reserve was not the "rhetorical Fed" from the outset. When the Federal Reserve was created in 1913, it had no strong, nationally visible leader. Facing "formidable" political obstacles in Washington, the original legislation establishing the Federal Reserve vested more power in the regional banks than in the central bank in Washington, D.C.[5] Benjamin Strong, Jr., who served as president—at the time called "governor"—of the Federal Reserve Bank of New York from 1914 to 1928, exerted a much larger influence over the economy than the Fed chair, as a result of his position overseeing the Wall Street banks.[6] It was not until the New Deal, when Marriner S. Eccles became Fed chair, that the modern rhetorical Fed began to emerge.

Eccles, who served as Fed chair from 1934 to 1949, designed and publicly advocated for the Banking Act of 1935. This legislation fundamentally changed the relationship between the central and regional banks. Historian Robert P. Bremner highlighted the chair's importance during the debates when he wrote: "Eccles established a new level of visibility for the Fed."[7] Since that bill's passage, as noted economist Bernard Shull has observed, the Federal Reserve has been "identified in the public mind with well-known chairs such as Eccles, William McChesney Martin, Arthur Burns, Paul Volcker, and Alan Greenspan."[8] In short, it was Eccles who invented the rhetorical Fed, as I discuss later in chapter 2. Since the debate over the Banking Act of 1935, the Fed chair has become the public face of the Federal Reserve, and the Fed has become the most authoritative voice on the nation's economy.

The capacity for the Fed chair to appeal to *êthos* is critical. As rhetoricians as far back as Aristotle have taught, *êthos* is persuasion through character, and a speaker's *êthos* at a particular moment arises out of a combination of past reputation and rhetorical technique. Aristotle focused on how *êthos* might "result from the speech, not from a previous opinion that the speaker is a certain kind of person."[9] Yet as Thomas Farrell has argued, the perceived character of modern public figures is "not something that is constant or prior to rhetorical success." Rather, "character in public must constantly be reformed and performed" through "rhetorical choices" made "in engaging responsible others."[10] For a public figure regarded as an "expert," E. Johanna Hartelius contends, *êthos* is formed and reformed in public by the "rhetorical act" of "performing" expertise.[11] In the case of the Fed chair, he or she must maintain the *êthos* as a public expert on all aspects of the economy. That expertise must be demonstrated not only through speech and action, but also by building a reputation for managing the economy effectively in a nonpartisan fashion.

My goal in this dissertation is to understand how a succession of Fed chairs have over time positioned the Fed at the center of political debates over the economy. This aim raises a series of related questions. How did each of these Fed chairs view the role and responsibilities of the position, especially during important public debates over the economy? What rhetorical strategies did each chair use to enhance the authority and credibility of the Federal Reserve during those debates, and how effective were those rhetorical choices? Did each of these Fed chairs have a distinctive rhetorical style, or did they implicitly manifest different rhetorical theories? And, in the final analysis, how did each chair contribute to the reputation and credibility of the rhetorical Fed? How did each

shape the Fed, as an institution, or build and enhance its *êthos* as an authoritative source of information on the U.S. economy?

To answer these questions, I evaluate transformative moments in this history of the Fed, as identified by political scientist Donald Kettl in *Leadership at the Fed*. As Kettl has noted. He described "transformative" moments at the Federal Reserve as ones when there is a "fundamental redefinition" of the relationship between the Fed and the president, when the Fed's revises its primary mission, when its organizational structure changes substantially, or when the Fed articulates a new basic ideology.[12] each of the Fed chairs I propose to examine—Marriner Eccles, Paul Volcker, and Alan Greenspan—positioned themselves (and by extension the Fed) at the center of a major economic debate during their tenure.[13] Each of these three chairs was also a well-known public figure during their tenure at the Federal Reserve, and all seemed to embrace their role not only as the spokesperson for the central bank but also as experts on the U.S. economy. Collectively, the terms of these three chairs—out of a total of twelve chairs—adds up to over forty years of the only hundred years of the Fed. By focusing on just these three chairs, I am in a position to highlight the most important moments in the emergence and evolution of the rhetorical Fed, since these three did more than all the other chairs combined, save for William McChesney Martin Jr., to transform the Federal Reserve into the highly visible and influential political institution that it is today.

In the remainder of this introduction, I proceed in four parts. First, I describe the central focus of my dissertation and elaborate on the guiding concept that I use throughout the dissertation: the rhetorical Fed. Second, I review some of the prior research in rhetoric and public address, the rhetoric of economics, political science,

argumentation theory, and ancient rhetoric that inform my dissertation and shape its contributions. Third, I describe the methodology and research strategies that I to use to construct my rhetorical history of the Federal Reserve. Finally, I preview the three chapters that comprise the body of my dissertation.

The Rhetorical Fed

Journalists, market analysts, and politicians have a saying that summarizes the impact of the Federal Reserve: “When the Fed speaks, everyone listens.” To help account for this perception of the Fed’s importance, I deploy a theoretical construct that helps us to understand how the Fed came to be such a prominent actor in debates over the economy: the rhetorical Fed. When Aune called for rhetorical scholars to study the Federal Reserve, he observed two rhetorical functions: negotiating with the White House, and “communicating with the business and financial communities if not necessarily with the general public.”[14] In this dissertation, I build on Aune’s original suggestion and investigate how these two rhetorical functions emerged and evolved across time, including how negotiation expanded to include Congress and the business community and communication with the general public became more important. I also show how the Fed chair has, over time, become a translator of complex economic knowledge in *public* debates over the economy, especially during economic downturns. This concept of the rhetorical Fed, then, involves three important rhetorical functions, which I label: negotiation, communication, and translation.

Like the rhetorical presidency, the rhetorical Fed manages a difficult internal dynamic between discourse and policy tools. In his influential book, *The Rhetorical Presidency*, Jeffrey K. Tulis argues that since Woodrow Wilson was in office, presidents

have “regularly” gone “over the heads” of Congress to build public support for their legislative agendas.[15] He contends that this strategy violates the Founders’ vision and, in effect, constitutes a “second constitution” that prioritizes the president’s role as a leader of popular opinion. That role, according to Tulis, has been further magnified by media coverage.[16] Although Tulis’s claims about the “rhetorical presidency” (as opposed to “presidential rhetoric”) and the emphasis on Wilson as a starting point have been thoroughly debated, considering institutional and personal rhetorical behaviors together provides a useful framework for understanding the rhetorical Fed as well.[17] Like the rhetorical presidency, the rhetorical Fed has evolved over time, adapting in response to the personal styles of individual chairs, to political demands from the White House and Congress, and to a changing media landscape.

Historical parallels between the rhetorical presidency and the rhetorical Fed are rooted in the Progressive Era. In describing the “econo-rhetorical presidency,” Aune contends that “it seems significant that the birth of the Federal Reserve accompanies the birth of the rhetorical presidency.” Although Wilson was not active in promoting the legislation that created the Fed in 1913, the Fed was, as Aune writes, “part of the same climate of high-minded Progressive legislation.”[18] The structure of the Federal Reserve Act of 1913 did not afford the Fed chair all that much power for managing the economy. Indeed, the chair initially was not even the most powerful person in the Federal Reserve. That capability resided with the president of the Federal Reserve Bank of New York, Benjamin Strong, Jr., who oversaw the Wall Street banks. This power dynamic would change later, with the Banking Act of 1935. Shull notes that this legislation gave the central bank a political and economic importance that “had not existed when the Federal

Reserve Act was passed."[19] Like the presidency, the Fed chair also gained visibility and power over time because the political and media environment changed in ways that enhanced the visibility of both the president and the Fed chair.

The first rhetorical function of the rhetorical Fed, negotiation, derives primarily from the Fed chair's relationship to the presidency. Aune observed from the Eisenhower to Clinton administrations the dynamics of the White House-Federal Reserve relationship rested on a simple idea. "The White House, recognizing both its heightened accountability and its general impotence to guide the macroeconomy," Aune wrote, "rationally cedes responsibility to the Fed."[20] The strategy is simple. In poor economic times, the president is able to deflect blame to the Fed chair. In good economic times, the president can still take the credit. Kettl contends that this relationship can take several different forms: accommodation, confrontation, and transformation.[21] Accommodation and confrontation occur when the chair agrees or disagrees with the president, respectively. Transformation takes place when the chair, independently of anything the president might do, redefines the role or mission of the Federal Reserve. The Fed chair, using different rhetorical styles, can enact each of these strategies—accommodation, confrontation, and transformation—when negotiating with the White House.

The second rhetorical function, communication, is based on the chair's relationship with the business community and the general public. A primary responsibility of the rhetorical Fed is explaining its current policies and future strategies without revealing information that might disrupt markets or the broader economy. Michelle Bligh and Gregory Hess postulate that the level of openness of the Fed must be carefully balanced. Since "strongly worded rhetoric may result in immediate and

potentially drastic consequences," they argue the chair must "clarify – or frame – the current economic situation, but not too rigidly or specifically in order to avoid these magnified consequences."[22] Thus, chairs must adopt a balanced approach: If the Fed chair is too bullish, an inflationary spiral could be unleashed. If the chair is too bearish, a recession could result. This dilemma accounts for why the Fed chair, like the rhetorical president, must frequently "go public": to answer the demands of the market and the people. When no immediate economic exigence exists, the chair has an important role as a steward, encouraging consumers and businesses to engage in economic activity. Occasionally, Congress asks the Fed chair to provide nonpartisan testimony on pending economic legislation. Thus, the Fed's voice is called for in many situations and addresses a number of audiences, from policymakers and economic experts to the business community and the general public.

Finally, the last rhetorical function occurs when the Fed chair acts as a translator of economic knowledge, relying on an authoritative presence that encourages politicians, journalists, and the general public to defer to his or her expertise. The voice of the Fed is significant even in economic debates not directly under its domain, such as fiscal policy. In January 2001, for example, Alan Greenspan cautioned against President Bush's proposed tax relief program, even though the legislation would not directly affect the actions of the Fed. During the 2008 recession, Congress called on Volcker, Greenspan, and Bernanke to testify about a wide range of issues relating to the recent crash. In these situations, the Fed chair acts as a nonpartisan expert whose authority extends beyond regulating monetary policy and encompasses influencing the broader economy. While the Fed chair enacts this rhetorical style through speech and policy decisions, media

depictions reinforce the image by often referring to the Fed chair as an economic "oracle," suggesting the *êthos* of a prophet with divine insight more than that of a mere expert or political actor.

These three functions of the rhetorical Fed—negotiation, communication, and translation—provide a useful heuristic with/through which to understand how the Fed chair positions the institution at the center of economic debates. For most observers, the chair *is* the Fed, as both experts and the public "assume that [the chair's] words represent the Fed's official position."[23] The power of the rhetorical Fed rests on communicating and maintaining this *institutional êthos.* In this context, *êthos* is more than a reflection of personal characteristics. The chair's "performance" of credibility is inextricably tied to the broader Federal Reserve. By continuously performing expertise (a critical part of *êthos,* according to Hartelius),[24] the rhetorical Fed maintains its position as the most influential voice in economic policy debates. How have past Fed chairs sustained this institutional credibility even during recessions and other economic "crises"? How have they enhanced their authority over the economy over time? I explore these questions throughout this dissertation as I explicate and analyze how the Federal Reserve has become the center of important economic debates and translated complex economic ideas for the broader public.

Rhetoric and Economics

To guide this research, I draw from several different bodies of literature: the rhetoric of economics, public address, argumentation theory, and ancient rhetoric. In her 1985 groundbreaking work, *The Rhetoric of Economics*, Deirdre McCloskey pioneered the analysis of the dismal science from a rhetorical perspective. Her primary focus was to

understand the "conversation economists have among themselves,"[25] not how various individuals portray economic policy and ideas more broadly. Following the publication of McCloskey's book, scholarship on economic rhetoric was scattered. In the 1980s and 1990s, four journal articles, two book monographs, one book chapter, and one edited volume in communication studies focused on economic issues in politics. But, in 2001, Davis Houck, Robert Asen, and James Aune all published books showcasing diverse ways to study economic rhetoric including a traditional focus on presidential rhetoric in Houck's *Rhetoric as Currency*, an examination of public debates on welfare policy in Asen's *Visions of Poverty*, and a survey of conservative economic ideology in Aune's *Selling the Free Market*.[26] Other factors, such as the end of the Cold War, Clinton's centrist economic moves, and increasing globalization, may have also sparked interest in new scholarship. No matter the primary cause, from 2000 to 2014, scholarship in the area greatly increased, resulting in twenty-three journal articles, six book chapters, six book monographs, and one edited volume.[27]

A majority of the research on the rhetoric of economics has focused on how presidents shape economic debates.[28] Although the Federal Reserve played an important role in some of these debates, there has been little analysis of the rhetoric of the Fed. Davis Houck investigated how President Roosevelt used rhetoric as "currency" to improve economic optimism in the 1930s, but he neglected the role of Fed chair Eccles as FDR's main economic spokesperson.[29] David Zarefsky has provided an analysis of LBJ's War on Poverty, but he says little about Fed chair Martin, whose policies threatened to undercut the program.[30] Amos Kiewe and Davis Houck dedicated an entire book to Reagan's economic rhetoric, yet Reagan's public disapproval of Fed chair Volcker's

practical monetarism is hardly mentioned.[31] Wynton C. Hall and Amos Kiewe, in separate pieces, have analyzed George H.W. Bush's backpedaling on his pledge of "no new taxes." But, again, they said little about how Bush publicly blamed Fed chair Alan Greenspan for the recession.[32]

Despite the increase in scholarship on the rhetoric of economics, the Federal Reserve has been a significant object of study in only *six* articles in communication studies—all on Alan Greenspan. Three of these pieces involve qualitative rhetorical analysis, while three others use quantitative methods of discursive analysis. The common thread in these articles is a focus on how Greenspan relies on opaque statements to manage speculation in the market place during periods of both economic growth and decline. Michael Kaplan analyzed how Greenspan's utterance about "irrational exuberance" bore a "unique *iconic* relationship" to the market, based on its "functional properties as a hint."[33] Other communication scholars examined Greenspan's "hints" in terms of how Greenspan created them, how they were reflective of his leadership style, and how they revealed a certain ideological basis.[34] Absent from all of these articles, however, is a broader discussion of the role of the Fed chair in public debates over the economy. In the rest of the dissertation, I show how the institutional *êthos* of the rhetorical Fed functions in all of these situations and helps to account for all of the communicative phenomena noted in these six earlier works: the Fed's market ideology, its opaque messages, its iconic status during economic debates, and its leadership role in times both of recession and economic growth.

As part of my effort to build on prior communication scholarship on the rhetoric of economics, I draw from key concepts in economic theory. Dating back to Adam

Smith's thesis that "people rationally pursue their economic interests," rational expectations theory has been at the foundation of work in economics, focusing attention on how individuals seek to maximize utility, or profit, through market transactions.[35] Yet markets—the totality of all these individual actions—do not always behave rationally. Economists George Akerlof and Robert Shiller suggest the dangers of overlooking "noneconomic motivations."[36] The behavior of individual investors sometimes reflect "animal spirits" instead of "technical factors," as Akerlof and Shiller argue, such as economic data pertaining to unemployment and growth, resulting in economic behaviors reflecting "variations in individual feelings, impressions, and passions."[37] Sociologist David Knoke contends that non-rational factors, such as "imitation, persuasion, [and] altruism," also must be analyzed if we are to understand the full spectrum of market behaviors.[38] This work provides a foundation for analyzing how the Fed chair might rhetorically shape both the rational and the non-rational motivations underlying market behaviors.

Given that a purpose of the rhetorical Fed is communicating information about the economy, rhetorical scholars have much to contribute to our understanding of how the Fed influences market behaviors. Scholars employing quantitative methods have begun to chart the connections between political communication and economic behaviors.[39] In presidential studies, for example, B. Dan Wood and his colleagues have found that "optimistic presidential rhetoric makes a difference to people's perceptions of the economic news and consumer confidence."[40] Behavioral finance scholars have also begun to focus more attention on the psychological dimensions of economic behavior.[41] However, rhetorical scholars also have a contribution to make, to illuminate how the Fed

crafts strategies designed not only to influence market investors but also to communicate information about the economy to the general public.

The most prominent rhetorical scholarship focusing specifically on the connections between political discourse and economic behaviors is Davis Houck's *Rhetoric as Currency*. Reflecting on President Franklin Delano Roosevelt's efforts to influence markets, Houck begins with the premise: "expectations about the economic future . . . affect the economy of the present." Then Houck connects how presidential rhetoric is able to affect those expectations through "mass communication medium such as radio" by acting as a "crucial source" of influence.[42] Fundamental to Houck's analysis is evaluating how individuals, acting as "social, psychological, and historical beings," interpret economic "data" to craft their own expectations about the future of the economy.[43] Houck's book is limited in both its historical scope and its application of economic theory. However, it provides a scholarly foundation for understanding how political communication might affect behavioral finance, at least in an early, pre-Keynesian context.

Douglas Holmes' recent work, *Economy of Words*, also focuses our attention on the communicative dimensions of economics by analyzing statements from central banks around the world.[44] In particular, he examines how these institutions construct "econometric allegories" to forecast monetary expectations. Holmes' analysis is centered on public statements, such as the September 2015 statement issued by the Federal Reserve regarding a potential interest rate change, issued by central banks. He argues that these statements reveal how central bankers seek to influence expectations about market behavior. Holmes' broad approach invites future work focused on additional forms of

communication by central banks, such as longitudinal analyses of the Federal Reserve or the Bank of England. Including these additional forms of address (e.g. public speeches by the Fed chair) also complements future work about the broader central bank's purposes, one that provides commentary on economic issues in general and not solely monetary policy.

Another work that informs this study has already been mentioned: Donald Kettl's *Leadership at the Fed*. In his book, Kettl argues that the "Fed's history—and the growth of its power—is largely the product of the leadership of its chair."[45] Kettl's main concern is how the chair maintains the political independence of the Fed in order to insulate its decisions from partisan influences. His historical analysis traces how the chairs of the Federal Reserve have negotiated the delicate relationship between the Fed, Congress, and the White House from its inception in 1913 until Paul Volcker's term (when the book was published). While Kettl focuses on the political power dynamic of the Fed, his analysis largely omits how the Fed chair uses major speeches to navigate political controversies and manage economic crises. Like Kettl's work, this dissertation touches on the relationship between the Fed and other political institutions, but emphasis throughout this dissertation is on the Fed's institutional *êthos* as shaped by key speeches during transformative moments in the Fed's history.

In addition to the rhetoric of economics and public address, I draw from scholarship in argumentation theory to understand how the Fed chair condenses complex economic knowledge from the technical sphere into rhetorical forms more suitable for public consumption. In his groundbreaking 1982 article, G. Thomas Goodnight describes the problem of translation between the technical and the public sphere of argument. He

writes: "Questions of public significance themselves become increasingly difficult to recognize, much less address, because of the intricate rules, procedures, and terminologies of the specialized forums."[46] Similarly, Gordon Mitchell and Marcus Paroske have described the challenges of translating technical information into public argument, writing that "one cannot assume that a group of laypersons will apprehend an argument in the same way as a specialized audience, versed in technical language and sharing a common professional vocabulary."[47] This work provides the theoretical foundation to analyze political debates over complex economic issues. The Federal Reserve chair attempts to perform this translation from the technical sphere, which includes arguments grounded in complex economic data, to the public sphere, where the political ramifications of fiscal and monetary policy are debated and the "non-rational" factors in market behaviors come into play.

Communication scholars have analyzed the relationship between the technical and public spheres of argument in a variety of case studies involving nuclear energy, education policy, AIDs awareness, vaccinations, and climate change.[48] Josh Boyd has contended the common problem in these cases is often "defined by communicative practices that bridge the public and technical spheres of argument," as government officials and experts must simultaneously manage "technical standards" and debates over the "public interest."[49] Boyd's work on FDA regulatory rhetoric describes rhetorical challenges and dilemmas that seem equally relevant to the Federal Reserve. He argues that the "dilemma of technical sphere discourse affecting public decisions is that it must maintain rigor and legitimacy while at the same time remaining accessible to public understanding."[50] To maneuver between the technical and public spheres, the Fed chair,

like the Commissioner of the FDA, must have a reputation for making credible decisions, but also have a good feel for the public's mood. While Boyd and others have focused on environment and health regulations, many of their conclusions would seem equally applicable to the Federal Reserve. With my project on the Federal Reserve, I hope to contribute to these larger theoretical conversations about the technical and public spheres of argument by illuminating how Fed chairs bridge the technical and public spheres in their speeches on monetary policy.

All this, then, comes back to questions about the *êthos* of the speaker—and, by extension, the *êthos* of an institution, like the Federal Reserve. Rhetorical scholars typically associate *êthos* with attempting to gain credibility through appeals to character.[51] This character, as Thomas Farrell has argued, includes past reputation, but also must be "constantly reformed and preformed."[52] Since *êthos* is constantly performed, it is foundational to institutions, like the Federal Reserve, that strive for an *êthos* that is both positive and authoritative. Lynda Walsh's concept of "prophetic êthos," which she associates with scientists and other "experts" in the public arena, captures the essence of this authoritative *êthos.* Walsh writes: "Prophetic êthos manufactures political certainty in times of crisis. This role can he played by anyone who has privileged access to knowledge and can use that leverage to start a dialogue about public values."[53] For the Federal Reserve, the chair strives to maintain an authoritative, or prophetic, *êthos* in order to secure and protect the institution's reputation for expertise and nonpartisanship in public debate.

The concept of "prophetic *êthos*" emphasizes more than just expertise. It describes the role of the expert in public debates as a mediator among partisan voices.

John Lyne and Henry Howe have described a similar dynamic in debates over scientific issues: "The expert is not only a repository of knowledge, but also a pivot point for exchanges between discourse communities."[54] The expert's privileged position in public debate does not just "happen"; it must be rhetorically justified and sustained by the experts themselves. Hartelius has described this process in general terms: "An expert's êthos is a complex product of her reputation and her performance in a single rhetorical moment. . . . The rhetor must both possess a certain praiseworthy character and be able to present that character rhetorically in a credible manner."[55] Drawing upon this research, I investigate specifically *how* various Fed chairs have rhetorically shaped the institutional *êthos* of the Federal Reserve. The Fed's role in developing technical economic solutions *and* presenting them to the public should make my dissertation an instructive case study in how experts traverse both the technical and public spheres of argument.

Chapter Preview

My dissertation focuses on how three Federal Reserve chairs, Marriner Eccles (1934-1948), Paul Volcker (1979-1987), and Alan Greenspan (1987-2006), articulated the mission of the Fed and "went public" to explain and defend its decisions and policies. The period from 1934 to 2006 is expansive, of course, and my study leaves a few gaps, most notably the period when William McChesney Martin Jr. (1951-1970) and Arthur Burns (1970-1978) served as Fed chairs. I believe that I have a good rationale for this less-than-comprehensive historical approach, however. First, I have chosen three chairs who presided over recognizably transformative moments in this history of the Fed. Kettl identified two of those transformative moments: (1) Eccles fighting for the Banking Act of 1935 that ushered in substantially changed the organization's structure; (2) Volcker

adopting the ideology of "practical monetarism" to fight inflation in the 1970s. To these three moments, I have added Alan Greenspan's notorious "irrational exuberance" speech, which came early in his long tenure at the Fed and represented perhaps the best expression of his philosophy regarding the public role of the Fed. As I examine these transformative moments, I elaborate upon how each represented a particular style of rhetorical leadership of the Fed and helped constitute the institutional *êthos* of the rhetorical Fed at a key moment in its history.

My approach to these "moments" is to engage in close textual analysis of the key speeches that announced and defined them. Following Edwin Black, my approach to these speeches is to "coax from the critical object its own essential form of disclosure."[56] In this dissertation, I analyze how each text functioned within the broader context in which it was given.[57] In general, the purpose of understanding this broader "textual context" is be to highlight how the context shapes "the text as a strategic, artistic response to the exigencies of a particular situation."[58] Each address examined in this thesis was a response to similar yet distinctive exigencies. Each chair sought to garner support for specific policies of the Fed and to reposition the organization in light of new political and economic circumstances. Yet each took a different approach and responded to these similar situations in a distinctive manner.

By stitching together these transformative moments at the Federal Reserve, I construct a rhetorical history of the Fed highlighting its increasingly important role in economic debates. I draw from David Zarefsky's description of rhetorical history as the "study of historical events from a rhetorical perspective." He writes: "In this sense of rhetorical history, the historian views history as a series of rhetorical problems, situations

that call for public persuasion to advance a cause or overcome an impasse. The focus of the study would be on how, and how well, people invented and deployed messages in response to the situation."[59] In each of my three chapters, I describe the unique political and economic situation that the Fed chairs faced, and I analyze how they responded in ways that positioned the Fed at the center of economic debates. Historians and economists have hardly ignored these episodes. Yet, by deploying the resources of rhetorical theory and criticism, this dissertation brings a unique perspective to the historical evolution of the Federal Reserve.

Rhetorical histories over economic policies have helped shaped understanding how those debates unfolded.[60] Rob Asen, for example, took a longitudinal approach to his study of public debates over social security. His book, *Invoking the Invisible Hand*, focused on episodic moments during "the seventy-plus year life of Social Security, when policymakers and others scrutinized the program's founding principle."[61] Tracing how the policy evolved over time enabled Asen to examine how proponents of social security "confronted varied challenges and opportunities" and maintained "their values and principles during changing times."[62] I take a similar approach, examining key moments when the Fed chair responded to important economic and political episodes and reshaped the institutional *êthos* of the Federal Reserve through various rhetorical strategies. In the process, I chart the growing authority of the Fed and its increasingly important role in the economic debates of the past century. Since Eccles, Volcker, and Greenspan all articulated and attempted to implement differing philosophies while chairing the Federal Reserve, I compare and contrast how each chair influenced the evolving institutional *êthos* of the Federal Reserve. This provides a foundation for future projects in the rhetoric

of economics, including studies of other Fed chairs and of the Federal Reserve's role in debates over inflation, recessions, and other major economic developments.

The rest of the dissertation proceeds with four additional chapters, including a Conclusion. In chapter two, titled "Eccles the Fighter," I analyze how Marriner Eccles built the foundations of the modern rhetorical Fed by campaigning for the Banking Act of 1935, which included controversial provisions designed to increase the power of the chair. Against staunch opposition in Congress (led by Senator Carter Glass, who was the main proponent of the Federal Reserve Act of 1913), Eccles took it upon himself to make the case for the bill, greatly elevating the position of the Fed chair in national economic debates. Focusing on three statements he delivered in support of that legislation, I look at how Eccles made the case for a stronger, more active Federal Reserve before a variety of audiences, including the Ohio Bankers Association, congressional committees, and the American people (via a nationally broadcast radio address). These three statements were central to his campaign for the new legislation. The Ohio speech was his first public statement on the bill. His testimony before the House and Senate committees was planned for months. The radio speech aired nationally over the NBC radio network. I supplement my analysis of these addresses with archival materials, including drafts of each address, memos with his colleagues about each occasion, and letters from a variety of individuals praising or condemning his words. These materials were garnered from a visit to Eccles' papers at the University of Utah.

In chapter three, entitled "Volcker the Savior," I examine how Paul Volcker sought to restore the public's trust in himself and the Federal Reserve following one of the most devastating outbreaks of economic inflation in U.S. history. In October 1979,

just months after his nomination to the Fed, Volcker instituted a dramatic shift in policy in an effort to stem inflation and restore the credibility of the Federal Reserve. To illustrate how Volcker justified this policy change and sought to restore the Fed's credibility, I plan to focus on two statements, one a press conference announcing the new policy, the other an address three days later before the American Bankers Association. In these statements, Volker announced a radical break from past Federal Reserve policy, a strategy he called "practical monetarism." Weaved throughout this analysis are parts of a personal interview I conducted with Paul Volcker and with other narratives recounting the episode. The interview, which I conducted February 18, 2015, includes substantial material reflecting on that important moment in Fed history and what he was thinking at the time.

In chapter four, titled "Greenspan the Oracle," I look at how Greenspan redefined the role of the rhetorical Fed in an emerging Information Age marked by the development of new communication technologies and calls for more transparency regarding how the Fed makes decisions. To illustrate Greenspan's response to these changes, I plan to engage in a close textual analysis of his "irrational exuberance" address of December 5, 1996, which precipitated a dramatic decline in the stock market and considerable panic across the broader economy. This speech marked an important moment in the history of the rhetorical Fed, as it epitomized Greenspan's response to demands for more transparency at the Fed. His response to these demands, which already included his publicly releasing information from meetings earlier than before, was to speak in deliberately obscure ways—a style that critics of the Fed labeled "Fedspeak." At the same time, Greenspan earned a reputation among journalists, politicians, and market

analysts as some type of economic "oracle"—a person who may have spoken in vague or confusing ways but nevertheless held the secrets to understanding market behaviors and the economy. In my effort to make sense out of these seemingly contradictory images of Greenspan and the Federal Reserve under his leadership, I evaluate not only Greenspan's rhetoric but also reactions to Greenspan from both journalists and politicians. As in the Volcker chapter, I draw from other accounts of the "irrational exuberance" episode, including one in Greenspan's memoir and another from my interview with Volcker.

In my fifth and concluding chapter, I return to broader reflections on the idea of a rhetorical Fed and its implications for our understanding of the rhetoric of economics more generally. In addition, I discuss how analyzing *êthos* at an institutional level contributes to scholarship in the history of American public address, ancient rhetoric, and argumentation theory. Lastly, I summarize what a rhetorical history of the Federal Reserve means for understanding other important economic episodes where the Fed takes center stage, including more recent episodes, such as Ben Bernanke's response to the 2008 recession and Janet Yellen's subsequent management of "slow" economic growth. In doing so, I hope to answer a simple, yet difficult question: When the Fed speaks, why do so many people listen?

Notes

---

[1] Woodrow Wilson, interview by J. C. O'Laughlin, June 20, 1913, quoted in Arthur Link, *Wilson: The New Freedom* (Princeton, NJ: Princeton University Press, 2015), 211-212.

[2] This originates from an interview with Laurence Meyer, see Bob Woodward, *Maestro: Greenspan's Fed and the American Boom* (New York: Simon & Schuster, 2000), 184.

[3] Robert J. Shiller, *Irrational Exuberance* (Princeton, NJ: Princeton University Press, 2000), 1.

[4] James Arnt Aune, "The Econo-Rhetorical Presidency," in *The Prospect of Presidential Rhetoric*, ed. James Arnt Aune and Martin J. Medhurst (College Station: Texas A&M University Press, 2008), 60.

[5] Elmus Wicker, *The Great Debate on Banking Reform: Nelson Aldrich and the Origins of the Fed* (Columbus: The Ohio State University Press, 2005), x.

[6] Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton, NJ: Princeton University Press, 1963), 225; Lester Vernon Chandler, *Benjamin Strong: Central Banker* (New York: Brookings Institution, 1958); Priscilla Roberts, "Benjamin Strong, the Federal Reserve, and the Limits to Interwar American Nationalism," *Economic Quarterly* 86, no. 2 (2000).

[7] Robert P. Bremner, *Chairman of the Fed: William McChesney Martin Jr. and the Creation of the Modern American Financial System* (New Haven, CT: Yale University Press, 2004), 84.

[8] Bernard Shull, *The Fourth Branch: The Federal Reserve's Unlikely Rise to Power and Influence* (Westport, CT: Praeger, 2005), 117.

---

[9] Aristotle, *On Rhetoric: A Theory of Civic Discourse*, trans. George A. Kennedy, 2nd ed. (New York, NY: Oxford University Press, 2008), 1356a.

[10] Thomas B. Farrell, *Norms of Rhetorical Culture* (New Haven, CT: Yale University Press, 1993), 81.

[11] E. Johanna Hartelius, *The Rhetoric of Expertise* (Lanham, MD: Lexington Books, 2011), 11.

[12] Kettl, *Leadership at the Fed*, 17.

[13] Donald F. Kettl, *Leadership at the Fed* (New Haven, CT: Yale University Press, 1986).

[14] Aune, "The Econo-Rhetorical Presidency," 60.

[15] Jeffrey K. Tulis, *The Rhetorical Presidency* (Princeton, NJ: Princeton University Press, 1987), 4.

[16] Tulis, *The Rhetorical Presidency*, 18.

[17] The exchange between rhetorical scholars and political scientists is too numerous to list. For criticism on part of the theoretical foundation of Tulis's claim, see Martin J. Medhurst, "Rhetorical Leadership and the Presidency: A Situational Taxonomy," in *The Values of Presidential Leadership*, ed. Terry L. Price and J. Thomas Wren (New York: Palgrave/Macmillan, 2007), 59–84; Martin J. Medhurst, "A Tale of Two Constructs: The Rhetorical Presidency versus Presidential Rhetoric," in *Beyond the Rhetorical Presidency*, ed. Martin Medhurst (College Station: Texas A&M University Press, 1996), xi – xxv.

[18] Aune, "The Econo-Rhetorical Presidency," 58.

[19] Shull, *The Fourth Branch*, 121.

[20] Aune, "The Econo-Rhetorical Presidency," 59.

---

[21] Kettl, *Leadership at the Fed*, 15–16.

[22] Michelle C. Bligh and Gregory D. Hess, "The Power of Leading Subtly: Alan Greenspan, Rhetorical Leadership, and Monetary Policy," *The Leadership Quarterly* 18, no. 1 (2007): 91.

[23] Kettl, *Leadership at the Fed*, 13.

[24] Hartelius, *The Rhetoric of Expertise*, 11–12..

[25] Deirdre N. McCloskey, *The Rhetoric of Economics* (Madison: University of Wisconsin Press, 1998), xx. McCloskey has a wealth of articles and books on "humanizing" economics that provide the foundation to argue for a rhetorical turn in the field. However, most of these works are not primarily communication-based in nature.

[26] See, Robert Asen, *Visions of Poverty : Welfare Policy and Political Imagination* (East Lansing: Michigan State University Press, 2001); Davis W Houck, *Rhetoric as Currency: Hoover, Roosevelt, and the Great Depression* (College Station: Texas A&M University Press, 2001); and James Arnt Aune, *Selling the Free Market: The Rhetoric of Economic Correctness* (New York City: The Guilford press, 2001).

[27] While not completely exhaustive, this list represents scholarship analyzing economic rhetoric that were available on *Communication and Mass Media Complete*, as well as books from academic presses. Understandably, there are bound to be articles from interdisciplinary journals and chapters from edited volumes not included on this list. However, this list is representative of the growing field in rhetoric. Michael Weiler, "The Rhetoric of Neo-Liberalism," *Quarterly Journal of Speech* 70 (1984): 362–78; Mark P. Moore and J. Gaut Ragsdale, "International Trade and the Rhetoric of Political Myth in Transition: NAFTA and the American Dream," *World Communication* 26, no. 2 (1997):

1–14; Kimber Charles Pearce, "Narrative Reason and Cold War Economic Diplomacy in W.W. Rostow's Stages of Economic Growth," *Rhetoric & Public Affairs* 2, no. 3 (1999): 395–414; Oren M. Levin-Waldman, "The Rhetorical Evolution of the Minimum Wage," *Rhetoric & Public Affairs* 3, no. 2 (2000): 131–53; Mary E. Triece, "Rhetoric and Social Change: Women's Struggles for Economic and Political Equality, 1900-1917," *Women's Studies in Communication* 23, no. 2 (2000): 238–61; Robert Asen, *Invoking the Invisible Hand : Social Security and the Privatization Debates* (East Lansing: Michigan State University Press, 2009); G. Thomas Goodnight and Sandy Green, "Rhetoric, Risk, and Markets: The Dot-Com Bubble.," *Quarterly Journal of Speech* 96, no. 2 (2010): 115–40; G. Thomas Goodnight and David Hingstman, "From the Great Depression to the Great Recession.," *Poroi: An Interdisciplinary Journal of Rhetorical Analysis & Invention* 7, no. 1 (2011): 1–22; Mark Longaker, "John Locke's Monetary Argument: An Analysis with Methodological and Historical Implications.," *Rhetoric Society Quarterly* 41, no. 2 (2011): 125–44; David Depew, "Adam Smith and Edmund Burke: Texts in Context.," *Poroi: An Interdisciplinary Journal of Rhetorical Analysis & Invention* 7, no. 1 (2011): 1–34; Megan Foley, "From Infantile Citizens to Infantile Institutions: The Metaphoric Transformation of Political Economy in the 2008 Housing Market Crisis," *Quarterly Journal of Speech* 98 (2012): 386–410; Joshua S. Hanan and Mark Hayward, eds., *Communication and the Economy: History, Value and Agency* (New York: Peter Lang, 2013).

[28] The method for determining the specific presidential rhetoric scholarship was similar to the one described above. Hermann G. Stelzner, "Ford's War on Inflation: A Metaphor That Did Not Cross," *Communication Monographs* 44 (1977): 284–97; David Zarefsky,

---

“President Johnson’s War on Poverty: The Rhetoric of Three ‘Establishment’ Movements,” *Communication Monographs* 44, no. 4 (1977): 352–73; Richard L. Johannesen, “Ronald Reagan’s Economic Jeremiad,” *Central States Speech Journal* 37 (1986): 79–89; Roger C. Aden, “Entrapment and Escape: Inventional Metaphors in Ronald Reagan’s Economic Rhetoric,” *Southern Communication Journal* 54 (1989): 383–400; Amos Kiewe, “From a Rhetorical Trap to Capitulation and Obviation: The Crisis Rhetoric of George Bush’s ‘Read My Lips: No New Taxes,’” in *The Modern Presidency and Crisis Rhetoric*, ed. Amos Kiewe (Westport, CT: Praeger, 1993), 179–201; Delia B. Conti, “President Reagan’s Trade Rhetoric: Lessons for the 1990s.,” *Presidential Studies Quarterly* 25 (1995): 91–108; David G. Levasseur, “The Rhetorical Construction of Economic Policy: Political Judgment and the 1995 Budget Debate,” *Rhetoric & Public Affairs* 3, no. 2 (2000): 183–209; David A. Crockett, “George W. Bush and the Unrhetorical Rhetorical Presidency,” *Rhetoric & Public Affairs* 6 (2003): 465–86; Leroy G. Dorsey, “Preaching Morality in Modem America: Theodore Roosevelt’s Rhetorical Progressivism,” in *Rhetoric and Reform in the Progressive Era*, ed. J. Michael Hogan (East Lansing: Michigan State University Press, 2003); John M. Murphy, “The Language of the Liberal Consensus: John F. Kennedy, Technical Reason, and the ‘New Economics’ at Yale University,” *Quarterly Journal of Speech* 90, no. 2 (2004): 133–62; Martín Carcasson, “Ending Welfare as We Know It: President Clinton and the Rhetorical Transformation of the Anti-Welfare Culture,” *Rhetoric & Public Affairs* 9 (2006): 655–92; Wynton C. Hall, “Economically Speaking: George Bush and the Price of Perception,” in *The Rhetorical Presidency of George H.W. Bush*, ed. Martin J. Medhurst (College Station: Texas A&M University Press, 2006), 171–96; John M.

Murphy, "Political Economy and Rhetorical Matter," *Rhetoric & Public Affairs* 12, no. 2 (2009): 303–15; Paul Stob, "Louis Brandeis and the Rhetoric of Transactional Morality," *Rhetoric & Public Affairs* 14, no. 2 (2011): 261–90.

[29] Houck, *Rhetoric as Currency*.

[30] Zarefsky, "President Johnson's War on Poverty."

[31] Amos Kiewe and Davis W. Houck, *A Shining City on a Hill: Ronald Reagan's Economic Rhetoric, 1951-1989* (New York: Praeger Publishers, 1991).

[32] Kiewe, "From a Rhetorical Trap"; Hall, "Economically Speaking: George Bush and the Price of Perception."

[33] Michael Kaplan, "Iconomics: The Rhetoric of Speculation," *Public Culture* 15, no. 3 (2003): 479.

[34] Catherine Resche, "Investigating 'Greenspanese': From Hedging to 'Fuzzy Transparency,'" *Discourse Society* 15, no. 6 (2004): 723–44; Bligh and Hess, "The Power of Leading Subtly"; David P. Schulz, "Moments of Inevitability in Economic Argument," in *The Functions of Argument and Social Context*, ed. Dennis Gouran (Washington: National Communication Association, 2010), 447–53; Jo Ann A. Abe, "Changes in Alan Greenspan's Language Use Across the Economic Cycle: A Text Analysis of His Testimonies and Speeches," *Journal of Language and Social Psychology* 30, no. 2 (2011): 212–23; Robert Asen, "To Exist, You Need an Ideology: Alan Greenspan on Markets, Crisis, and Democracy," in *Making the Case: Advocacy and Judgment in Public Argument*, ed. Kathryn Olson et al. (East Lansing: Michigan State University Press, 2012), 231–55.

---

[35] George A. Akerlof and Robert J. Shiller, *Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism* (Princeton, NJ: Princeton University Press, 2009), 3. See also, Robert Kuttner, *Everything for Sale: The Virtues and Limits of Markets* (Chicago, IL: University of Chicago Press, 1997).

[36] Akerlof and Shiller, *Animal Spirits*, 3.

[37] Akerlof and Shiller, *Animal Spirits*, 1.

[38] David Knoke, *Economic Networks* (Malden, MA: Polity Press, 2012), 27.

[39] This list is generated by evaluating *Political Science Complete* and various quantitative volumes on presidential rhetoric. See, Jeffrey E. Cohen and John Hamman, "The Polls: Can Presidential Rhetoric Affect the Public's Economic Perceptions?," *Presidential Studies Quarterly* 33, no. 2 (2003): 408–22; B. Dan Wood, "Presidential Rhetoric and Economic Leadership," *Presidential Studies Quarterly* 34, no. 3 (2004): 573–606; B. Dan Wood, Chris T. Owens, and Brandy M. Durham, "Presidential Rhetoric and the Economy," *Journal of Politics* 67, no. 3 (2005): 627–45; Matthew Eshbaugh-Soha, "Presidential Signaling in a Market Economy," *Presidential Studies Quarterly* 35, no. 4 (2005): 718–35; B. Dan Wood, "Presidential Saber Rattling and the Economy," *American Journal of Political Science* 53, no. 3 (2009): 695–709.

[40] Wood, Owens, and Durham, "Presidential Rhetoric and the Economy," 642.

[41] Two examples of this work include Robert J. Shiller, "From Efficient Markets Theory to Behavioral Finance," *Journal of Economic Perspectives* 17, no. 1 (2003): 83–104 and Joseph Bafumi, "Animal Spirits: The Effect of Economic Expectations on Economic Output," *Applied Economics* 43, no. 25 (2011): 3573–89. For a non-exhaustive survey of behavioral finance in general, see Hersh Shefrin, *Beyond Greed and Fear:*

Understanding Behavioral Finance and the Psychology of Investing (Boston, MA: Harvard Business School Press, 2000); Shiller, *Irrational Exuberance*; Andrei Shleifer, *Inefficient Markets* (Oxford: Oxford University Press, 2000); Richard Thaler, *Advances in Behavioral Finance II* (New York: Russell Sage, 2003).

[42] Houck, *Rhetoric as Currency*, 196.

[43] Houck, *Rhetoric as Currency*, 5.

[44] Douglas Holmes, *Economy of Words: Communicative Imperatives in Central Banks* (University Of Chicago Press, 2013).

[45] Kettl, *Leadership at the Fed*, xi.

[46] G. Thomas Goodnight, "The Personal, Technical, and Public Spheres of Argument: A Speculative Inquiry into the Art of Public Deliberation," *Journal of the American Forensic Association* 18 (1982): 222.

[47] Gordon R. Mitchell and Marcus Paroske, "Fact, Friction, and Political Conviction in Science Policy Controversies," *Social Epistemology* 14 (2000): 98.

[48] Thomas B. Farrell and G. Thomas Goodnight, "Accidental Rhetoric: The Root Metaphors of Three Mile Island," *Communication Monographs* 48 (1981); Robert Asen et al., "'The Research Says': Definitions and Uses of a Key Policy Term in Federal Law and Local School Board Deliberations," *Argumentation & Advocacy* 47 (2011); Marcus Paroske, "Deliberating International Science Policy Controversies: Uncertainty and AIDS in South Africa," *Quarterly Journal of Speech* 95 (2009); Rachel Avon Whidden, "Maternal Expertise, Vaccination Recommendations, and the Complexity of Argument Spheres," *Argumentation & Advocacy* 48 (2012); Elisabeth Banning, "When

---

Poststructural Theory and Contemporary Politics Collide— The Vexed Case of Global Warming," *Communication and Critical/Cultural Studies* 6 (2009).

[49] Josh Boyd, "Public and Technical Interdependence: Regulatory Controversy, Out-Law Discourse, and the Messy Case Of Olestra," *Argumentation & Advocacy* 39, no. 2 (2002): 92.

[50] Boyd, "Public and Technical Interdependence," 93.

[51] Rhetorical scholars have also asserted that *êthos* can be "dwelling place" in order to counter the dominant concept of *êthos* as being centered on character. For more on this concept, see Michael J. Hyde, ed., *The Ethos of Rhetoric* (Columbia: University of South Carolina Press, 2004).

[52] Farrell, *Norms of Rhetorical Culture*, 81.

[53] Lynda Walsh, *Scientists as Prophets: A Rhetorical Genealogy* (New York: Oxford University Press, 2013), ix.

[54] John Lyne and Henry F. Howe, "The Rhetoric of Expertise: E. O. Wilson and Sociobiology," *Quarterly Journal of Speech* 76 (1990): 135.

[55] Hartelius, *The Rhetoric of Expertise*, 11–12.

[56] Edwin Black, "A Note on Theory and Practice in Rhetorical Criticism," *Western Journal of Communication* 44 (1980): 332.

[57] Michael Leff, "Interpretation and the Art of the Rhetorical Critic," *Western Journal of Communication* 44 (1980): 348.

[58] Stephen Lucas, "The Renaissance of American Public Address: Text and Context in Rhetorical Criticism," *Quarterly Journal of Speech* 74 (1988): 253.

[59] David Zarefsky, "Four Senses of Rhetorical History," in *Doing Rhetorical History: Concepts and Cases*, ed. Kathleen J. Turner (Tuscaloosa: University of Alabama Press, 1998), 30.

[60] For example, see Celeste Michelle Condit and John Louis Lucaites, *Crafting Equality: America's Anglo-African Word* (University Of Chicago Press, 1993); Karlyn Kohrs Campbell and Kathleen Hall Jamieson, *Presidents Creating the Presidency: Deeds Done in Words* (Chicago, IL: University of Chicago Press, 2008); Kiewe and Houck, *A Shining City on a Hill*.

[61] Asen, *Invoking the Invisible Hand*, 16.

[62] Asen, *Invoking the Invisible Hand*, 16.

CHAPTER TWO: Eccles the Fighter

> Marriner, that's quite the action program you want. It will be a knock-down and drag-out fight to get it through. But we might as well undertake it now as at any other time. It seems to be necessary.
>
> — Franklin Delano Roosevelt, 1934[1]

The modern Federal Reserve, including the rhetorical Fed, began to develop in 1934 when President Franklin Delano Roosevelt nominated Marriner Eccles to be the Federal Reserve chair. Prior to his nomination, the Fed never had an individual who was nationally visible. While part of the chair's lack of visibility this resulted from the personality of those who served, the original Federal Reserve Act of 1913 did not centralize monetary authority in a way resembling the system led by Janet Yellen, Alan Greenspan, and other prominent chairs and provided the regional banks with considerable power from 1913 to 1935.[2] Benjamin Strong, Jr., the president of the New York bank from 1914 to 1928, exerted more influence over the economy than the Fed chair because the powerful Wall Street banks were under his purview.[3] Given these dynamics, Eccles accepted the nomination on the condition that the president would support his making changes to the system. Roosevelt agreed, and Eccles began laying the groundwork for the Banking Act of 1935. As a result, he would become the first "chair" of the Federal Reserve and the first to rely on the rhetorical Fed.

From February to June of 1935, Eccles delivered a series of speeches, at banking conferences, in the Senate Chamber, and on the radio, in defense of the "Banking Bill." In those speeches, he made the case for increasing the political power of the Federal Reserve. His speeches and political maneuvering helped create a precedent for the first function of the rhetorical Fed: *negotiation*. While James Aune originally theorized about this function as it pertains to the relationship between the Fed chair and the president,

Eccles' shepherding of the Banking Act highlights the importance of the Fed chair negotiating with Congress, an important difference in address since the legislature has the capacity to hold hearings and pass legislation affecting the powers and independence of the Fed.[4] In addition, Eccles started a tradition of Fed chairs solidifying the *institutional êthos* of the Fed by assuming an authoritative voice during economic debates, especially during recessions. His rhetorical strategy was evident during the debate over the 1935 Banking Act. Eccles stumped at conferences for bankers, delivered radio speeches aimed at the general public, and testified before Congress in favor of the legislation. He performed the role while at the same time arguing for legislation that would make future Fed chairs even more politically powerful.

In his first year as chair, Eccles demonstrated the capacity of the Fed chair to perform all three of the functions of the rhetorical Fed, which I label: negotiation, communication, and translation. He did so largely without the help of the president. While Roosevelt gave Eccles his blessing in November, he delegated the design and the debating to the chair. The president was far more reluctant than Eccles to become bogged down in debates over reforming the Federal Reserve.[5] In addition, Roosevelt delivered only one public speech supporting the bill: his fireside chat of April 28, 1935.[6] During this time, he focused instead on the Social Security Act, which was also being debated at the time. Despite having the president's private support, Eccles, had to rely on himself for the public debate. By arguing for political independence and centralized authority, he created the material backing through the Banking Act of 1935 for the Rhetorical Fed. Political developments also made the role of the chair more important worldwide. Bernard Shull notes, "Central banking had taken on a political as well as an economic

importance that had not existed when the Federal Reserve Act was passed, not just in the United States but also throughout the world."[7] Eccles' successors did not forget his precedents; they molded and adapted Eccles' rhetorical strategies to fit the developing relationship with the White House and the evolving economy.

In this chapter, I analyze how Marriner Eccles built the foundations of the modern rhetorical Fed by relying primarily on the function of negotiation and by campaigning for the Banking Act of 1935. In the first section, I draw from work in argumentation about multiple audiences to sketch the contours of negotiation within the limits of the Federal Reserve. The next three sections each center on a major speech he delivered in support of that legislation. I examine at how Eccles made the case for a stronger, more active Federal Reserve before a variety of audiences, including the Ohio Bankers Association, the House Committee on Banking and Currency, and the American people (via a nationally broadcast radio address). These three speeches were central to his campaign for the new legislation. The Ohio speech was his first public statement on the bill. The statement before the House committee was the first legislative testimony on the bill. The radio speech aired nationally over the NBC radio network. Through these speeches, Eccles helped define a new, more "rhetorical" version of the Fed through the use of negotiation. His leadership constructed the need for a democratically accountable Federal Reserve while simultaneously arguing for more power and independence.

Negotiation and the Rhetorical Fed

At times, the rhetorical Fed must exhibit political leadership regarding economic legislation. In addition to the Fed's usual tools of altering monetary policies, the chair is often tasked with commenting on pending economic legislation, whether it is specific to

the Federal Reserve itself or outside of its purview, such as the annual budget or a package of tax cuts. The Fed's institutional *êthos* enables the chair to act as a negotiator when commenting on legislation and building political support in favor or against a specific policy, and in doing so, he or she is able to maneuver between what G. Thomas Goodnight called the public and technical spheres of argument.[8] Given the numerous, distinct interests in the economy, the chair's must be able to craft messages to an audience made up of divergent interests and of people with different backgrounds. In order to perform the negotiation function well, the chair must develop a rhetorical style that is able to persuade simultaneously various stakeholders, such as bankers, politicians, and the broader public.

Like the rhetorical presidency, the rhetorical Fed must shape its message to build the necessary coalition of support for its economic goals. Kettl broadly divides the Fed's "constituencies" (or, in rhetorical terms, "audiences") into those "within the government" and those "outside the government."[9] The president, Congress, and the Department of the Treasury all have various political tools by which they can influence Fed action. Most noteworthy is the public support for Fed policy that the president and Congress can build or tear down. For the bankers, farmers, workers, consumers, and other individuals outside the government, the Fed relies on their support for realizing its economic goals. Without business and consumer confidence in the economy, monetary policy lags; and without the political support of these outside constituencies, the Fed is more likely to defer to Congress or the White House. Having an independent Fed, which the Banking Act of 1935 aimed to establish, is important to giving the Fed the rhetorical and political

flexibility it needs to build support, be able to leverage its institutional *êthos*, and manage the complicated array of political challenges it faces.

Whether they are enacting a new economic vision or commenting on pending legislation, Fed chairs have the capacity to significantly influence the broader economic policy discussion. Building policy coalitions and negotiating over legislation plays a key role in the "rhetorical leadership" of any political actor, as Martin Medhurst has observed in his work on the rhetorical presidency.[10] In analyzing a president's goals, Medhurst argues that "leadership" is tied to the "reinforcement of the beliefs and values that underlie the policy as well as the counteradvocacy of those plans that would substitute for or sabotage the desired policy."[11] Without an effective strategy of "thrust and parry," the president cannot advance a policy agenda effectively. Likewise, the Fed chair's preference or disregard for specific legislation requires condensing economic data and ideology into a message that can be communicated to multiple audiences over a sustained length of time. This problem is particularly acute in technical debates and when arguing about complex topics. Josh Boyd explains that this "dilemma of technical sphere discourse" is between maintaining "rigor and legitimacy" and "remaining accessible to public understanding."[12] An important rhetorical advantage of Fed chairs is their privileged access to economic data, but they still most marshal their interpretive knowledge and craft messages that are understandable, meaningful, and persuasive to a diversity of audiences. Whether it is calming fears of inflation or forecasting future growth, the chair directs economic policy discussion by rhetorically deciding which data to present and how to present those data. Beyond that, Fed chairs must frame their presentation of those data in ways that are rhetorically compelling.

Rhetorical leadership at the Fed thus requires special attention to crafting messages for multiple audiences, as negotiating to garner supporter of one audience may lessen the support of another audience. As Frank Myers notes, political leaders routinely have to address “composite, or heterogeneous, audiences,” whether those audiences consist of legislative bodies with differing political parties (such as the U.S. Congress) or a complicated and diverse nation with multiple business, social, and political interests. In crafting speeches for such “composite” audiences, Myers contends that “success” should be “measured by the degree to which the speech increases the potential support for the speaker and his [or her] policies among the most significant segments of the audience.”[13] Even if one considers the small number of people who truly understand monetary policy, there are distinct publics and competing interests with differing economic ideologies. In reflecting more broadly on the challenge of addressing such multiple or composite “publics,” rhetorical critic Edwin Black has noted how diverse audiences “cluster” around their own “commonplaces” on particular topics.[14] These publics rely upon an “associate plexus of values” when rendering judgment on any given subject. With respect to the Federal Reserve, bankers want predictability and ease in investment, consumers want stable prices, and politicians want to exert control over regulatory bodies. Speeches advocating economic legislation must take into account all of these sometimes conflicting audiences: legislators, business interests, and the broad public. Somehow they must convince all of these audiences—through various negotiations—that the legislation is worthwhile and serves their political and economic interests.

Legislative policy debates, in general, have a long time horizon. In the United States Congress, a bill is rarely debated without reference to past legislation or events.

Politicians make analogical arguments about past wars when debating about military conflict. Debates over social policy reflect on-going historical debates about the nation's values and traditions. Thus, it should come as no surprise that arguments about economic policy look to the past for parallel cases or evidence of how similar policies affected the economy in earlier times. While the debate over the 1935 act lasted only six months, arguments over the origins and purposes of the Fed twenty years in the past and disagreements over the proper role of the Fed twenty years into the future extended this time horizon. Robert Asen contends that the long time horizon inherent to policy making means that a particular time-bound policy debate "does not inaugurate unprecedented meanings as much as it intervenes in an ongoing symbolic field."[15] Eccles, by intervening in this symbolic field of policy making on the Fed, entered into an ongoing negotiation about the role of the Fed, its independence, and by extension economic policy writ large over the whole history of the nation. Negotiating with various audiences, as the following sections demonstrate, was critical in establishing the institutional *êthos* of the Fed as an important voice in this ongoing debate. It also was crucial to winning passage of the Banking Act of 1935.

Eccles and the Bankers

Marriner Eccles became Assistant to the Secretary of the Treasury in early 1934, owing his reputation to testimony regarding the banking industry he delivered in the House in the previous year. When Eugene Black, then chair of the Fed, resigned in August 1934, newspapers floated Eccles' name as a possible replacement. In October, President Roosevelt offered Eccles the position, but the Utah banker replied that the position would be appealing only if "fundamental changes were made in the Federal

Reserve System."[16] Roosevelt agreed to hear the suggestions. On November 3, 1934, Eccles, with the help of his assistant Lauchlin Currie, sent the president a memo titled, "Desirable Changes in the Administration of the Federal Reserve System."[17] Roosevelt met Eccles to discuss the memo, which resulted in a two-hour discussion. The president, after hearing Eccles explain the changes, concluded the meeting by showing his support for the chair's ideas: "Gossip has gotten around about my considering appointing you the new Governor. It is only fair that you should know that formidable opposition has developed as a result. However, I don't give a damn. That opposition is coming from boys whom I am not following."[18] On November 10, the president officially nominated Eccles to run the Federal Reserve.

In his November memo, Eccles described the inability for the Federal Reserve Board to promote business stability, which resulted from the ability of the Reserve Banks (the twelve regional banks) to ignore various monetary directives, and called for the Board (located in Washington DC) to have more control over the Reserve Banks and more authority to implement monetary policy as it saw fit. He detailed the necessity for this plan in eight points clustered around three themes: the capacity for monetary policy to promote stable economic growth, the necessity for the Federal Reserve Board to have more power over open market operations (this involves the buying and selling securities in order to affect the money supply and interest rates), and how these changes would create a "real central bank."[19] From November 1934 until February 1935, Eccles and his staff worked on transforming the ideas of this memo into a piece of legislation. Over that same winter, the Ohio Bankers Association invited Eccles to speak at their Mid-Winter Meeting—the original invitation had nothing to do with the bill, as it had not yet been

publicly revealed.[20] In effect, Eccles used this speech to launch his campaign for new legislation, and it put him squarely at the center of the subsequent legislative debate.

In the days leading up to the Ohio speech, the administration sent the first draft of the Banking Act of 1935 to Congress. Walter Lippmann, in a February 9 article for the *New York Herald Tribune*, referred to the legislation as the "Eccles Bill." The proposed changes were not simply routine and were indeed very controversial. Lippmann captured well the challenges Eccles would face in winning approval of the bill:

> The first question is whether we are to have a debate or an uproar, analysis or epithets, an exchange of ideas or an exchange of hysterical slogans. Even before the full text of the new bill was available to many persons, certainly before any one could have had time to study it, the cry was raised that it is un-American, unconstitutional, undemocratic, and revolutionary.[21]

Senator Carter Glass (D-Va.), widely regarded as the father of the 1913 Federal Reserve Act, stoked the fires of criticism and outrage. Eccles had failed to provide Glass an advance copy of the legislation as he had promised, a mistake Eccles later recognized.[22] The senator had close ties with the banking community and thought the proposal would greatly diminish their role in influencing monetary policy, a point he had argued legislative debates over the Banking Act of 1933.[23] Since Eccles needed their support to advance the bill, the Ohio Bankers Association winter meeting gave him another opportunity to win over the banking community.

On February 12, 1935, Eccles appeared before the Ohio bankers to deliver his carefully prepared speech, titled "Monetary Problems of Recovery." While the Ohio bankers were the immediate audience, Eccles had to craft a message that would also appeal to politicians and the broader public, given it was his first public appearance discussing the new bill. The address was circulated widely. Two days after the speech, the Huntington National Bank in Columbus requested and received permission to publish

the speech in pamphlet form.[24] Senator Duncan Fletcher (D-Fl.) also mandated that the speech be printed in the Congressional Record on the same day.[25] The Federal Reserve's office received numerous requests for copies of the speech, and Eccles made sure his staff responded by sending copies of the speech to all who inquired. Beyond its wide circulation, the speech was significant for two other reasons. It was the first major address that Eccles delivered as Fed chair, and it was his first public speech specifically making the case for the Banking Act of 1935. Details of the bill had available for only a few days, so Eccles had the advantage of having the first word in the debate. Since Eccles was proposing a major change to the nation's banking system—a system that had undergone a major overhaul just twenty years earlier—it was important that he offer a rationale for change, and he also hoped to set the agenda for the subsequent months of debate.

The initial framing of a new legislative proposal is important because all policy debates are rooted in ongoing conversations. Banking in the United States has an especially tension-filled history repeatedly marked by sharp political differences. Robert Asen writes, "Policy debates represent an ongoing engagement of text and context, as subsequent debate participants reinterpret the meanings of prior policy debates. In this way, rhetor, audience, text, and context operate in cross-historical perspective."[26] By delivering the first major speech about the Banking Act, however, Eccles was able to contextualize his proposed policy changes in the most favorable way and significantly define the terms and parameters of debate over the new legislation. His move was necessary because he had to preemptively refute the suspicion about the federal government being involved in banking, one whose roots can be traced to the battle

between Alexander Hamilton and Thomas Jefferson on establishing a national bank. Instead of becoming trapped in this narrative by other politicians and journalists, he was able to debut his own role as the voice of the Fed.

In addressing the bankers, Eccles had to be concerned about the *êthos* of governmental officials and the effect that would have on his capacity to negotiate changes to the nation's monetary system. To manage this tension, Eccles began his speech by identifying with his fellow bankers.[27] He reminded the Ohio audience of his previous banking connections and said, "I have every reason to feel entirely at home in an assembly of bankers, and I am genuinely glad to be here."[28] His move to establish common ground with fellow bankers was critical because the bill sought to fix the mistakes bankers had made during the Great Depression, which required partially denigrating bankers. Eccles continued this emphasis when he moved into the topic of the speech. He said:

> There is no subject in which bankers will be more interested than the provisions of that bill. I am especially glad to be able to present to you my conception of the objectives of this measure, because I believe that all who are of the banking fraternity, no less than those of us who are identified with the Administration in Washington, have every reason of common interest and common purpose to desire the solution of the monetary problems of recovery in the manner in which the Banking Bill of 1935 seeks to solve them.[29]

Introducing the speech in this way served the important function of identification. By reminding his audience of his banking background, Eccles created a "fraternity" of shared interests with the Ohio bankers. By sharing the same occupational space, they also shared a "common interest and common purpose" in fixing the monetary problems that had led to the Great Depression. Although bankers generally harbored a lingering Jacksonian fear of federal control, Eccles stood before them as a Fed chair who identified with their interests.

After minimizing the potential credibility problems of being a government official, Eccles reassured them that regulation was not necessarily an impediment to business activity. He described four objectives inherent in the bill: ensuring stable business conditions, aiding in current recovery, making the system sounder, and correcting various abuses. Citing time constraints in his speech, Eccles focused on the first two: "stability and recovery."[30] To begin this discussion, he posed a seemingly simple question: "How may our banking system be so regulated and adapted that it may become a more efficient instrument for the promotion of business stability?"[31] The heart of the question posed a contradiction obvious to any student of free market philosophy at the time: it was not thought possible to achieve efficiency and stability through governmental regulations. This statement was emblematic of Eccles' main argumentative strategy in the speech, which relied on asking hypothetical questions and answering them. He would pose a question to the audience with a seemingly obvious answer; then, he would explain a crucial difference in his reasoning. This technique provided Eccles with flexibility in how he constructed his argument, as he could easily establish common ground through the use of questions and then illuminate his points through difference. At the same time, the technique helped cultivate his authority, as he had all of the answers to each question he asked, and he was proposing a policy that would line up with the bankers' primary interest.

He began his discussion of the stability objective by laying out various premises, which sought to recast governmental agencies and their *êthos* as supportive to economic growth. The first "fundamental premise" was that "business stability is a desirable objective." Eccles acknowledged, "I feel sure that no one will disagree with this

premise."[32] The move enabled the chair to again establish common ground with his audience. Eccles could have omitted the desirability of business stability, as the point might seem obvious. However, by including the goal, Eccles minimized the potential for opposition to his main point on regulation, since it was commonly assumed governmental regulation had other desired ends in mind, such as worker protections or funding governmental activities. Next, he differentiated between the two hypothetical positions centered around whether or not *laissez faire*—a paradigm that values minimizing the role of government involvement in market transactions—was the dominant philosophy. Since business stability he emphasized "cannot be achieved without real thought, real effort, and real courage,"[33] the existing banking paradigm was insufficient to maintain future stability. [34] Eccles argued, relying upon a historical observation: "In the heyday of *laissez faire*, before any attempts at conscious control were undertaken, business fluctuations on a disastrous scale occurred with distressing regularity."[35] Eccles had moved from a shared premise of maintaining business stability to a conflicting idea that *laissez faire* had, in practice, harmed business stability. "Rigidities and inflexibilities" in the structural economy prevented the *laissez faire* system from promoting business stability, he concluded.[36] Without an actor, such as the Federal Reserve, to guarantee flexibility in rates, Eccles cautioned that business stability could not be maintained. He warned, "Unless conscious effort is made to prevent them, booms and collapses will continue to recur in capitalistic democracies. It also seems evident to me that neither capitalism nor democracy can survive another depression."[37] The logical conclusion from this line of reasoning, which Eccles walked through with his audience, was that business stability

must be maintained through a system other than *laissez faire*. That system—the "banking system"—had to be the "chief instrument" of stability.

After identifying with his audience in terms of background and shared premises, Eccles maneuvered the discussion toward the question of democratic accountability, the third main rhetorical strategy in the speech. He postured, "The difficult and controversial question," he said, was "who should do the controlling."[38] Given the large impact that business instability has on a society, Eccles flatly stated, the "controlling or regulatory body" for the economy had to be "one which represents the interest not of any particular class, or group of people, but of the nation as a whole."[39] He then reminded his audience of the basic theories surrounding majority rule in a democracy and the necessity to prevent abuse of power. Eccles implicitly constructed the existing system of decentralized authority in the Federal Reserve as anti-democratic; the regional banks were not responsive to Congress and by extension to the people.

Aune contends that this "democratic style" of advocating economic regulation, in which banks are criticized for being undemocratic, historically has been used to make the political system even less democratic. Aune problematizes the style, which is often used by conservatives, for its tendency to mask other relations. He argues the democratic style was used to help pass the Federal Reserve Act of 1913, which "culminated in the removal of fundamental economic decision making from legislative and popular control."[40] Eccles' democratic style criticized the regime set up in 1913 while relying on the same democratic *topoi*. While the Banking Act of 1935 did not propose a strictly democratic solution to the banking system, it was arguably more democratic than the existing

arrangement given the lack of presidential appointment and congressional approval of regional bank members under the 1913 regime.

By calling the *status quo* undemocratic, Eccles risked alienating an audience with whom he had worked hard to identify. He argued, “It is my personal conviction that our system of broad political representation, faulty as it may be, constitutes a better guarantee that the general interest will be served than would control by a group of individuals chosen, let us say, entirely by bankers or business leaders.”[41] While Eccles certainly did not vilify bankers in the same way as, say, labor leader and union organizer John L. Lewis, he did seem to assign them much of the blame for the Great Depression. Eccles' balanced strategy reflected a core component of the Rhetorical Fed. In order for the Rhetorical Fed to have communicative and material influence, the institution could not completely isolate the bankers, as the two were entwined in a symbiotic relationship.

Eccles invoked the authority of the president, specifically mentioning President Roosevelt's speech to the Banker's Convention at Constitution Hall in October 1934.[42] Eccles recalled the president declaring that “the old fallacious notion” that bankers were “on the one side and the Government on the other as more or less equal and independent units” had “passed away.’”[43] Invoking Roosevelt reminded the audience that Eccles' was not alone in his position on regulating banking. Like Eccles, the president envisioned a cooperative relationship between banking and government—a necessary condition for reorganizing the Federal Reserve. In his plan, Eccles told the bankers that he did not seek to remove the “local autonomy” of “individual bankers” because their “judgment and knowledge” was necessary for the “safe investment of the community's savings.”[44]

However, that function of community investment—a local concern—was distinct from the monetary supply—a national concern. Eccles argued:

> Since, therefore, the effect of monetary policy is nationwide, the formulation of monetary policy should be by a body which represents the nation, and which is activated by national considerations. It is inconceivable that variations in the community's money supply should be left to the individual decisions of some fifteen thousand local bankers. It is scarcely more logical that the variations should reflect uncoordinated decisions of the twelve Federal Reserve banks.[45]

By invoking the president at the beginning of this argument, Eccles constructed the Federal Reserve as a national institution. The president served the nation, not any individual city or state; likewise, the central bank should be accountable to the nation. The combination of identification and democratic accountability enabled Eccles to establish a specific role for private and regional bankers. However, he still needed to quell fears about an all-powerful central bank.

While President Woodrow Wilson and Senator Carter Glass, who in 1913 played a similar role to the one Eccles played in 1935, were able to maneuver around anxiety over the central bank in the 1913 debates, the fear of a "monster" bank was still present in 1935.[46] Eccles began minimizing concerns over a too-powerful central bank in his Ohio speech. His emphasis on democratic accountability implied the Federal Reserve would be responsive and not overbearing. Following his move to identify with fellow bankers, Eccles turned his focus to quelling the fear of a "monster" bank. The contentious part of the act, Title II, received the majority of the criticism about federally controlled banks. It was the part of the bill that reorganized the structure of the Fed, giving the chair more power. Eccles, in adopting a strong role as chair, was the embodiment of that fear. Senator Glass fueled that fear throughout the entirety of the debate, as he hoped to "get an agreement to separate the sections, pass Titles I and III and later defeat Title II."[47] To

defend his plan, Eccles portrayed the new Federal Reserve as the responsible choice, while the status quo regional banks were portrayed as too incapable and unwilling to act.

In the Ohio speech, Eccles emphasized this theme of responsibility by recalling what had concerned the legislators in 1913. Their goal, Eccles argued, was "to prevent the periodic suspension of payments which occurred under the old national banking system."[48] It logically followed, then, that regional reserve banks were "emergency lending institutions" and "should have almost complete autonomy."[49] However, political and monetary developments in the post-war economy complicated the design. The action of one regional bank—New York—affected negatively the positions of other reserve banks. As a result, the banks began to coordinate unofficially to prevent potential monetary problems. Eccles concluded that these moves reflected that the system "by *virtue of necessity*" had "developed a large measure of coordinated activity."[50] However, this coordination was not nationally accountable.

To make the case for a more powerful Federal Reserve, Eccles focused on the patchwork quilt of the Open Market Committee that had naturally formed. He described the lengthy and time-consuming process it took for a new policy to be created and then finally implemented under the current system. After describing these steps, he bluntly stated, "Since you are all administrators, I do not think that I need spend much time in pointing out to you how bad this setup is from an administrative point of view."[51] The convoluted process showed the need for a "small, responsive body which is charged with the duty of acting in the national interest."[52] Immediately following this description, Eccles reminded his audience that the proposed bill left the "regional organization of the Federal Reserve System virtually unchanged."[53] The remainder of the Ohio speech had

no more explicit statements about the regional versus federal debate over monetary authority. However, the banker's concerns about the diminished influence of the twelve regional banks would later be raised by conservative politicians in the congressional debates over the Banking Act of 1935.

Overall, Eccles' rhetorical strategy in his Ohio speech reflected the delicate process of addressing a composite audience, composed of bankers at the convention and its eventual circulation to politicians and the broader public. Since this was the initial framing of the bill into the ongoing conversation of banking in the United States, Eccles relied on a one-track style of negotiation to recast and redefine the *êthos* of the Federal Reserve. Negotiation in this way involved a process of argumentation with hypothetical questions that he answered himself and addressing concerns the bankers would have. Eccles' use of identification to address their key concern of business stability and his use of refutation to denigrate the Reserve Banks combined to articulate an important need for the Banking Act, one that also would not alienate the other two audiences.

Eccles and the Politicians

Following his February address, Eccles did not resume the delivery of public speeches about the bill until May 25, 1935, when he appeared on the National Radio Forum organized by the *Washington Star*.[54] In March, he was busy testifying in front of the House Committee on Banking and Currency (now the Committee on Financial Services) regarding the legislation. While various news outlets, such as the *Wall Street Journal* and *New York Times*, covered these hearings, Eccles spoke mostly to the congressional audience before him. His testimony was split between public issues, the proposed changes to the political structure of the Federal Reserve and whether that new

structure would stabilize the economy and prevent inflation, and technical ones, such as the appointment process for regional bank directors and the reporting requirements of the Fed. Coverage in the *New York Times* and other news outlets centered mostly on the public issues Eccles addressed in the first half of his testimony. Eccles' testimony on these issues, which he gave on ten days over a two-week period, built on his prior speeches to bankers but was adapted to his new legislative audience.

While Congress as an audience may have been more cohesive and better informed than the general public, the dynamics of party affiliation, caucuses, political ideology, and regional concerns still resulted in a composite audience. For Eccles, this created a rhetorical puzzle, because addressing composite audiences requires a "grasp of the nature of the divisions between sub-audiences and their differential features to which the speaker may appeal."[55] To navigate the opposition from Republican committee members, Eccles had to balance issues about political control, which mostly concerned representatives from rural districts, and economic efficacy, which concerned representatives from wealthy financial districts. Typically, the president is the one to chart a route through these legislative waters in order to advance their policy agenda. Since Roosevelt was prioritizing other issues, however, the "thrust and parry of policy advocacy"—a key part of rhetorical leadership, according to Medhurst—fell to Eccles.[56] While presidents usually do not testify before Congress on their agenda, Eccles was forced not only to appear but also to negotiate with Congress. In addition, newspaper coverage of the testimony ensured that the public would also be part of the composite audience, a role in which they would be the primary audience in a few months. And over the two weeks of testimony, he managed to weave together an argument that not only

satisfied the various interests in this composite audience, but also helped develop the *institutional êthos* of the Fed.

On March 4, 1935, Eccles delivered his opening statement before the House Committee on Banking and Currency. These remarks, prepared in advance, set up the two main barriers he had to overcome: political authority and economic viability. For Eccles, addressing these two points, analogous to how he addressed the Ohio bankers, was necessary to overcome any political barriers in passing the bill. While he emphasized business stability more when speaking to bankers, he slightly pivoted and emphasized political authority more when speaking to politicians. He opened by stating the purpose of his statement was to "cover the philosophy underlying section 2 of the bill," which was the most contentious part of the Banking Act. It included the reorganization of the Federal Reserve board and other contentious provisions.[57] Eccles recalled how the proposed legislation evolved out of recent legislative history. He said, "Within the past 2 years, you have passed the Emergency Banking Act, the Banking Act of 1933, the Securities Exchange Act, and other important pieces of legislation dealing with banks." Eccles described these bills as legislation designed to "meet emergency conditions" during the Great Depression, while the purpose of the proposed Banking Act of 1935 was to "incorporate into permanent legislation the features of the emergency laws that have proved to be valuable." Eccles recounted this history to help justify reorganizing the Federal Reserve, and particularly increasing the power of the chair. By opening his statement with this brief history, he emphasized the goals of the legislation were long-term, which would become critical throughout the rest of the House debate.

Eccles' rhetorical maneuver to focus on the "longer time point of view" allowed him to reference the recent trading problems, which were now resolved, to justify permanent changes. For example, the Securities Exchange Act curbed the "recurrence of speculative excesses which preceded the recent breakdown" of the "banking machinery."[58] While he derided the "speculative orgy" that resulted in the Great Depression and unwanted inflation, Eccles noted that in 1935 there was "no immediate danger of excessive speculation." Rather, he argued:

> The present need is to so modify our banking law as to encourage the banking system to give a full measure of cooperation to efforts at economic recovery. It is even more important from the longer time point of view to so modify our banking structure and administration as to have it become an influence toward the moderation of fluctuations in employment, trade, and business. [59]

Here Eccles frames the purpose of the Fed is not just for short-term economic gains but also to minimize the risk of future problems from arising. In doing so, he modifies and redefines the prior role of the Fed, which lacked the capacity to address this concern. Given how often banking panics occurred prior to the Great Depression, this was utmost concern to Eccles. He continued:

> This would tend not only to avoid the particular evils that came to a head in 1928 and 1929, but to so regulate underlying conditions as to diminish the possibility of a speculative boom getting under way. For when speculation is once under way it is extremely difficult to control, and the only means of preventing excesses is to combat conditions that are favorable to their inception and early development.[60]

Eccles linked the proposed legislation to the Great Depression, presenting the legislation as a response to lessons learned in the past. This maneuver is a regular feature of congressional rhetoric because it allows the advocate to emphasize not hypothetical or imaginary threats, but ones recently experienced. Congress passed both Glass-Steagall and, much later, Dodd-Frank in response to the Great Depression and Great Recession, respectively, and legislators designed the Federal Reserve Act following the Panic of

1907. By crafting economic policies in response to crises, legislators appear both responsive and forward-looking, looking toward how best to avoid similar problems in the future. Framing the new legislation in those terms, Eccles posed a simple question: what political structure can ensure a well-oiled "banking machinery?" He answered simply: the Banking Act of 1935.

The framing of the legislation as "machinery" served an important role in Eccles' argument. While philosophers and economists regularly referred to money and central banking as having "machine"-like qualities—John Stuart Mill brought the term to the forefront in the nineteenth century with his writing on political economy—Eccles' use highlighted how humans interact with machines by repairing and improving them.[61] Throughout his testimony, he regularly referred to the machinery of the Fed, of monetary policy, and of the economy—a rhetorical move he did not make during his Ohio speech given a machine implies a type of control, which would have implicitly criticized the autonomy of the bankers. The main legislative hurdle with Congress resided in the political relationship between the Federal Reserve and the federal government; Eccles' use of the machine analogy allows him to pivot to a variety of issues more effectively. He argued that preventing excesses before they caused major problems in the economy required Congress to "improve our machinery of monetary control."[62] In order to achieve that goal, Eccles defended Title II of the bill because it would "concentrate the authority and … formulation of national monetary policies in a body representing the Nation" but would not interfere "with regional autonomy in matters of local concern." This would enable local bankers to restore "proper performance of their functions" and allow them to contribute to the "acceleration of recovery."[63] One of the major fixes was a change to

open-market operations, which Eccles called the "most important single instrument of control" over the amount and price of money.[64] His reliance on the machinery imagery enabled him to pivot the debate to issues of control, fixing, and authority.

Since one of the most contentious issues in Title II concerned the political relationship between the Federal Reserve, Congress, and its regional member banks, Eccles depiction of the money machine became tied to who ran it, and by extension their *êthos*. After detailing the process for engaging in open-market operations, which at the time required representatives from the twelve regional banks to initiate the process, the Federal Reserve to approve them, and then the board of each regional Federal Reserve bank to implement them. Eccles summarized how this process worked: "The body which initiates the policies is not in a position to ratify them; and the body which ratifies them is not in a position to initiate … and still a third group has the power to nullify policies that have been initiated and ratified by the other two bodies."[65] In total, he calculated that changes to policy would involve participation by 128 people across the United States, a majority of whom did not regularly travel to Washington, DC. Eccles argued, "The existing machinery is better adapted to delay and obstruction than it is to effective operation." A smaller group could be "held accountable by the Congress" for decisions that are "of national importance." His initial proposal called for a five-person committee, but the number of members and how they were appointed was amended during Senate debate in April and May. This arrangement preserved the original function of the Fed, according to Eccles who quoted Woodrow Wilson's address to Congress saying, "The system of banking … must be vested in the Government itself, so that the banks may be the instruments, not the masters, of business."[66] Centralized, political authority over the

economic machine was necessary to ensure it functioned properly and pursued the right goals. This became a recurring argument during the remainder of his month-long House testimony, during his Senate testimony, and in his major radio address to the public in late May.

With his opening statement and responses to various House inquiries, Eccles performed a crucial part of the Rhetorical Fed during the House testimony: negotiation. His style cultivated his own *êthos*, which in turn laid the framework for the Fed's own *institutional êthos*. In one episode, Representative T. Alan Goldsborough (D-Md.), considered one of the more radical committee members at the time, bluntly asked, "Under this bill, members of the Federal Reserve Board, who are not necessarily benevolent despots, … have almost the economic destiny of the American people under their control. Do you think that is a good thing?"[67] Eccles replied, "I am proposing it. … I do not think the proposed legislation in any way takes away from Congress the sovereign power which they have … It is simply delegating to a body which should represent the Nation." That exchange was emblematic of Eccles' demeanor and negotiating prowess, according to Arthur Krock, who received the 1935 Pulitzer Prize in part for his coverage on the Banking Act debates. He wrote that Eccles "established himself in this trial-by-fire as a man of the first capacity," turned eleven days of testimony into a "personal triumph," and "provided in a difficult atmosphere" that he had "economic ideas and reasons backed by experience and history for all of them."[68] The visibility of the Fed chair in Congress prior to the March 1935 was virtually nonexistent. In navigating his House testimony, Eccles established the Fed chair's authoritative voice in Congress, a tradition he would reinforce in the following months as the Senate debated the legislation.

Eccles and the Public

Prior to debating the Banking Act, the Senate held hearings on Eccles' nomination to be Fed chair in April, finally confirming his appointment on April 25. Three days later, the president mentioned the Banking Bill in his fireside chat and emphasized the need for more federal control over the economy. Roosevelt said, "To this end it was decided more than twenty years ago that the Government should assume the responsibility of providing a means by which the credit of the Nation might be controlled, not by a few private banking institutions, but by a body with public prestige and authority."[69] Eleven days later, on May 9, the House passed the Banking Act with a few minor changes. Eccles and his staff strategized for the upcoming Senate debate and his public appearances. His first major public appearance was on the National Radio Forum, a program arranged by the *Washington Star* newspaper and aired nationally by the National Broadcasting Company (now NBC), and was subsequently distributed by *Investment Dealer's Digest* on June 4, 1935. Given the national audience, this speech provided Eccles with his first to take his case directly to the public.

Unlike his earlier speeches to bankers and politicians, Eccles adopted a different tone in the radio address. He made sure the audience knew that he spoke not to bankers or politicians but to the everyday citizen in the United States. This maneuver echoes Tulis' fear about the president "going public" where instead of letting Congress act as the deliberative body, the president would "go over the heads" of Congress and speak directly to the general public.[70] Instead of addressing the Senate more, which Senator Glass ensured was deadlocked on the bill due to his objections, Eccles turned to the people. Whereas the rhetorical function of negotiation in a congressional setting centered

on what to include in the specific bill, Eccles use of negotiation with the public is similar to his use with the banking constituency. In both cases, he is lobbying for their support of the bill and for their support of himself.

At the beginning of his radio speech, Eccles focused on the issue of authority, which became the basis for his various appeals to *êthos* in the address. He acknowledged his new audience and assured them that he would speak plainly about their most important concerns. "I should like to talk to you as plainly as I can about the Banking Bill," Eccles said, "I shall have to confine myself to the most controversial features of the bill."[71] He further defined his audience as those who sincerely believed that "our money system" should "be in the hands of a responsible body" because "it would be futile" to "try to persuade" a person holding a differing opinion.[72] The issue was particularly salient given "the banking cataclysm so fresh in [the nation's] memories." The public, Eccles argued, should remember those dark days and "profit by the lessons … learned from the emergency."[73] He further explained that lesson: "The real problem is the control over the volume and cost of money. … The present responsibility for the exercise of these powers is so diffused and divided as to hamper seriously, if not to frustrate, their effective use."[74] The tropes of efficiency and responsibility for managing the economy continued throughout his discussion of authority and were connected to the power differential he wished to establish between the federal and regional banks.

Eccles' set-up and framing for the speech was simple. He reminded his audience of the recent depression, which was still ongoing and in the nation's thoughts. By enjoining the causes of the depression with the issues of monetary policy, he sought to overcome the anxiety regarding the power of central banks. According to Eccles, the

Great Depression's effects were magnified because the Federal Reserve did not have the tools necessary to guard against them. However, he was careful not to paint the Fed as a panacea for all economic problems. He diminished the importance of monetary policy because it could not "eliminate all booms and depressions and achieve a permanent and unvarying stability."[75] While the tools were not sufficient to curb economic downturns, they were necessary to prevent the sort of dramatic freefall that brought on the Great Depression. "By monetary means exercised promptly and courageously," he argued, "we can greatly mitigate the worst evils of inflation and deflation."[76] A measured approach was necessary to counter potential fears of federal control. If the Fed were too powerful in the new order, it might be susceptible to corruption and not be sufficiently accountable. Hence, the chair did not oversell the reach of the Fed's power. Eccles clearly laid out the benefits of monetary action by situating the Federal Reserve in the context of the recent depression, which would allow him to later distinguish between his preferred bill and ones that would maintain the status quo influence of New York bankers.

Eccles continued his rhetorical strategy of demonstrating authority over economic concepts while assuring political accountability. He pivoted to the issue of federal authority by asking a question: "What are these powers of control to which I refer?" Eccles proceeded to list the three main tools the Fed had to affect the supply of money: setting the discount rate (the interest rate banks lend to one another), establishing reserve requirements (what percent of deposits a bank has to have on hand), and conducting open-market operations (the buying and selling of government securities). After labeling each tool, Eccles briefly described how each one affected the money supply and concluded by discussing who currently had the authority to use that particular tool. The

Federal Reserve Board had the power to set the discount rate. The board also had the ability to establish the reserve requirement, but only if the president "declares that an emergency exists." Authority over open-market operations was the most complicated tool Eccles discussed. As he explained,

> At the present time the control over this power is distributed between a committee of twelve governors of the twelve Federal Reserve banks, who now have the responsibility for recommending purchases or sales, the Federal Reserve Board, which has authority to approve or disapprove the recommendations of the governors, and 108 directors of the twelve Reserve banks, who in turn have the right to determine whether or not they will buy or sell in accordance with the policy that has been recommended by the governors and approved by the Board. A more effective means of diffusing responsibility and encouraging delay could not very well be devised.[77]

After detailing this convoluted process as simply as he could, the chair elaborated on the bill's proposal to change open-market operations. Eccles stated, "I have recommended that the power over open market operations be entrusted to the Federal Reserve Board" while requiring consultation with five regional governors.[78] This proposal was consistent with how Eccles described changes to the second power. The powers should be placed "in a clearly defined body." Josh Boyd argues that this type of argumentation in "regulatory controversies" is inevitable given the subject matter and that "technical discourses become part of public appeals and public concerns drive technical investigations."[79] By presenting the complex process and the monetary tools, Eccles relied on the lack of public knowledge over monetary policy to show why a public central body, one authorized by the government, should be in charge. Eccles did not hide from the fact that he recommended the tools be given to the Federal Reserve Board and by extension to himself.

By being straightforward in his proposal, the chair appeared benevolent. He did not ask for all-powerful tools to control the economy, but only to prevent a recession. He

then portrayed opposition to these changes in vague but decidedly negative terms. He stated, "There are powerful groups which are irreconcilably opposed to this plan and wish to perpetuate the present unsatisfactory situation in which these powers cannot be effectively exercised."[80] Eccles had on other occasions blamed bankers for the downturn in the economy. He did not want to castigate the group entirely, however. "The American Bankers Association have adopted a constructive and cooperative attitude," Eccles proclaimed, "This is in sharp contrast with the attitudes of a few bankers and business leaders, particularly in New York." The reference to New York was important, because it constructed an image of a certain type of businessperson. It was impossible for that image to be the same as the Utah banker. It was the image of the money-changers who Roosevelt had denounced in his speeches on the Depression. Thus, Eccles made two different appeals to *êthos*, one that elevated his own character and one that castigated the character of New York bankers.

To build on that former appeal, Eccles tried to buffer himself against potential criticism that he was power hungry. He told the listeners, "It is not for me to determine in whom these powers shall be vested." As Fed chair, he could only propose changes to the Federal Reserve Act; he could not unilaterally implement these changes. He flatly stated, "It is for the representatives of the people of the United States in Congress to determine whether they want to give these powers to an independent public body, to private interests, or to a combination of the two."[81] At first glance, this statement seemed neutral. Eccles did not have the power to decide; only Congress did. Eccles did not tell the public how to react. He simply said, "The one principle on which I feel there can be no reasonable ground for disagreement is that the powers must be vested in a clearly defined

body." Eccles illustrated the hypothetical body as a benevolent one yet one that would be held accountable. Given how he distinguished between himself and the New York bankers, the proposal ultimately became one of competing appeals to *êthos* and which group the public should trust. Of course, the only real proposals being debated were his recommendations. However, Eccles left that fact unstated.

The chair turned to one of his common rhetorical strategies, the use of preemptive refutation to quell criticisms about his political ambitions. He reassured the public, "The purpose of the bill is not to create new powers but to place existing powers in a responsible body."[82] Of course, this idea was not universally accepted. "Against this proposal," he described, "The cry of political control has been raised."[83] Instead of refuting the point based on the merits of the proposal, a strategy he had used in his earlier speeches, Eccles decided to rely on history. "This is not a new cry," he stated, "It was raised against the original Federal Reserve Act more than twenty years ago."[84] The historical analogy created a simple argument. The complaint was disregarded before and should be disregarded again. To build on this analogy, Eccles further denigrated the opposition. He said:

> It was raised by about the same interests which are now resisting the passage of this bill – the same interests that have repeatedly been against all progressive social and economic legislation, … which has long since been accepted now forms the basis of such economic and social advance as we have achieved.[85]

He enumerated specific changes including, the income tax, child labor legislation, the Federal Trade Commission, the Securities Exchange Commission, and pension protection. By building a connection between the Banking Act and all this other progressive legislation, Eccles created a burden of proof his critics could not easily meet. Although the actual similarities between his proposals and all these past measures were

often tenuous (progressive labor legislation and pensions directly affected individuals, for example, while the impact of the money supply was not easily understood), Eccles's analogy depoliticized the Fed, implying that it was both independent and apolitical. "If it is fair to charge the Federal Reserve Board is political," he argued, "Then the same accusation must be made against the Interstate Commerce Commission, against the Federal Trade Commission, and against other bodies the members of which are nominated by the President and confirmed by the Senate."[86] In two short paragraphs, Eccles had associated the Federal Reserve with popular government spending programs and a small handful of regulatory bodies, some of which had been created or expanded under Roosevelt. These analogies afforded Eccles the capability to cast his opponents in a negative light while maintaining his own position above the political fray. He castigated critics of the Fed for "raising all the familiar bugaboos that they have so often trotted out in the past."[87] Eccles even turned to Walter Lippmann to support his side, as the journalist had denigrated many of the same critics using a similar argument.

Up to this point in the speech, Eccles's opponents had remained nameless. Eccles occasionally criticized bankers from New York for their opposition, but he now he would get more specific. Invoking Senator Carter Glass, regarded as the "father" of the Federal Reserve for orchestrating its creation in 1913, the chair told his audience, "I have had occasion to delve into the history of banking legislation and I note with some degree of consolation that the Federal Reserve Act was denounced in language so nearly identical with that being used today … you could not distinguish between what they said more than twenty years ago and what they are saying today."[88] Eccles explicitly referenced Glass's 1927 book, *An Adventure in Constructive Finance*, which detailed various

complaints about provisions in the 1913 legislation. Now Glass and Eccles differed over some specifics in the 1935 act, as Glass opposed major ones in Title II of the bill that diminished the voice and influence of the banking community over monetary policy decisions. Emblematic of this fight, Senator Glass delayed Eccles' confirmation for more than three months and was the sole senator to vote against his nomination. This potential problem is also why Eccles delayed referring to Glass's book. In March during the House testimony, Walter Wyatt, who served as general counsel to the chair, and, Emanuel Goldenweiser, who directed the Fed's research division, cautioned Eccles to wait before making this point public. They believed it would have a "telling effect" on the technical details of the bill but were concerned about its effect at such an early stage in the legislative debate.[89] Through his radio speech, Eccles implicitly pressured Glass. After he quoted the Senator's book, Eccles said, "Unfortunately, this is all too true. You are witnessing the same phenomenon again today. You are hearing the same cry that the banking bill means reckless inflation—that the purpose of the bill is to obtain control of the banks."[90] This move tied Glass to his own criticism of the Fed's original opponents.

Through this speech, Eccles focused heavily on appeals *êthos* and the different types of individuals who would be overseeing monetary policy. By differentiating between private and public interests, Eccles lobbied the public to support the Banking Act of 1935 and assured them that with himself as chair its actions would be accountable. Trust in both the institution and himself was important for passing the bill and for his later work as chair. In doing so, he connected his own *êthos* with the Fed's institutional *êthos*. By tying Glass to all of the arguments Eccles levied against bankers who should not be trusted, he added the necessary personal appeal to gain the support necessary to

pass the bill. While the Fed chair does not always stump for legislation, in this case the negotiation function of the rhetorical Fed had to include the public, and Eccles ensured it was rhetorically and politically effective. A week after Eccles's radio address, the Senate subcommittee finally voted to approve the banking bill. Glass' hold-out was over.

Conclusion

On August 24, two and a half months after Eccles' radio address, President Roosevelt signed the Banking Act of 1935. The Fed chair did not get one hundred percent of his original plan; however, his basic philosophy concerning democratic accountability at the Federal Reserve was achieved. The position of the regional banks was diminished, and New York no longer had a stranglehold on the Federal Reserve. Eccles emerged as a chair willing to take a public position on economic legislation. These debates provided the material backing through the use of new monetary powers for a Rhetorical Fed to be established. In arguing for those powers, however, Eccles did something even more important: he established the Fed chair as perhaps the most important governmental spokesperson on economic issues. Put another way, he took the first step toward creating the rhetorical Fed. He designed the legislation, negotiated with Congress over details, and stumped in front of bankers and the public. He took part in numerous hearings and offered extensive testimony. Eccles responded to inquiries from bankers, journalists, and legislators. His actions constituted a rhetorical Fed where the chair has an authoritative voice, and he used that voice to influence economic policy and, in the process, enhance the Fed's *institutional êthos*.

The continual fear over federal control of banks and the capacity for government bureaucrats to resist corruption were recurring themes during the 1935 debates. It bears

reminding that Roosevelt did not create his economic ideology or legislation on his own. Eccles, a close advisor, rose through the ranks in 1935 and demonstrated a willingness to fight for his president while using "rhetoric as currency" to promote economic growth.[91] Following the 1935 debates, Eccles maintained national visibility. He spoke out publicly during the 1937 and 1938 recessions and cultivated the capacity of the chair to control the animal spirits of the economy. After the war started, he gave addresses about wartime financing of bonds and deflected criticism about the fiscal constraints on the United States' ability to fight the war. In a January 1942 radio address, he even delivered a speech that was broadcast in twenty languages in response to Nazi claims of a worsening United States economy.[92]

Following the war, Eccles played a major role in establishing the 1951 Treasury-Fed Accord, which provided further independence and authority to the Fed on monetary matters. These episodes, while focused on Eccles, were built on the foundation of the rhetorical Fed. Prior to Eccles, Fed chairs lacked public visibility even remotely comparable in scope or significance. Eccles helped build the foundation and initial framework for the Rhetorical Fed. His maneuvering in the 1935 debate over the Backing Bill demonstrated the capacity for the Fed chair to become a political fighter able to negotiate with Congress, counter political attacks, and push forward a legislative agenda. Like a president taking to the bully pulpit to promote controversial legislation, Eccles set a precedent for the Fed chair to be a public figure, one who both the press and the public looked to for expert guidance on economic issues. And that role of public figure continued to evolve under later Fed chairs, including Paul Volcker and Alan Greenspan.

Notes

---

[1] Marriner Eccles recounts this conversation in his memoirs. It occurred in November 1934 after Eccles had a memo sent to President Roosevelt detailing proposed changes to the Federal Reserve. Marriner S. Eccles, *Beckoning Frontiers: Public and Personal Recollections* (New York: Alfred A. Knopf, 1951), 175.

[2] Elmus Wicker, *The Great Debate on Banking Reform: Nelson Aldrich and the Origins of the Fed* (Columbus: The Ohio State University Press, 2005), x.

[3] Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton, NJ: Princeton University Press, 1963), 225. See also, Lester Vernon Chandler, *Benjamin Strong: Central Banker* (New York: Brookings Institution, 1958); Priscilla Roberts, "Benjamin Strong, the Federal Reserve, and the Limits to Interwar American Nationalism," *Economic Quarterly* 86, no. 2 (2000): 62.

[4] James Arnt Aune, "The Econo-Rhetorical Presidency," in *The Prospect of Presidential Rhetoric*, ed. James Arnt Aune and Martin J. Medhurst (College Station: Texas A&M University Press, 2008), 60.

[5] Bernard Shull, *The Fourth Branch: The Federal Reserve's Unlikely Rise to Power and Influence* (Westport, CT: Praeger, 2005), 122. In addition, Roosevelt's conservative approach to reform is documented in Hellen M. Burns, *The American Banking Community and New Deal Banking Reforms, 1933-1935* (Westport, CT: Greenwood Press, 1974) and Susan Estabrook Kennedy, *The Banking Crisis of 1933* (Lexington: University Press of Kentucky, 1973).

---

[6] Franklin D. Roosevelt, "Fireside Chat," *The American Presidency Project*, April 28, 1935, http://www.presidency.ucsb.edu/ws/?pid=15046

[7] Shull, *The Fourth Branch*, 121.

[8] G. Thomas Goodnight, “The Personal, Technical, and Public Spheres of Argument: A Speculative Inquiry into the Art of Public Deliberation,” *Journal of the American Forensic Association* 18 (1982): 214–27.

[9] Donald F. Kettl, *Leadership at the Fed* (New Haven, CT: Yale University Press, 1986), 11.

[10] Martin J. Medhurst, “Rhetorical Leadership and the Presidency: A Situational Taxonomy,” in *The Values of Presidential Leadership*, ed. Terry L. Price and J. Thomas Wren (New York: Palgrave/Macmillan, 2007), 72.

[11] Medhurst, “Rhetorical Leadership,” 72.

[12] Josh Boyd, “Public and Technical Interdependence: Regulatory Controversy, Out-Law Discourse, and the Messy Case Of Olestra,” *Argumentation & Advocacy* 39, no. 2 (2002): 93.

[13] Frank Myers, “Political Argumentation and the Composite Audience: A Case Study,” *Quarterly Journal of Speech* 85, no. 1 (1999): 58.

[14] Edwin Black, “Secrecy and Disclosure as Rhetorical Forms,” *Quarterly Journal of Speech* 74, no. 2 (1988): 149.

[15] Robert Asen, “Reflections on the Role of Rhetoric in Public Policy,” *Rhetoric & Public Affairs* 13, no. 1 (2010): 130.

[16] Eccles, *Beckoning Frontiers*, 166.

---

[17] Marriner S. Eccles, "Desirable Changes in the Administration of the Federal Reserve System," Memorandum given to the president, November 3, 1934, Box 4, Folder 1, Marriner S. Eccles Papers 1910-1985, Manuscripts Division, Special Collections, J. Willard Marriott Library, University of Utah. Hereinafter, "Eccles Papers."

[18] Eccles, *Beckoning Frontiers*, 175.

[19] The first three points, "relation of monetary management to business stability," "present possibilities of monetary control," and "role of monetary control in the future," described the potential to promote business stability through various monetary mechanisms. The next three points, "desirable changes to the administration of the Federal Reserve System," "necessity for strengthening the authority of the Federal Reserve Board," and "open market operations," illustrated how a powerful Board could realize that potential. The next point, "appointment of governors," conferred the necessity to limit the power of the twelve Reserve Banks. And the last point, "agitation for central banking" summarized the previous seven and how overall it would create a "real central bank." See, Eccles, "Desirable Changes."

[20] B. S. Wellman to Marriner S. Eccles, letter, December 12, 1934, Box 74, Folder 8, Eccles Papers.

[21] Walter Lippmann, "The Eccles Bill," *New York Herald Tribune*, February 9, 1935.

[22] Eccles, *Beckoning Frontiers*, 196.

[23] Bernard Shull, *The Fourth Branch: The Federal Reserve's Unlikely Rise to Power and Influence* (Westport, CT: Praeger, 2005), 114. See also, Ray B. Westerfield, "The Banking Act of 1933," *Journal of Political Economy* 41 (1933): 721-49.

---

[24] B. G. Huntington to Marriner S. Eccles, telegram, February 14, 1935, Box 74, Folder 8, Eccles Papers. The speech is located in the same folder.

[25] A copy of the congressional record version is found in Marriner S. Eccles, "Monetary Problems of Recovery," February 14, 1935, Box 74, Folder 8, Eccles Papers.

[26] Asen, "Reflections on the Role of Rhetoric," 125..

[27] All page references to the speech are from the draft with his handwritten notes unless otherwise noted. Marriner S. Eccles, "Monetary Problems of Recovery," draft, February 14, 1935, Box 74, Folder 8, Eccles Papers.

[28] Eccles, "Monetary Problems of Recovery," 1.

[29] Eccles, "Monetary Problems of Recovery," 1.

[30] Eccles, "Monetary Problems of Recovery," 2.

[31] Eccles, "Monetary Problems of Recovery," 2.

[32] Eccles, "Monetary Problems of Recovery," 3.

[33] Eccles, "Monetary Problems of Recovery," 3.

[34] Eccles, "Monetary Problems of Recovery," 3.

[35] Eccles, "Monetary Problems of Recovery," 3.

[36] Eccles, "Monetary Problems of Recovery," 4.

[37] Eccles, "Monetary Problems of Recovery," 4.

[38] Eccles, "Monetary Problems of Recovery," 7.

[39] Eccles, "Monetary Problems of Recovery," 7.

[40] James Arnt Aune, "Democratic Style and Ideological Containment," *Rhetoric & Public Affairs* 11, no. 3 (2008): 488.

[41] Eccles, "Monetary Problems of Recovery," 8.

---

[42] Franklin Delano Roosevelt, "Address to the Bankers' Convention at Constitution Hall, Washington, D.C.," *American Presidency Project*, October 24, 1934, http://www.presidency.ucsb.edu/ws/index.php?pid=14767/.

[43] Eccles, "Monetary Problems," 8.

[44] Eccles, "Monetary Problems of Recovery," 9.

[45] Eccles, "Monetary Problems of Recovery," 10.

[46] The term "monster" bank refers to a phrase used by supporters of Andrew Jackson when he vetoed the charter for the Second Bank of the United States. For a brief discussion of these depictions, see Brandon Inabinet, "Democratic Circulation: Jacksonian Lithographs in U.S. Public Discourse," *Rhetoric & Public Affairs* 15, no. 4 (2012): 659-666.

[47] Allan H. Meltzer, *A History of the Federal Reserve Volume 1, 1913-1915* (Chicago, IL: University of Chicago Press, 2003), 479.

[48] Eccles, "Monetary Problems," 11.

[49] Eccles, "Monetary Problems of Recovery," 12.

[50] Eccles, "Monetary Problems of Recovery," 13.

[51] Eccles, "Monetary Problems of Recovery," 13-14.

[52] Eccles, "Monetary Problems of Recovery," 14.

[53] Eccles, "Monetary Problems of Recovery," 14.

[54] Marriner S. Eccles, "The Banking Bill of 1935: Radio Speech," Speech delivered on the National Radio Forum arranged by the Washington Star, May 25, 1935, Box 74, Folder 11, Eccles Papers.

[55] Myers, "Political Argumentation," 57.

---

[56] Medhurst, “Rhetorical Leadership,” 72.

[57] Marriner S. Eccles, “Banking Act of 1935: Extract from Hearings before the Committee on Banking and Currency,” United States Government Printing Office, March 4-20, 1935, 179.

[58] Eccles, “Banking Act of 1935,” 180.

[59] Eccles, “Banking Act of 1935,” 180.

[60] Eccles, “Banking Act of 1935,” 180.

[61] One of the most circulated quotations regarding money and monetary policies is this passage: “money … is a machine for doing quickly and commodiously, what would be done, though less quickly and commodiously, without it: and like many other kinds of machinery, it only exerts a distinct and independent influence of its own when it gets out of order.” See, John Stuart Mill, *Principles of Political Economy: With Some of Their Applications to Social Philosophy*, vol. 2, 3rd ed. (London: Parker & Son, 1852), 9.

[62] Eccles, “Banking Act of 1935,” 180.

[63] Eccles, “Banking Act of 1935,” 180.

[64] Eccles, “Banking Act of 1935,” 181.

[65] Eccles, “Banking Act of 1935,” 182.

[66] Eccles, “Banking Act of 1935,” 183.

[67] Eccles, “Banking Act of 1935,” 415-416.

[68] Arthur Krock, “Eccles Favorably Impressed House Committee,” *New York Times*, March 21, 1935, 22.

[69] Roosevelt, “Fireside Chat.”

---

[70] Jeffrey K. Tulis, *The Rhetorical Presidency* (Princeton, NJ: Princeton University Press, 1987), 4.

[71] Eccles, "The Banking Bill," 1.

[72] Eccles, "The Banking Bill," 1.

[73] Eccles, "The Banking Bill," 1.

[74] Eccles, "The Banking Bill," 1.

[75] Eccles, "The Banking Bill," 2.

[76] Eccles, "The Banking Bill," 2.

[77] Eccles, "The Banking Bill," 3-4.

[78] Eccles, "The Banking Bill," 4.

[79] Boyd, "Public and Technical Interdependence," 107.

[80] Eccles, "The Banking Bill," 4-5.

[81] Eccles, "The Banking Bill," 6.

[82] Eccles, "The Banking Bill," 6.

[83] Eccles, "The Banking Bill," 6.

[84] Eccles, "The Banking Bill," 6.

[85] Eccles, "The Banking Bill," 6-7.

[86] Eccles, "The Banking Bill," 7.

[87] Eccles, "The Banking Bill," 8.

[88] Eccles, "The Banking Bill," 9.

[89] Walter Wyatt to Marriner Eccles, "Further argument against banker representation," March 16, 1935, Box X, Folder X, Eccles Papers.

[90] Eccles, "The Banking Bill," 9.

---

[91] Davis W Houck, *Rhetoric as Currency : Hoover, Roosevelt, and the Great Depression* (College Station: Texas A&M University Press, 2001).

[92] Marriner S. Eccles, radio address on Nazi propaganda, January 24, 1942, Box 83, Folder 4, Eccles Papers.

CHAPTER THREE: Volcker the Savior

If the animal spirits are dimmed and the spontaneous optimism falters, leaving us to depend on nothing but a mathematical expectation, enterprise will fade and die; though fears of loss may have a basis no more reasonable than hopes of profit had before.

— John Maynard Keynes, 1936[1]

On July 15, 1979, President Jimmy Carter told the nation about a "fundamental threat to American democracy."[2] He said, "The threat is nearly invisible in ordinary ways. It is a crisis of confidence. It is a crisis that strikes at the very heart and soul and spirit of our national will."[3] In addition to other factors, Carter argued the dollar had lost "absolute dependability" because inflation had "shrunk" its power. Leading up to the speech, inflation was the public's number one concern. Daniel Yankelovich, a well known public opinion analyst, wrote in 1979 that "inflation has the kind of dominance that no other issue has had since World War II" surpassing "cold war fears" and "last years of the Vietnam war."[4] Historians later referred to the time period as the "Great Inflation," an homage to how the Great Depression substantially had negative effects on people's lives and affected future economic policy.[5] The dominance of inflation as a public concern was built on a decade where the public experienced gas shortages and saw the price of food and everyday items eclipse budgets. According to Gallup, the public thought the "high cost of living" was the number one problem from 1973 to 1981.[6] Inflation had reached double digits for the second time in the decade (the other being during the 1974 recession) and had doubled from the rate Carter inherited as president. The rate of inflation became the filter through which the public perceived the economic outlook for the United States, and the outlook was grim.

In the days following the speech, the president shuffled his cabinet out of desperation. Carter dismissed the Secretary of the Treasury, Michael Blumenthal, but he

had trouble filling the seat, since three individuals turned down the position. He settled on moving the current chair of the Federal Reserve, G. William Miller, to the spot. Combined with pessimistic economic indicators, the cabinet shuffle only caused heightened fear in financial markets, exacerbating an already dire situation.[7] *Business Week* summarized Carter's resulting decision to nominate Paul Volcker, who possessed impressive credentials in government, in academia. and in business, as the new Fed chair: "Shattered confidence in the Carter Administration left the President no choice but to select a man who be instantly hailed as the *savior* of the dollar, even though that meant bringing in a Fed chairman far more conservative than Carter would have preferred."[8] Luckily for Cater, markets calmed down following the announcement.[9]

Volcker's nomination and confirmation provided only short term relief for the markets because growing inflation had resulted in the public not having full faith in the United States dollar, and by extension the economy writ large. The Fed, the institution tasked with managing economic challenges, was failing in its sole purpose. During Volcker's first two months as chair, markets and public support for the Fed steadily grew, although it did not take much for conditions to improve after his predecessor's tenure. However, markets began to unsettle following a contentious vote at the September 18 meeting of the Federal Open Market Committee (the part of the Fed responsible for conducting open market operations, or the buying and selling of government securities on the market in order to affect the money supply).[10] Volcker sought counsel with other central bankers during the annual meeting of the International Monetary Fund at the end of the month, and he left the summit early to prepare for a policy change announcement. He informed the rest of the FOMC of his plans on October 5 via a telephone call, and

they met the next day in a special meeting to finalize the details. Joseph Coyne, the Fed's public relations chief, informed media outlets that there would be a press conference to announce a major policy change, but the timing coincided with a visit by Pope John Paul II, who was making his first visit to the United States. Coyne told news agencies they would "remember the press conference long after the Pope had left town."[11] He was right. At the Saturday press conference, Volcker shocked the markets by announcing a radical change in operational policy at the Federal Reserve. The Fed would adopt a policy of "practical monetarism." That is, instead of setting a goal for key interest rates and letting the money supply fluctuate, the Fed would set a goal for the money supply and let interest rates fluctuate.

In this chapter, I argue that Volcker's adoption of practical monetarism was not only an economic one that sought to control inflation but was also a rhetorical one that sought to restore the institutional *êthos* of the Federal Reserve. Drawing from historical documents and a personal interview with Paul Volcker, I examine how the Fed chair sought to restore the public's trust in the Federal Reserve at one of the darkest times in U.S. economic history, a time when many Americans had come to doubt the Fed's capability to manage the nation's economy. Specifically, I analyze the October 6 press conference and a speech Volker delivered on October 9, "A Time of Testing," as representative of Volcker's rhetorical strategy for restoring confidence in the Fed. The radical shift in operational strategy was certainly warranted by the dire situation, and many may have been willing to give Volcker a chance given the ineffective actions of his predecessors. Still, his bold new actions shocked many within the financial world, and his theory of practical monetarism was unfamiliar to most Americans. Thus, he had to

announce the change dramatically, and he needed to demonstrate his own capacity to lead the Fed in a new direction. Above all, he had to present his "practical monetarism" as a dramatic new approach that could control inflation and turn the economy around. If Volcker hoped to restore the credibility of the Federal Reserve as an institution, he needed the new policies to be effective, and he needed the public to trust his ability to fight double-digit inflation.

In this chapter, I analyze how Paul Volcker restored the institutional *êthos* of the Federal Reserve by relying on his ability to communicate policy with the public and by presenting practical monetarism as a new direction, distinct from the actions of his predecessors. In the first section, I draw from work in economic theory about confidence and future expectations to explain the capacity for communicating policy, the second function of the rhetorical Fed as I am articulating it, to affect market psychology and trust in the Fed and its chair. The next two sections focus on the two major rhetorical moves in his October 6 announcement and his October 9 "A Time of Testing" address: (1) how the prior strategy had failed to ameliorate the economic situation, and (2) how Volcker revived Fed credibility as part of practical monetarism. In these speeches, Volcker highlighted the importance of communicating policy to the public and why such moves are necessary to maintain, or in this case restore, the institutional *êthos* of the Federal Reserve.

Communicating Policy and the Rhetorical Fed

The second function of the rhetorical Fed, communicating its policies to the business community and the public at large, hinges on the institutional *êthos* of the Federal Reserve. In order for major policy shifts to succeed, those communities need to

believe the policy will work to solve the economy's problems and will not be abandoned. *Êthos*, in this regard, points to how individuals, and institutions, gain credibility through rhetorical acts centered on appeals to one's character, a problem for the Fed since the general public, political officials, and markets had lost faith in the Fed's ability to manage the economy. An *institution* can regain credibility though by rhetorically charting a new direction that promises to correct past mistakes, solve existing problems, and restore confidence in the economy. This function is dependent on influencing what John Maynard Keynes called the "animal spirits," the part of economic decisions driven by "spontaneous optimism" instead of "mathematical expectation."[12] Effectively communicating a policy change away from a previously failed one is critical to restore the confidence of both the business community and the general public. Given the sensitivity of markets, the institutional *êthos* of the Fed depends on this confidence.

Prior to the 1970s, economic thinking heavily emphasized that individuals made decisions based on a "rational" calculation—one emphasizing flows of money—of their expectations regarding business and governmental actions. Classical economic theory, as developed by Adam Smith, historically constructed the market as relying on self-interests, and neoclassicists, such as Carl Menger and Alfred Marshall, built on these ideas in the late nineteenth century.[13] Most importantly, Paul Samuelson introduced the importance of mathematical modeling to the field following the end of World War II, and in 1970, Eugene Fama published his famous work on the "efficient-market hypothesis," which underscored the importance of mathematics and rational thinking.

Economic thinking regarding markets and expectations began to change, and credibility in monetary policy became a significant topic in economic circles. In 1977,

Finn E. Kydland and Edward C. Prescott published their famous article, "Rules Rather than Discretion." There, Kydland and Prescott argued that instead of relying on "discretionary policy," where "policymakers select the best action, given the current situation," policymakers should instead rely on "policy rules" (e.g. take the action that keeps interest rates at 4%) to guide their decision-making.[14] This change in strategy provides clarity regarding how a policymaker will act in a certain situation. Kydland and Prescott's work refuted the prevailing paradigm of "optimal control theory," which assumed outcomes "depend only upon current and past policy decisions and upon the current state," and they provided evidence showing that "current decisions of economic agents depend in part upon their expectations of future policy actions."[15] In short, policymakers needed to consider future constraints, either political or rhetorical, that may affect their decisions and capacity to act again.

Seven years later, at the annual Jackson Hole Economic symposium hosted by the Federal Reserve Bank of Kansas City, economist Bennett T. McCallum, building on Kydland and Prescott's work about clarity in policy decision making, theorized what he labeled the "credibility hypothesis." According to McCallum, the credibility hypothesis held that the "costs of a disinflationary episode will be smaller if the public correctly believes that the attempt will not be abandoned."[16] Thus, for Fed chairs to quell inflation, they must be able to make effective appeals to *êthos* when announcing policy decisions. In 2004, after it was announced Kydland and Prescott had been awarded the Nobel prize for their work, Amir Yaron, a finance scholar, described the significance of their scholarship, which over twenty years significantly changed thinking about monetary policymaking. Recalling their famous 1977 article, he wrote: "This 'fundamental paper'

… showed that the central bank's policy today has ramifications [as to] what people anticipate the central bank will do in the future and consequently on what those people do. … [I]ndividuals are better off when the Federal Reserve Bank's intentions are clear, consistent and credible."[17] The idea that the Fed's effectiveness at communicating its future intentions (and that it would follow them) mattered for monetary policy had taken hold.

For the chair, cultivating and sustaining the Fed's institutional *êthos* is necessary for the effective management of the economy. That communication is the foundation for the rhetorical Fed. Journalist William Greider, in his famous 1987 book, *Secrets of the Temple: How the Federal Reserve Runs the World*, made the same point. As Greider explained, money is "a function of faith." It requires "an implicit and universal social consent" that is "indeed mysterious." "To create money and use it," Greider concludes, "each one must believe and everyone must believe. Only then did worthless pieces of paper take on value."[18] In its role as the chief regulator of the economy, the Fed is, in effect, tasked with protecting the "modern faith."[19] Skeptics and critics of the system can divest themselves of dollars and instead put their faith in precious metals, such as gold, or even cryptocurrency, such as Bitcoin. For most businesses and consumers, however, faith in the system is essential to decisions to hire new workers, expand businesses, or take on the debt that sustains consumption. Inflation in the 1970s rattled the monetary faith of businesses and the public, and along with it the credibility of the Federal Reserve. As David Fettig has written, the challenge facing president Carter in 1979 was not so much about policy choices but rather about choosing the right person to restore the credibility of the Fed: "How do we test for credibility? Maybe it must be earned. The same holds

true for institutions. Much of the goodwill that the Federal Reserve System has acquired over the last 25-plus years redounds from the authority, commitment and, ultimately, success of the person at the helm."[20] Carter's choice of Paul Volcker proved a good one, and Volcker had a strong reputation resulting from his extensive experience in business, academia, and government (a rare trifecta for a Fed chair). These factors are not the only ones that can influence a chair's credibility, however.

Not all economic outcomes revolve around rational decision making. Economists George A. Akerlof and Robert J. Shiller have criticized the central tenet of rational expectation theory, which holds that individuals take a calculated, utilitarian approach to decision making with the goal of maximizing profit. Rational expectation theory fails to consider "noneconomic motivations."[21] Investors occasionally succumb to their "animal spirits," according to Akerlof and Shiller, driven by "individual feelings, impressions, and passions."[22] Animal spirits, they argue, are the "inconsistent element in the economy," contributing to its "peculiar relationship with ambiguity or uncertainty."[23] In 1955, John Kenneth Galbraith recalled a similar sentiment during the onset of the Great Depression. "By affirming solemnly that prosperity will continue," he wrote, "one can help ensure that prosperity will in fact continue."[24] He emphasized that the "faith in the efficiency of such incantation" amongst those business was "very great."[25] "Faith" in the economy is then based on both rational and irrational expectations.

The necessity to assuage these contrasting expectations poses an additional challenge for the Federal Reserve in maintaining its institutional *êthos*. If a person has "rational expectations," appeals to *êthos* can be grounded in logical arguments that future actions are predictable and based on economic "rules." If a person has "irrational

expectations," however, appeals to *êthos* have more of a pathetic dimension, assuaging fears of economic collapse. The ability for the Fed chair to manage those expectations is difficult. As Farrell has argued, *êthos,* or the "character of public figures," must be constantly "reformed and performed."[26] The same is true of the institutional *êthos* of the Federal Reserve. As the public face of the institution, the Fed chair must deal with both the rational and irrational concerns of the business community and the public, and that making rhetorical choices that satisfy both impulses. With the institutional *êthos* of the Fed at an all-time low in the midst of the economic malaise of the 1970s, Volcker faced a major challenge in convincing the nation to trust him.

Marriner Eccles was the chair who fought to establish the Fed's institutional *êthos* to begin with, and Paul Volcker was its savior, the one who not only helped prevent the economy from collapsing but also saved the Federal Reserve from irrelevancy. Iwan Morgan summarized how this rhetorical strategy functioned: "Volcker's reputation for competence in monetary operations instilled confidence within the Fed that his new strategy of money-supply control had a good chance of working, thereby helping to win FOMC support for it."[27] To perform the communication function of the rhetorical Fed, Volcker relied on his own personal *êthos*. Yet he also had to build in order to sustain the institutional *êthos* of the Federal Reserve. His strategy for doing this relied on separating the institution and its current leader from the previous ones and demonstrating that new leadership was capable of moving the institution in a positive direction.

The Lack of Trust in the Fed

In 1979, the Federal Reserve had sunk to a new low in credibility. Over the previous four years, the Fed had begun announcing its target monetary growth rates, or

how large the Fed expected the money supply to be. Their actions were in response to a 1975 congressional resolution, which became mandated in a 1977 amendment to the Federal Reserve Act. In the midst of the Great Inflation, however, the Fed's forecasts proved inaccurate. Part of the problem was the difficulty of predicting the future, but the Fed also failed to focus sufficiently on its new mandate. Donald Kettl explains, "Although Congress had required the chairman to report money supply targets, the Fed conducted its day-to-day operations by focusing on interest rate targets."[28] Despite their new mandate, the Fed continued operating under old procedures, which resulted in them severely missing their reported targets. The mismatch is analogous to estimating a weekly spending limit of twenty dollars to purchase coffee but then buying a cup each day no matter the price. This resulted in the Federal Reserve announcing a target and then not taking the correct action to ensure the target was met. Thus, the Fed found itself in a bind that was at least partially its own creation. As the Fed's predictions proved more and more inaccurate, businesses, politicians, and the public began to question the capability of the Fed to fight inflation.

For the Fed, these missteps soon created a self-fulfilling prophecy. After they made numerous inaccurate forecasts, markets stopped trusting in the Fed's ability to foresee the future. And as a result, they behaved in ways that led to the next forecast being inaccurate as well. In 2005, Ben Bernanke, who was then chair of President Bush's Council of Economic Advisors, commented on the Fed's credibility problems at this time: "In the late 1960s and 1970s, as the U.S. inflation crisis was building, economists and policymakers did not fully understand or appreciate the determinants of credibility and its link to policy outcomes."[29] Prior to Volcker becoming chair, the Fed

underestimated the importance of appealing to *êthos* in monetary policy. As Kydland and Prescott theorized, "a change of administration," or even the main policy of an administration, can "have an immediate effect upon" optimism because a primary source of pessimism may be closely tied to the current administration and its policies. In the 1970s, the Fed underestimated this prospect, as Arthur Burns did not alter his policy when he was chair from 1970 to 1978.[30] Since the previous Fed chair did not have a clear strategy for cultivating and sustaining his own *êthos*, and by extension the institutional *êthos* of the Fed, the economy suffered from the dimmed animal spirits of the market.

The nomination of Paul Volcker provided the opportunity the Fed needed to restore its credibility. That required that the new Fed chair not only have the right resume but also a new style of leadership. In describing the importance of this necessity, Stephen Axilrod, a top staffer at the Fed for over three years, wrote:

> A great leader for monetary policy is differentiated not especially by economic sophistication, but by his or her ability to perceive when social and political limits can be pushed to make space for a significant, paradigmatic change in the approach to policy should it be required, as well as the courage and bureaucratic moxie to pull it off.[31]

Paul Volcker fit the bill perfectly. He possessed impressive credentials in academia (graduating from Harvard and Princeton), in business (as an economist at Chase Manhattan Bank, and later as the director of planning and vice president), and in government (at different times as the director of financial analysis, deputy-undersecretary of monetary affairs, and undersecretary for international monetary affairs at the U.S. Treasury and as an economist and later president at the New York Federal Reserve Bank).[32] By contrast, G. William Miller, the prior chair, had no background in academics or on Wall Street, and Arthur Burns, who was chair from 1970 to 1978, was a well-qualified academic but lacked business experience. Additionally, Volcker was seen as

politically nonpartisan, having been appointed by, and serving under, both Democratic and Republican presidents.

One of Volcker's first rhetorical moves, evident in the October 6 press conference and his speech three days later, was to separate himself from his predecessors as chair. When answering questions at the press conference, he immediately explained the major change in policy. Instead of "maintaining a high degree of stability in the federal funds rate," the Fed would be taking a "different approach where the primary emphasis is put on the supply of reserves" but the federal funds rate (the interest banks must charge each other for overnight loans, which are used to ensure compliance with reserve requirements) would be "apt to fluctuate over a wider range than has been the practice in recent years."[33] Clearly, he was determined to establish his own credibility as Fed chair, untainted by any past failures of the Federal Reserve. A useful analog for this maneuver is the presidential inaugural address, where new presidents seek to distinguish themselves from their predecessors. A new Fed chair does not deliver a formal inaugural address, but they perform many of the same rhetorical functions in their first public appearances: they seek to both distinguish themselves personally from their predecessors and offer a statement of their governing philosophy. Similar to how the public perception of the White House changed when Carter became president, Volcker needed the public perception of the Federal Reserve to change. His "Time of Testing" speech functioned as an inaugurating address for that change.

Volcker traveled to New Orleans to deliver the speech before the American Bankers Association. His address provided an opportunity to discuss the changes he envisioned and to begin rebuilding the institutional *êthos* of the Fed with one of its most

important constituencies. Throughout the speech, Volcker rhetorically distanced himself from his predecessors, as well as from the previous operational policies of the Federal Reserve. He isolated two main problems, one centered on the old strategic focus and the other centered on the old policy moves, and described why they were unique to his predecessors. In essence, the chair sought to wipe the board clean and start anew in the process of building confidence and credibility among the nation's leading bankers.

Throughout "A Time of Testing," Volcker sought to distinguish between the old Fed's philosophy and policies and his new approach. He began his speech by enumerating what he viewed as the three main problems at hand: (1) "strong inflationary pressures" in the economy; (2) "exaggerated concern" the Fed would allow "excessive growth in the money supply;" and (3) an "emerging speculate atmosphere" that "unsettled markets" and stifled growth.[34] Separation between the new and the old began in his description of the second problem. The "exaggerated concern" was "fueling still more inflation" unnecessarily.[35] Volcker accused an unnamed source—although one could easily infer that he was criticizing the market for succumbing to its animal spirits—of not trusting the Fed to limit growth of the money supply. In more nuanced fashion, he went on to reflect on other psychological concerns that could impact the economy: "There may be another danger that is not so obvious; a justifiable sense of concern can spill over into a debilitating and unjustifiable sense of impotence and weakness."[36] Volcker wanted to assure his audience that with him as chair, there was no place for "exaggerated" concerns or a sense of "impotence and weakness." Seeking to reinstill confidence in the Fed, he thereby suggested that he would lead with a steadier hand.

The continued economic recession provided the backdrop for Volcker to further distinguish between the old and the new Fed policies. He warned, "Achievements, and much more, will be jeopardized by any failure to come to grips with the inflation that has become so pervasive."[37] If price instability magnified, dire effects would result. Volcker characterized his strategy for fighting inflation as a new approach. "Monetary policy inevitably has an essential role in the process of restoring stability," he argued, "The new Federal Reserve actions are a part of that continuing process."[38] Volcker characterized the Fed's regulation of the money supply as an absolute necessity, as well as a whole new approach to fighting inflation. He said, "There will be one seemingly technical, but potentially significant, change in procedure in conducting open market operations. More emphasis will be placed on limiting the provision of reserves to the banking system."[39] Here he is clarifying the new goal the FOMC would have when buying and selling government securities—i.e., treasury bills, bonds, and notes—as part of its open market operations. This procedure is how the Fed manages the relationship between the money supply and interest rates. When the Fed "tightens" the money supply, it sells securities, an action that lessens the amount of money in circulation and raises the interest rates at which money is borrowed. Conversely, the Fed "eases" the money supply by buying securities, which increases the amount of money in circulation and lowers the interest rate. Prior to October 6, the Fed would determine a desirable interest rate, then let the market decide the money supply to achieve that goal. After October 6, the Fed instead began creating a target for the money supply, then let the market decide the interest rate. This is analogous to the difference between buying enough pizzas to ensure everyone receives two slices and buying two pizzas and letting everyone decide how many slices to

take. Theoretically in the first scenario, it is possible to buy any number of pizzas, whereas in the second scenario the number of pizzas is fixed. The Fed had previously used the first strategy and would now be using the second strategy.

Volcker hoped that his announcement of the new strategy would stifle criticism of the Fed. An October 4 memo written by two staffers explained the thinking behind this strategy. They wrote, “Announcement of such a shift in procedure may itself have a beneficial calming effect on inflationary psychology.”[40] This strategy, akin to addition by subtraction, is similar to what Kydland and Prescott theorized about the potential administrative changes to foster optimism. To prevent the “animal spirits” from fixating on inflation, Volcker had to signal a major change in Fed policy. This created a rhetorical opening to bolster the credibility of the Federal Reserve. Past criticism of the Fed pertained to the old approach; Volcker signaled that he would embark on a whole new approach.

In his speech to the bankers, Volcker reflected on a number of “lessons” that the Fed had learned from his predecessor’s mistakes. Volcker labeled some of those mistakes “the theories of ‘either/or’.”[41] He summarized just a few of those: “Either we fight inflation or we prevent a recession”; “Either we seek a strong and stable dollar or we attend to our problems at home”; and “Either we do what’s good for the long run or we follow short-run expediency.”[42] Economists had erred in perpetuating those “theories,” but he did not fault them. As Volcker explained, “That theorizing has been rooted in certain assumptions—assumptions that are now suspect—about the stability of expectations.”[43] He reasoned that those assumptions had been disproven by “the lesson of the 1970’s,” and he described how each “either/or approach” was proven false by the

economic data of the 1970s. Based on these new realities, Volcker proposed that the bankers take action. “What we can do, and I see no reasonable alternative” he said, “is to start the process—to turn the corner—to demonstrate the conviction that we have the wisdom and fortitude to maintain the financial discipline required to cope with inflation.”[44] The Fed had initiated the process of abandoning the old psychology and the old policy. Now it was up to the bankers to help “turn the corner” and break away from the 1970s mentality and to restore their rhetorical faith in the Fed and in the economy.

For Volcker to revive the Fed’s institutional *êthos*, he first had to identify the economic problems of the day with an old, failed philosophy that the Fed no longer pursued. By distinguishing between the old and the new approaches, he created a space for the new policy to be adopted. The Fed chair had to convey that the previous constraint—in this case, an ineffective policy to address inflation—did not apply to the new Fed. After drawing that distinction, he made two responses to potential critics. First, Volcker argued that criticisms of the Fed had been based on faulty assumptions that had been rendered irrelevant by the economic realities of recent years. Second, he suggested that those criticisms applied only to the old Fed strategy of focusing on interest rates instead of the money supply. Volcker’s diverse and successful personal history also allowed him to separate his leadership of the Fed from that of his predecessors. He would then associate his own “new” ideas with the Fed itself, thereby making the institution an extension of himself.

Restoring Faith in the Fed

The political system of the United States, and the organization of its various offices, historically has been based on a separation between the office and the person who

holds it. However, certain federal institutions function differently due to public perception of their leaders. The most obvious example is the so-called rhetorical presidency, which, since at least the early twentieth century, has become more identified with the person occupying the office. Similarly, and even before the emergence of the rhetorical presidency, the Supreme Court has often been associated with a particularly influential chief justice. Historians write of the Warren Court or the Marshall Court, for example, as a short-hand for those eras in the history of the Court.

A similar blurring of the lines between the institution and particular leaders has defined the modern era of the rhetorical Fed. At least since Marriner S. Eccles helped usher through the Banking Act of 1935, scholars have identified the Federal Reserve with particularly influential Fed chairs. Historians and economists now write of the Greenspan Fed or the Bernanke era, as if the Federal Reserve as an institution did not exist outside of the personality of its leader. Between 1979 and 1987, popular press and scholarly articles clearly followed this pattern, declaiming that period the Volcker era. As Kettl points out, "To most observers, both among experts and the general public, the chairman is the Fed."[45] Indeed, it was during Volcker's tenure that some began to regard the Fed chair as the second most powerful person in the world, at least when it came to economic issues and policies.[46]

The Fed chair thus functions as the public face of the entire Federal Reserve System. When the Fed chair speaks, "listeners assume that his words represent the Fed's official position."[47] The chair can encourage consumers and businesses to ramp up their economic activity or to support specific economic legislation. At the same time, an ill-considered remark by the Fed chair can cause panic and send the nation's stock and bond

markets into a tailspin. Michelle Bligh and Gregory Hess postulate that this position has imbued the Fed chair with unique communicative power. Since "strongly worded rhetoric may result in immediate and potentially drastic consequences," they argue, the chair must always be careful to "clarify – or frame – the current economic situation, but not too rigidly or specifically in order to avoid these magnified consequences."[48] The Fed's voice is arguably the most influential voice in the nation on economic matters.

In 1979, Volcker leveraged that communicative power to bolster the Fed's institutional *êthos* and restore its credibility. But more than that, he showed how a Fed chair could take initiative in responding to fears, a lack of confidence, and other psychological barriers to economic recovery. This was clearly the goal of his address to the American Bankers Association in October of 1979. "We didn't have to make an announcement," Volcker said recalling that speech in an interview I conducted with him in 2015. "But we wanted to make an announcement. We wanted to tell people what we were doing."[49] The Fed could have simply made the policy change and let the FOMC implement the new policy. However, the chair recognized the need to publicly announce and educate both business leaders and the general public about the change. Markets also needed to be assured that the Fed actions were necessary and credible. In the same interview, Volcker stressed that "credibility is important" for the Fed chair.[50]

Credibility can be generated or lost through the signals the Fed sends. In September of 1979, the Federal Reserve Board had voted four-to-three to raise the discount rate, or the rate the Fed charges when they make loans, usually overnight, to banks (this is distinct from the federal fund rates discussed earlier which is the rate banks charge one another for similar loans). At the time, Volcker thought there was no problem

with the vote. He knew he "had 4 votes" and "would have 4 votes the next month, the following, and so forth," thus he saw no need to persuade the others to change their votes.[51] But as he recalled many years later, he "was young and innocent" at the time.[52] To Volcker's surprise, the markets interpreted the split vote as a sign that the seven members of the Fed were divided, lacked clear resolve, and were likely to reverse their decision.[53] However, at their October 6 meeting, the Fed Board raised rates even more dramatically, voting unanimously to hike the discount rate by a full percentage point. During the press conference later that day, a reporter asked the chair to explain what appeared to be a sudden change in Fed policy: "Just a couple of weeks ago the Board split four to three in raising the discount rate by just a fraction. What has happened since then to change the Board's mind so dramatically that they would raise it by a full point?"[54] Volcker had responded to similar questions after the September rate hike, cautioning reporters not to read too much into a single vote: "I think it is wrong to imply, as I said at that time, that a vote in a particular situation implies great and dramatic implications for future attitudes."[55] He then recounted some of the economic data, including ones that "suggested more forcibly than before the dangers of instability and inflationary expectations," that had inspired the rate hike. He clarified that as new data comes in, the board is likely to change their mind. Volcker by emphasizing the change in data, created rhetorical and economic flexibility for the board in changing targets and its day to day policy that it lacked under the previous strategy.

Behind the scenes, Volcker continued to appeal to his fellow board members to support his effort to restore the Fed's credibility by supporting his approach to monetary policy in a unanimous fashion. In their analysis of the FOMC deliberations in 1979,

Andrew Bailey and Cheryl Schonhardt-Bailey concluded, “Volcker led his colleagues in coming to understand and apply the idea of credible commitment in U.S. monetary policymaking.”[56] As a result, the board voted unanimously during the October 6 vote to raise the discount rate. The *Wall Street Journal*, in an editorial published the day before Volcker’s “Time of Testing” address, noted, “It is particularly significant that the discount rate vote was unanimous … These fears should be quieted now that the dissenters are back on.”[57] Since the three “dissenters” in the September vote now sided with the Fed chair, the *Wall Street Journal* praised Volcker for his leadership and for his decision to adopt a monetarist strategy. Associated with Milton Friedman, Monetarism is school of economic thought that emphasizes the need to have a stable money supply. Monetarists had regularly criticized the Fed for not being more strict in controlling the money supply. Despite the unanimous vote by the FOMC, Volcker did not stop crafting an institutional *êthos*.

Volcker recognized the need to overcome the public’s skepticism and restore the credibility of the Fed. In describing the purpose of his “Time of Testing” speech, Volcker said, “A key part of it was to say, ‘Look, we’re serious. We’re going to pull out all the stops.’”[58] The rest of the FOMC trusted Volcker because he had a “reputation for competence in monetary operations.”[59] But previous decisions by the Fed had created a market psychology marked by uncertainty and doubt. The Fed’s institutional *êthos* depended on conveying a strong commitment to Volcker’s new strategy of practical monetarism and on quelling fears they would abandon it. Thus, the chair began his speech foregrounding the change in strategy announced at the October 6 press conference. He explained: “Those measures were not designed to make your life as

bankers easier. Their purpose is rather to deal forcefully and responsibly with the economic and financial situation."[60] Characterizing the new measures as "forcefully" dealing with America's economic problems—and as a strain on the bankers themselves—Volcker emphasized the importance of communicating strength and resolve. Some of the actions he proposed might be unpopular, he suggested, but they were necessary to protect the economy from further declines. Clearly, Volcker considered it crucial that the Fed communicate its unwavering commitment to act.

Volcker described the new policy as a critical part of the Fed's effort to control inflation. He argued, "Those measures were specifically designed to provide added assurance that the money supply and bank credit expansion would be kept under firm control."[61] By labeling the action as "specifically designed," Volcker emphasized that the Fed did not act on a whim; instead, there was careful planning and a clear strategy for combating inflation. The intent was twofold, according to Volcker. First, their action would give businesses "added assurance" that the Fed was on top of the problem, thus easing the fears and other "animal spirits" that produced market instability. Second, the new policy would keep inflation "under firm control," bringing an end to one of the worst outbreaks of inflation in U.S. history. In short, Volcker assured the bankers that his carefully constructed policy of practical monetarism would restore business confidence and keep inflation under control. These elements—careful design, confident action, and predictability—were also critical to re-establishing the institutional *êthos* of the Fed, because they communicated the Fed's commitment to strengthening the relationship between the Fed and the banking and business communities.

That commitment was perhaps best articulated in the passage of the speech that inspired its title, “A Time for Testing.” In explaining the challenges the Fed faced in restoring confidence in the economy, Volcker said, “This is a time of testing — a testing not only of our capacity collectively to reach coherent and intelligent policies, but to stick with them.”[62] Volcker warned his audience of bankers that the effort would “test” them as well, but in the long run it would pay off. As Volcker explained it, this “test” had two components. First, the Fed had to adopt the policy of practical monetarism, and with Volcker as chair, it would be implemented effectively. This was a bold but brilliant move, according to Kettl, as it embraced changes proposed by the Monetarist school to aggressively control the money supply, which had long been among the Fed’s biggest critics. As Kettl explains, “The Fed gained intellectual capital by adopting the reforms long proposed by its most vocal critics.”[63] Second, the Fed really had to, as Volcker emphasized, “stick” to that strategy. [64] That meant displaying unanimity behind the strategy, which Volcker promoted in FOMC meetings and then throughout 1980. Baily and Schonhardt-Bailey note, “1980 appears to be an anomalous year for the FOMC in that discussions covered fewer themes, and of those covered, the Fed’s credibility was paramount.” They continue: “We thus have an emerging view about what held the committee together in the face of the storms of 1980, namely the goal of demonstrating a credible commitment to lower inflation.”[65] The Fed chair carried that theme into his “Time of Testing” speech as well, assuring his audience that the Fed was committed to its new strategy and determined to restore its own credibility.

Having defined the “test” they all faced, Volcker responded to unnamed critics who presumably questioned that commitment. Deploying anaphora, or the repetition of

key phrases for emphasis, Volcker minimized and rejected criticisms that he anticipated those critics raising. "Some would suggest," he began, that "we, as a nation, lack the discipline to cope with inflation."[66] He responded flatly, "I simply do not accept that view." He then repeated the structure: "Some would argue that inflation is so bound up with … deep-seated forces that monetary and fiscal policies are impotent." Again, Volcker forcefully rejected that opinion: "I do not accept that view."[67] Finally, he transcended his personal disagreements to dispute one last misconception: "Some would stipulate that we face impossible choices between prosperity and inflation." Again, he took issue with this view, this time invoking the "facts" of history: "The simple facts of the past, in the United States and elsewhere, refute that view."[68] In short order, then, Volcker dismissed three major criticisms that called into question the Fed's ability to fight inflation effectively. In his first two responses, he invoked his own expertise. In the third he cited historical "facts." In the process, he further cemented the connection between his own reputation and the institutional *êthos* of the Fed. Together Volcker and the Fed would show the "discipline" needed to fix the economy. Together Volcker and the Fed were not "impotent" but had the commitment and the expertise to get the job done.

Rather than focus on policy details, Volcker's speech to the bankers was clearly an effort to demonstrate resolve and build the Fed's institutional *êthos*. Observing that both Congress and the president stood behind him, Volcker pledged to attack inflation with a consistent strategy "over the years ahead," making the Fed's "top priority" the "war on inflation."[69] Responding to skeptics who expected the Fed to "buckle and fracture under the first real strains,"[70] Volcker acknowledged the effects of various

factors beyond the control of the Fed, such as oil production and fiscal policy, but within its realm of monetary policy Volcker promised that under his leadership the Fed would "demonstrate the conviction that we have the wisdom and fortitude to maintain the financial discipline required to cope with inflation."[71] There would be no "buckling" on Volcker's watch. Changing political winds would not buffer the new Fed. Volcker promised to stay disciplined until he and the Fed won the fight against inflation.

This promise of an unwavering commitment to fight inflation was the main thrust of Volcker's efforts to restore the institutional *êthos* of the Fed. Volcker rhetorically crafted a message designed to reassure the markets that the Fed would act with conviction, consistency, and determination. The old Fed may have been weak, but the new Fed was strong and committed. He lent his own credibility to the Fed, staking his own reputation on the success of the entire institution. He promised that the change in leadership, combined with a change in strategy, would bring inflation under control. In the process, of course, it would restore the institutional *êthos* that the Fed had lost since the Great Inflation began.

Political reactions to Volcker's "Time for Testing" speech were generally positive. As Art Pine of the *Washington Post* wrote at the time, conservative analysts liked the speech because of its reassurances that "the current tight-money policy is going to be pursued as long as is necessary."[72] President Carter also sent a message that the White House endorsed the new Fed strategy. Speaking on the *MacNeil-Lehrer News Hour* the day after the speech, Volcker basked in the positive glow surrounding the speech: "We captured their attention. … There's been a lot of doubts, a lot of anxiety that this inflation was going to get out of control. … A lot of people were skeptical we could

deal with it. I hope they're less skeptical now."[73] A week later, at a hearing before the Senate Banking committee, Volcker faced some criticism of the new policy's effects on consumers and small businesses, but he did not waver, promising that the Fed would "stay on the course indefinitely."[74]

Thus, Paul Volcker put all his rhetorical weight behind the strategy of practical monetarism. In his speech and in the immediate aftermath, he did not cave to political pressure. He wanted to make a splash with his announcement of the new strategy, but more than that he wanted to restore the institutional *êthos* of the Federal Reserve. This he did by modeling confidence, commitment, and an unwavering faith in both his new policy and his own rhetorical leadership. In these ways, Volcker not only rebuilt the institutional *êthos* of the Federal Reserve but modeled the kind of leadership that has come to characterize the modern rhetorical Fed.

Conclusion

Unfortunately for President Jimmy Carter, the short-term economic effect of Volcker's new strategy of practical monetarism was a short recession. The former president would later tell Volcker, "You were the best and worst appointment I ever made."[75] On the one hand, his new policy did not bring immediate economic relief, since the market needed time to adjust to the more restrictive money supply which did not happen quick enough to help Carter in the 1980 election. The strategy also resulted in short recessions in 1980 and in 1981. On the other hand, Volcker ultimately helped restore both the institutional *êthos* of the Fed and faith in the economy. By October 1982, inflation had fallen to 5 percent, down from its double-digit rates in the late 1970s, and

the unemployment rate subsequently fell from its double-digit high during the 1981-82 recession.

Despite that gradual improvement, Volcker and the Fed abandoned the policy of practical monetarism in 1982, as a growing international debt crisis required the dollar to be more flexible than it could be under practical monetarism. Volcker and the Fed quietly reversed its targeting strategy back to what it was before October 6, 1979.[76] His maneuvers helped "restore the confidence of the financial markets," leading some to praise him as "one of the great Fed chairs."[77] In 1983, when Volcker's term as chair was nearing its end, President Ronald Reagan felt pressure to reappoint him. One administration official said, "We didn't reappoint Volcker. The markets reappointed Volcker."[78] Wall Street had confidence in Volcker after he quelled the threat of inflation. The chief economist at Goldman Sachs, Robert Giordano, declared, "Wall Street believes that anti-inflation policy is totally embodied in his person."[79] The process of the rhetorical Fed's institutional *êthos* becoming embodied in a particular Fed chair seemed complete by the end of the Volcker regime.

Paul Volcker had a lasting impact on the political and rhetorical character of the Federal Reserve. Just months after Volcker left the Fed in 1987, William Greider published his famous work, *Secrets of the Temple: How the Federal Reserve Runs the World*.[80] His book, an eight-hundred-page history of the Fed, was a major explanation of the influence exerted by the Federal Reserve. Greider explored various economic episodes and showcased the important role the Fed played. His book, and its mystification of the Fed, along with Volcker's leadership of restoration of the Fed's institutional êthos provided a foundation for Alan Greenspan to take the helm of the Fed

in a world increasingly awash in faster ways to process economic information and transactions. With these new developments, the institutional *êthos* that Volcker built at the Fed, as well as the precedents he set for quick and forceful actions, served Greenspan well. In this new world of rapidly changing economic circumstances, the rhetorical Fed had to act quickly and boldly to maintain confidence in the economy.

In short, Volcker's legacy at the Fed was not just significant but transformative. It established the Fed chair as the very embodiment of the institution, and it set precedents for bold and decisive action. It also helped transform almost everything the Fed does into a rhetorical event, including seemingly minor adjustments in its strategies for regulating the money supply or adjusting interest rates. As Volcker explained in an interview:

> Lots of times, we would make a subtle change in the tool we were using—mainly operating on bank reserves—we would ease up or tighten up. We thought, maybe mistakenly, that it was a good idea not to tell the market, precisely because we wanted to see how the market reacted to the fact, not to what we said, but to what we were actually doing.[81]

As Volcker's reflection suggests, everything the Fed does sends a rhetorical signal, and as a result, the second function of the rhetorical Fed, communicating policy, is increasingly important. At the same time, he acknowledges that the Fed chair still must work to shape how the markets interpret and react to those policy changes. This may be the chief lesson to come out of Volcker's tenure: Everything the Federal Reserve does sends a message, but the Fed chair can have a big impact on how that message is received.

Volcker's tenure at the Federal Reserve demonstrated how a skilled and strategic Fed chair can shape a positive institutional *êthos* for the Federal Reserve. Carter nominated Volcker in the hope that he could restore both the credibility of the Fed and confidence in the markets, and he did just that. In his 1986 book, which covered most of

Volcker's tenure as chair, Donald F. Kettl described how influential Volcker had become in those short seven years. He wrote, "The Fed's experiment in monetarism made Paul Volcker the most influential figure in the American economy—so much so, in fact, that the chairman often became exasperated with the conventional wisdom that he personally determined the level of interest rates." Kettl concluded by noting how Volcker became personally identified with the Federal Reserve and how that blurring of the line between the chair and the institution enhanced the power and authority of the Federal Reserve: "Volcker and his cigar became the symbols of economic management, and his power grew enormously in government and financial circles."[82] That credibility not only enabled Volcker to successfully perform his job, but also contributed to his legendary reputation as something of a genius, even an "oracle." Responding many years later to that reputation, Volcker observed: "I suppose when you're chairman, it's better to be considered an oracle than considered a fool. You need to have some credibility."[83] Yet at the time not every economist considered Volcker an oracle. One who didn't—one who opined in 1979 that Volcker lacked the "fortitude to stick to the new policy" of practical monetarism[84]— would also leave his mark on the Federal Reserve. That economist was named Alan Greenspan.

Notes

---

[1] John Maynard Keynes, *The General Theory of Employment, Interest and Money* (London: Macmillan, 1936), 161–162.

[2] Jimmy Carter, "The Malaise Speech," July 15, 1979, *American Presidency Project*, http://www.presidency.ucsb.edu/ws/?pid=32596

[3] Carter, "Malaise Speech."

[4] Daniel Yankelovich, "The Noneconomic Side of Inflation," *Proceedings of the Academy of Political Science* 33, no. 3 (1979): 20.

[5] Robert J. Samuelson, *The Great Inflation and Its Aftermath: The Past and Future of American Affluence* (New York: Random House, 2010).

[6] Samuelson, *The Great Inflation and Its Aftermath*, 22.

[7] Iwan Morgan, "Monetary Metamorphosis: The Volcker Fed and Inflation," *Journal of Policy History* 24, no. 4 (2012): 552.

[8] "The Dollar Chooses a Chairman," *Business Week*, August 6, 1979, 20 (my italics).

[9] David E. Lindsey, Athanasios Orphanides, and Robert H. Rasche, "The Reform of October 1979: How It Happened and Why," *Federal Reserve Bank of St. Louis Review* 87, no. 2 (2005): 194-5.

[10] Lindsey et al., "The Reform of October 1979," 198-199.

[11] William L. Silber, *Volcker: The Triumph of Persistence* (New York: Bloomsbury Press, 2012), 174.

[12] Keynes, *General Theory of Employment,* 161.

---

[13] George A. Akerlof and Robert J. Shiller, *Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism* (Princeton, NJ: Princeton University Press, 2009), 3.

[14] Finn E. Kydland and Edward C. Prescott, “Rules Rather than Discretion: The Inconsistency of Optimal Plans.” *Journal of Political Economy* 85, no. 3 (1977): 473-474.

[15] Kydland and Prescott, “Rules Rather than Discretion,” 474.

[16] Bennett T. McCallum, “Credibility and Monetary Policy,” *Price Stability and Public Policy: A Symposium Sponsored by the Federal Reserve Bank of Kansas City*, August 2-3, 1984, 106.

[17] “What’s Behind Edward C. Prescott’s Nobel Prize?” *Knowledge at Wharton*, December 1, 2004, http://knowledge.wharton.upenn.edu/article/whats-behind-edward-c-prescotts-nobel-prize/

[18] William Greider, *Secrets of the Temple: How the Federal Reserve Runs the Country* (New York: Simon & Schuster, 1989), 53.

[19] Rodney Bruce Hall, *Central Banking as Global Governance: Constructing Financial Credibility* (New York, NY: Cambridge University Press, 2008), 37.

[20] David Fettig, review of “Reflections on Monetary Policy 25 Years After October 1979,” *The Region*, December 1, 2005, https://www.minneapolisfed.org/publications/the-region/reflections-on-monetary-policy-25-years-after-october-1979

[21] Akerlof and Shiller, *Animal Spirits*, 3.

[22] Akerlof and Shiller, *Animal Spirits*, 1.

[23] Akerlof and Shiller, *Animal Spirits*, 4.

---

[24] John Kenneth Galbraith, *The Great Crash 1929*, (1954; repr., Boston, MA: Mariner Books, 2009), 21.

[25] Galbraith, *The Great Crash*, 21

[26] Thomas B. Farrell. *Norms of Rhetorical Culture* (New Haven, CT: Yale University Press, 1993), 81.

[27] Morgan, "Monetary Metamorphosis," 548.

[28] Donald F. Kettl, *Leadership at the Fed* (New Haven, CT: Yale University Press, 1986), 174.

[29] Ben S. Bernanke, "Panel Discussion I: What have we Learned Since October 1979?", *Federal Reserve Bank of St. Louis Review* 87, no. 2 (2005): 278.

[30] Kydland and Prescott, "Rules Rather than Discretion," 474.

[31] Stephen H. Axilrod, *Inside the Fed: Monetary Policy and Its Management, Martin Through Greenspan to Bernanke* (Cambridge: Massachusetts Institute for Technology Press, 2009), 4.

[32] Leonard J. Santow *Do They Walk on Water?: Federal Reserve Chairman and the Fed* (Westport, CT: Praeger, 2009), 95.

[33] Paul A. Volcker, "Transcript of Press Conference," *FRASER*, October 6, 1976, 3-4.

[34] Paul A. Volcker, "A Time of Testing," Remarks before the American Bankers Association, New Orleans, Louisiana, October 9, 1979, 1.

[35] Volcker, "A Time of Testing," 1.

[36] Volcker, "A Time of Testing."

[37] Volcker, "A Time of Testing," 2-3.

[38] Volcker, "A Time of Testing," 3.

---

[39] Volcker, “A Time of Testing,” 3.

[40] Stephen H. Axilrod and Peter D. Sterlight to FOMC, October 4, 1979, 3, https://www.federalreserve.gov/monetarypolicy/files/FOMC19791005material.pdf.

[41] Volcker, “A Time of Testing,” 8.

[42] Volcker, “A Time of Testing,” 8-9.

[43] Volcker, “A Time of Testing,” 9.

[44] Volcker, “A Time of Testing,” 10.

[45] Kettl, *Leadership at the Fed*, 13.

[46] Kettl, 1.

[47] Kettl, 14.

[48] Michelle C. Bligh and Gregory D. Hess, “The Power of Leading Subtly: Alan Greenspan, Rhetorical Leadership, and Monetary Policy,” *The Leadership Quarterly* 18, no. 1 (2007): 91.

[49] Paul Volcker, interview by the author, Volcker Alliance, New York, NY, February 18, 2015.

[50] Volcker, interview by the author.

[51] Volcker, interview by the author.

[52] Volcker, interview by the author.

[53] Morgan, “Monetary Metamorphosis,” 553.

[54] “Transcript of Press Conference,” 4.

[55] “Transcript of Press Conference,” 4.

---

[56] Andrew Bailey and Cheryl Schonhardt-Bailey, "Does Deliberation Matter in FOMC Monetary Policymaking? The Volcker Revolution of 1979," *Political Analysis* 16 (2008): 424.

[57] *Wall Street Journal*, "Support Mr. Volcker," October 8, 1979, 24.

[58] Volcker, interview by the author.

[59] Morgan, "Monetary Metamorphosis," 548.

[60] Volcker, "A Time of Testing," 1.

[61] Volcker, "A Time of Testing," 3.

[62] Volcker, "A Time of Testing," 4.

[63] Kettl, *Leadership at the Fed*, 177.

[64] Volcker, "A Time of Testing," 4.

[65] Bailey and Schonhardt-Bailey, "Does Deliberation Matter," 416.

[66] Volcker, "A Time of Testing," 5.

[67] Volcker, "A Time of Testing," 5.

[68] Volcker, "A Time of Testing," 5.

[69] Volcker, "A Time of Testing," 6.

[70] Volcker, "A Time of Testing," 6.

[71] Volcker, "A Time of Testing," 10.

[72] Art Pine, "Letting Harsh Medicine Work," *Washington Post*, October 14, 1979, G1.

[73] "Paul Volcker," *MacNeil/Lehrer Report*, October 10, 1979, 3, https://fraser.stlouisfed.org/files/docs/historical/volcker/Volcker_19791010.pdf.

[74] Art Pine, "Volcker Says Fed Will Keep Credit Squeeze Indefinitely," *Washington Post*, October 16, 1979, F1.

[75] Volcker, interview by the author.

[76] Morgan, "Monetary Metamorphosis," 558.

[77] James Forder, "'Independence' and the Founding of the Federal Reserve," *Scottish Journal of Political Economy* 50, no. 3 (2003): 298.

[78] Morgan, "Monetary Metamorphosis," 560.

[79] Morgan, "Monetary Metamorphosis," 560.

[80] Greider, *Secrets of the Temple*.

[81] Volcker, interview by the author.

[82] Kettl, *Leadership at the Fed*, 178.

[83] Volcker, interview with the author.

[84] "Monetary Medicine," *Wall Street Journal*, October 9, 1979, 6.

CHAPTER FOUR: Greenspan the Oracle

Central banking... thrives on a pervasive impression that [it]... is an esoteric art. Access to this art and its proper execution is confined to the initiated elite. The esoteric nature of the art is moreover revealed by an inherent impossibility to articulate its insights in explicit and intelligible words and sentences.

—Karl Brunner, 1981[1]

In October 1996, the Dow Jones Industrial Average broke 6,000, a record at the time. Alan Greenspan, as chair of the Federal Reserve, was concerned about the run-up of the market and began "looking for an opportunity to speak up about asset values."[2] He found that opportunity in an invitation to be the keynote speaker at the American Enterprise Institute's (AEI) annual dinner, scheduled for December 5. The dinner, Greenspan later wrote in his memoirs, served as an appropriate venue for a speech on the history of central banking because it was "a major black-tie affair" with "many Washington public policy experts" in attendance. It also was "early enough in the holiday season to count as a serious event."[3] Given the significance of the dinner and Greenspan's status as Fed chair, investors were sure to pay attention to the speech, which was televised on *CSPAN* and circulated to the press as a written transcript, a common practice for public appearances of the Fed chair. Hence, the chair knew he had the attention of the financial community for his speech on issues of asset values, inflation, and speculation. Yet, ultimately, the speech would be remembered largely for one short sound bite: Greenspan's use of the phrase "irrational exuberance" to describe the run-up in stock prices. Paul Volcker, who attended the dinner, later recalled that the phrase "didn't get that much attention" in the room at the time and that, overall, it was a "very dull speech."[4] Journalists and investors immediately latched onto the phrase, however, and the next day markets in Japan, Hong Kong, Germany, England, and the United States all experienced declines of more than three percent, a significant drop for a single day.

The selloff took even Greenspan by surprise. In his memoirs, Greenspan recalled that, in his AEI speech, he had “carefully hedged” what he “had to say in his usual Fedspeak.”[5] Like most Fed chairs, his goal had been to provide insight and guidance on the economy and the possible future actions of the central bank, while remaining sufficiently vague as to avoid triggering a short-term financial shock. But the line about “irrational exuberance” apparently signaled to many investors that the Fed “would immediately raise rates,” thus triggering the sell-off. In short, Greenspan’s strategy of “Fedspeak” failed. What he meant as a financial “hint” caused panic. The episode illustrates how even the vague or obscure style of Fedspeak can backfire when the financial community views the Fed chief as all-powerful and is nervous about the future.

During his tenure as Fed chair, Greenspan earned several nicknames. The one that seemed most appropriate after the AEI speech, however, was the Oracle of Delphi—a reference to the Pythia, the priestess at the Temple of Apollo, who regularly issued pronouncements, or *chresmoi*, that were difficult to understand yet still commanded attention.[6] Comparing Greenspan to the Delphic Oracle could be taken as both a compliment *and* a criticism of his authority and his rhetorical style. Sharon Reier, a journalist for the *New York Times*, summarized reactions to Greenspan’s confounding style: “The problem is that his phraseology is often so obscure that as with the oracle at Delphi, people need interpreters to understand what he is saying.”[7] Prominent historian and economics professor Allan Meltzer likewise has written about how investors would hang on Greenspan’s every word, even if those words did not always seem to make sense: “If Alan Greenspan said the grass is pink, Wall Street economists would see pink grass. … I like Alan Greenspan, but they all speak as if he's the Oracle of Delphi.”[8] These

two opinions, representative of a broader trend, describe Greenspan as a person to whom people regularly listened despite his unclear style.

This duality undergirds how the institutional *êthos* of the Federal Reserve is often bound up in the *translation* function of the rhetorical Fed—that is, in the chair's role as the authoritative "translator" of complex economic trends, data, and future prospects. In this role, the Fed chair deploys a rhetorical style that scholars described in other contexts as "oracular," "prophetic," or even "occultist." Josh Gunn has described "occultic" rhetoric as that which relies on a "hermeneutic of authority" to make sense of "secret texts."[9] James Darsey has written about "prophetic" rhetoric in similar terms, noting how the prophet has "no power of invention" but rather deploys "the rhetoric of the messenger."[10] Finally, Lynda Walsh has observed how the oracle's "ambiguity is not criticized" but is instead "celebrated as the technique by which Apollo punishes men who try to buy or control divine power."[11] These rhetorical styles all correlate with the rhetorical posture and *êthos* of the modern Fed chair, particularly a Fed chair like Alan Greenspan. Fed chairs purport to have tools that only they command, and they interpret data that only they can access. They do not invent those data but merely pass them along with an interpretation or translation of their meaning. Finally, Fed chairs speak of the future, but only in vague terms. They only hint at future actions that they might take for fear of the impact those statements might have on market reactions.

The Fed chair has functioned as the chief spokesperson for the Federal Reserve since at least the Great Depression, when the Banking Act of 1935 centralized the system's monetary authority. Fedspeak, however, is a relatively new phenomenon in the Fed's history, linked to more recent demands for a more transparent Fed and to Alan

Greenspan's unique rhetorical style as Fed chair. Calls for transparency and oracular depictions of the chair mutually reinforced one another and grew in the 1980s. To meet this new rhetorical demand, Greenspan relied on Fedspeak to perform the translation function of the rhetorical Fed. In this chapter, I argue that the rhetorical form of Fedspeak depends on oracular depictions of the chair. Drawing from rhetorical critic Edwin Black's work on how "attitudes toward secrecy and disclosure are manifested not alone as articulated commitments, but also as rhetorical forms," I examine how engaging in the "role of translator" contributes to the institutional *êthos* of the Fed.[12]

To show how translation became an important function of the rhetorical Fed, this chapter proceeds with three sections. First, I sketch the rhetorical contours of Fedspeak, grounding it in rhetorical scholarship on secrecy, transparency, and the oracular style, and connecting it to the evolving institutional *êthos* of the Federal Reserve. I explore, in the second section, how changes in mandated reporting by the Fed and trading practices, namely speed and computer power, resulted in investors having more access to economic data and activities of the Federal Reserve and how the increasing number of media depictions of the Fed chair as an oracle placed additional weight on the Fed's public statements. In the third section, I analyze Greenspan's AEI "irrational exuberance" speech. While his Fedspeak in the speech failed, the address is emblematic of how Greenspan would deploy Fedspeak and of his concerns regarding communication at the Fed resulting from historical development. Over his time as chair, Greenspan performed the translation function of the rhetorical Fed by regularly using Fedspeak in order to respond to calls for transparency at the Federal Reserve.

Translation and the Rhetorical Fed

As the Federal Reserve matured and assumed more power over the course of the twentieth century, it grappled with the same tension between the need for secrecy and demands for transparency that many political institutions grappled with in the post-WWII era. As government became more complex, the need for expert knowledge increased in all realms of politics, but especially economic policy. During the McCarthy era, this tension between secrecy and disclosure was central to efforts to "root out" communists allegedly infiltrating the government and other public institutions. After the Watergate scandal in the early 1970s, public demands for transparency increased, as the exposure of Richard Nixon's secret tapes solidified the necessity of asking "what did the president know and when did he know it."[13] In the Clinton era, the demands for transparency extended even into the personal lives of America's political leaders, as demands for Clinton to confess and apologize for his indiscretions overshadowed his presidency. At each of these moments, the tension between secrecy and transparency pitted those in positions of power against the press and the public. As Clare Birchall has argued, those in power occasionally rely on the power of secrecy, as a means to control information, but demands for transparency have reversed the opposition between power and transparency: "by attributing power to transparency (as an agent of change, accountability, trust-building and efficiency) and re-inscribing secrecy as a weakness (as a strategy only employed by those whose policies would not bear up to public scrutiny)."[14] This liberal reordering of political values correlated with demands for changes in the rhetorical style of politics, as secrecy became associated with rhetorical obscurity while transparency evoked the rhetorical ideals of simplicity, clarity, and complete disclosure.

The capacity for the translation function of the rhetorical Fed to affect the institutional *êthos* of the Fed is tied to the two rhetorical forms of secrecy and disclosure that Black theorized. First, according to Black, the "archetypal role of translator," occurs when a rhetor in a position of "prestige and authority" exercises "suasory power" as a function of his or her control of information not available to others.[15] Second, there are "commonplaces" that have "uncommon powers of implication and entailment" that frame how these messages are interpreted and understood and whether revealing this information is a desirable goal of a certain public.[16] For the Fed, Black's work on secrecy and disclosure in political culture forms the basis of the relationship between the chair, who acts as a "translator" providing their interpretation of economic data, and the national public, a "commonplace" with values emphasizing disclosure and openness.

Rhetorical scholars typically criticize vagueness and obscurity in political rhetoric and call for more clarity and openness,[17] yet there are also times obscurity can be valuable. For example, obscurity is sometimes lauded as a pedagogical tool that entices audiences to investigate texts and formulate their own interpretation of, say, a religious text.[18] Rhetorical scholars also have noted how some marginalized groups rely on vague "passing rhetorics" that allow them to acknowledge one another safely and "mirror the dupes" who would otherwise pose a threat.[19] In these two contexts, obscurity can contribute to multiple interpretations of the same texts, where some audiences see the text in one way while other audiences interpret it differently, a possibility for the chair using Fedspeak.

The power of the Fed chair to rhetorically inflate or deflate the economic expectations of investors forms the rationale for a rhetoric of strategic obscurity or

ambiguity—a rhetoric that manages the "animal spirits" of market by allowing for different interpretations. G. Thomas Goodnight and Sandy Green have sketched the theoretical contours of such an understanding of how rhetoric affects markets in general. In accounting for the rhetoric leading to economic "bubbles," they note how investors "switch from *imitating* standard, rational, probability-based models of valuation to *copying* arguably novel ventures with enticing uncertainties."[20] Given the presence of the Fed, there is a greater ability for the Fed chair to inflate or deflate market bubbles, than they would rhetorically form otherwise. Michael Kaplan called this capacity an "institutional matrix" when describing how Greenspan's rhetorical power drew from his place at the center of a "complex political and economic infrastructure."[21] As I have argued earlier in this dissertation, the Fed chair's rhetorical power is different from that of other political figures because of the economic power the Fed holds. The chair's willingness to engage in public statements about the economy shows how the rhetorical Fed has adapted to a new information economy and has developed its own bully pulpit.

Fedspeak, in particular, is the strategic use of ambiguity or obscurity in managing the institutional *êthos* of the Federal Reserve. The chair of the Federal Reserve is obviously in a position of great power when it comes to the economy. Since Paul Volcker was chair, as I have already noted, the Fed chair has been viewed as the second most powerful person in the world in the economic realm, second only to the President of the United States. The purposeful obscurity of Fedspeak, like the strategic ambiguity that often characterizes the rhetorical presidency, typically consists of financial "hints" that are not obviously designed to persuade. Relying on J.L. Austin's notion of "performative utterances," Michael Kaplan has described this kind of "hint" as a "distinctive type of

speech act."[22] Kaplan reasons that such utterances are not "perlocutionary," as they produce their effects only as "indirect consequences."[23] Nor can they be understood as "illocutionary," because they are accompanied by no "clear expression of intent."[24] Rather, Fedspeak functions to fulfill the need for the chair to say *something* about the economy without saying much of anything. Listeners are left to be their own interpretation the purpose and intended effects of those statements.

Yet despite its apparent obscurity, Fedspeak draws its rhetorical force from the *êthos* of the Fed chair as a "translator" with "privileged access to arcane truths."[25] The oracular public image of the Federal chair enables him or her to proffer these obscure "hints" as economic "truths" passed down from an authoritative source. As the chief "translator" of economic truths, the Fed chair possesses the sort of *êthos* Black describes as characteristic of a recognized religious authority: "This endowment exalts his status for those to whom he translates and confers on him an authority that extends even to the temporal realm."[26] The authority of the Fed chair is further enhanced by the media, economists, and political analysts who look to the Fed chair for economic "news." In her work on the rhetoric of ancient oracles, Walsh has described a rhetorical style that no less describes the rhetoric of the modern Fed chair: the oracle's "ambivalent" rhetoric functioned both as a "mouthpiece" for the gods and as "technical support for the arguments of statements debating the future of Athens" and situated Delphi at center of debates.[27]

While the Pythia—the Oracle of Delphi—presumably conveyed the will of the gods, Greenspan conveyed the will of an equally mysterious realm: the realm of market behavior. In both realms, the connections among authority, knowledge, and secrecy were

critical to sustaining the *êthos* of the translator. As Walsh has argued, the role of the translator "can be played by anyone who has privileged access to knowledge."[28] Yet the Fed chair is under unique constraints. Because Fed chairs have become such prominent public figures, they cannot simply say "no comment" when asked for economic information, and they also must be careful not to upset the markets or give unfair advantage to particular economic interests. Greenspan responded to those constrains with an obscure, ambiguous style that not only allowed various audiences to hear different messages, but also reinforced his images as the Oracle of Delphi. By relying on "mumbled incoherence," Greenspan fostered the image that the Fed operated in a mystical realm. The Fed chair was all-knowing and had privileged access to information, but he was constrained from revealing the whole truth. Political pundits often criticized Greenspan for his obscure style, but even they bowed to his authority on economic matters. Greenspan's Fedspeak and his public image as the Oracle of Delphi became indistinguishable from the institutional *êthos* of the Federal Reserve.

Greenspan Becomes the Oracle

In the years following the Banking Act of 1935 and the 1951 Treasury Accord, which limited the Treasury Secretary's influence over the Fed, the Federal Reserve assumed greater independence from the legislative and executive branches respectively. The board could adjust interest rates on its own, and there was no formal requirement that it disclose any information to the public. The Fed chair occasionally did make public statements announcing Fed actions, and Fed chairs also delivered other largely inconsequential speeches. In 1978, however, things changed, as the recently passed Humphrey-Hawkins Full Employment Act required the Fed chair to report formally to

Congress at least twice a year. After that, the Fed chair regularly testified before Congress on a variety of issues. Paul Volcker recalled testifying before Congress more than thirty times one year.[29] Around the same time, computerized stock trading was taking hold, allowing traders to act more quickly on information that came from the Fed chair or any other source. Meanwhile, *CNN*, and other outlets for business news, were evolving into the twenty-four-hour news cycle. By the time Volcker became chair in 1979, the Fed was operating in a completely different environment, with more pressure on the Fed chair to speak publicly and more immediate reactions from the media and investors to what the Fed chair said.

While Greenspan was widely referred to as the Delphi oracle over his twenty years as chair, Volcker also developed a public image as an oracle. Instead of making explicit references to Pythia, journalists occasionally focused on Volcker's mystique style through his cigar smoke. In 1983, when Volcker's first term as chair was coming to a close, the *Globe and Mail*, Canada's newspaper of record, combined these elements in their description, "The power mystique is fostered by the share traders, reporters and politicians who regard the tall, cigar-puffing chairman as a modern-day oracle whose cryptic utterances must be sifted for clues."[30] When Volcker appeared in his final hearing after announcing his retirement, Senator Christopher Bond (R-MO) told the chair he regretted that he had resigned, since his smoking gave him "a Delphic aura" that commanded authority.[31] Greenspan, benefitting from how Volcker was infrequently painted as an oracle, was repeatedly compared to an oracle early as chair, a trend that continued throughout his tenure at the Fed. When Greenspan was nominated for chair, he instantly drew a comparison. *The Journal of Commerce* wrote, "For the past decade he

has served as an oracle to the leaders of business and industry, interpreting for them the actions of the federal government and, in carefully worded speeches, transmitting their concerns about economic policy back to Washington."[32] And following, his first year as chair, Dana Johnson, an economist at First Chicago, flatly endorsed Greenspan's rhetoric before Congress: "He came across with a message that was very unclearly understood."[33] Journalists had set a precedent in the 1980s of occasionally referencing the Fed chair as an oracle, or a similar figure.

The new information environment combined with demands for greater transparency to dramatically transform the role of the Fed chair. Following the end of Volcker's term in 1987, journalist William Greider published an extensive history of the Fed titled, *Secrets of the Temple: How the Federal Reserve Runs the World*, and its unique exploration revealed the power of the Fed, raising its economic power above Congress and the White House. In August of 1989, Representative Lee H. Hamilton (D-IN) renewed his push for more transparency and accountability at the Fed,[34] reintroducing legislation that had attracted little attention two years early.[35] Now, however, with a slowdown in growth, and with Greider's expose of the secret interworking of the Fed on people's minds, the anti-secrecy push gained momentum. In particular, provisions of Hamilton's legislation requiring more timely disclosure of information on interest rate decisions and the immediate release of the Fed board's minutes attracted both media and public attention.[36] Since the disclosure delay was shortened to sex weeks in the 1980s, a decrease from the three month policy of the 1970s, Greenspan resisted Hamilton's bill, arguing that it would "significantly reduce the effectiveness of policy" and "reduce flexibility to implement decisions quietly at times to

have a desired effect."[37] Yet Hamilton and his chief ally in Congress, Byron L. Dorgan (D-ND), dubbed the secrecy of the Fed "profoundly undemocratic," with Dorgan concluding: "We ought to lift the veil of secrecy, the cloak of mystery about how it works."[38] Ultimately, Hamilton's legislation failed to pass. Yet it put the Fed on notice that concerns over secrecy and accountability at the Fed demanded more active political engagement from the Fed chair.

The criticism made by Hamilton and others echoes the political critique of transparency that Birchall describes. The evil of the Federal Reserve is its wish to operate in secret without public accountability. However, in crafting the Fed as operating in secret and mystique ways, the critics paint the chair as being an oracle. The frustration lies in not understanding the chair's statements and the information coming too late. Similar to how Pythia's predictions would stir up debate in the *polis*, Greenspan's utterances caused frustration amongst investors and politicians. Inherent in that frustration was a recognition that he was functioning as a "translator," interpreting complex economic data for public audiences in a way that was strategically vague and cautious. The analogy between the Fed chair and the Delphi oracle drew closer as a result.

References to Greenspan as an oracle began to pick up in 1993, after Representative Henry B. Gonzalez (D-TX) led another push for more transparency at the Fed. Inviting Greenspan and what the *New York Times* called "a Greek chorus" of other economic experts to testify on a bill that would have required new transparency measures,[39] Gonzalez defied President Clinton and others who opposed the legislation and held hearings that even included author William Greider. Feeling pressure during the

months of debate over this legislation Greenspan, with the consensus of the board, unilaterally changed Federal Reserve policy to be more transparent regarding how it times the release of information. Shortly after these debates, rumors circulated in March 1994 that the Fed intended to keep rates steady even though the board had yet to announce a policy. Instead of keeping their decision secret, as was custom, Greenspan released a statement on March 22 indicating rates would increase, countering the rumors that had circulated the Wall Street water coolers that morning.

As the *Washington Post's* David Vise commented, “The Fed's action left little question about the Temple's future direction. What has the Fed given up? Not much. What has it gained? More credibility with the public, on Wall Street and with Congress.”[40] By “going public” with the Fed's plans, Greenspan communicated that the Fed was already becoming more transparent. Moreover, the chair's move would ensure that when he offered foresight on other economic trends and future outlooks, he would not be a sinister chair bowing to lobbyist pressure; instead, Greenspan would be the all-knowing oracle that only used obscure language when required.

Between 1994 and 2006—the end of Greenspan's tenure—references to the Fed chair as the Delphi Oracle became almost routine. In June 1995, Tom Walker, a reporter for the *Atlanta Journal*, made the analogy directly, writing, “The ancient Greeks had the Delphic oracle. We have Alan Greenspan.”[41] Walker elaborated: “The oracle was a mythical goddess whose pronouncements were couched in language so ambiguous the message could be interpreted two different ways at the same time. Ditto on recent comments by Greenspan, the Federal Reserve chairman who admits to as much obfuscation as possible.”[42] For his part, Greenspan seemed to embrace, even cultivate, the

image as he testified in congressional hearings, issued public statements, and offered to the media his insights about the economy. While seemingly more transparent and open, Greenspan was at the same time ambiguous, even puzzling, in his statements about the economy. Failing to shed much light on the "mysterious ritual" of the Federal Open Market Committee, the *Washington Post* called him a "peculiar wizard" who was "everywhere and nowhere at the same time."[43] And not surprisingly, the references to the Oracle of Delphi accumulated. Two days after the "irrational exuberance" speech, the *Sunday Times*, a major newspaper in Great Britain, ran the headline, "Wise Man Greenspan Plays the Markets' Delphic Oracle."[44] A short time later, the *New York Times*' Max Frankel offered a recap of the 1996 stock market in similar terms: "The Market loved bad economic news because that meant Delphi would soon lower interest rates. … Preserving his Delphic charm, Greenspan added that 'bursting bubbles' don't always hurt the economy, but no self-respecting Oracle could be complacent about them."[45] Following Greenspan's testimony before Congress in March 1997, Peter Passell, a reporter for the *New York Times*, added to the imagery, writing that the "latest labor market numbers" were evidence that Greenspan had "a direct line to the Oracle at Delphi."[46] Whether portrayed as the Oracle herself or merely one with a "direct line" to her wisdom, the Fed chair was that of the one person in America who had all the answers on the economy.

In sum, the Fed chair evoked comparisons to the Oracle of Delphi for a number of reasons. Under more intense public scrutiny because of a changing media climate, Greenspan upstaged legislative demands for more transparency at the Fed by changing when the board released its announcements of interest rate hikes. While Volcker slayed

the inflation dragon in the early 1980s, Greenspan navigated the economic waters during the collapse of the Soviet Union, and he presided over the Fed during a time of rapidly changing trading patterns and increased media coverage. The confluence of these events necessitated a new approach to "translating" economic news for public consumption, and Greenspan responded with his distinctive brand of Fedspeak.

Greenspan's linguistic style was actually not entirely new among Fed chairs. Robert Solow, a Nobel laureate economist, has noted that if you "go back and read speeches of William McChesney Martin, or even Paul Volcker, . . . you'll find they talked pretty much the same way. They've all mastered the art of meaningless verbiage." In Solow's view, however, Greenspan was the "master" of this sort of intentional ambiguity.[47] As the "translator" of the secrets of the Fed, he earned more explicit comparisons to the Oracle at Delphi. Greenspan, more than any chair before him, was seen as the all-knowing, all-seeing oracle of economic truth, even though his statements seemed intentionally ambiguous so as to not upset the markets.

Black has noted how "translators" communicate that they have "privileged access to arcane truths,"[48] but they do not reveal those truths clearly. Greenspan let it be known that he had access to arcane truths about the status of the economy and the future of interest rates. Yet he chose to convey these "truths" through "Fedspeak"—a rhetorical style involving "constructive ambiguity" and "mumbled incoherence." Although the origins of the term are not clear, one of the earliest uses of the term Fedspeak was in 1990, when Barbara Rehm, writing in the *American Banker*, observed that David Wiley Mullins Jr., who had recently been appointed to the Federal Reserve Board, had "mastered 'Fedspeak'" because he could "talk at length, sound intelligent, and not say

much of anything."[49] Previous chairs, such as Arthur Burns and Paul Volcker, had become "famous for blowing smoke," but Greenspan was "credited with raising Fedspeak to a high art."[50] As Greenspan engaged in his trademark Fedspeak, journalist Samuel Fromartz of *Reuters* has noted, financial markets would "hang on his every word," despite his use of "Talmudic-like phrases."[51] Whether he employed Fedspeak in order to conceal his thoughts about economic risks or to mask what the Fed planned to do in response, the style seemed at once both transparent and misleading.

The effects of Greenspan's Fedspeak can be illustrated by looking at media reactions to his speech to the Economic Club of New York on June 20, 1995. Following this detailed speech about the economy and the Fed's plans for interest rate adjustments, the *New York Times* headlined its story, "Doubts Voiced By Greenspan On a Rate Cut." The same speech produced a noticeably different headline for the front-page story in the *Washington Post*: "Greenspan Hints Fed May Cut Interest Rates." Commenting on these mixed reactions, Brian Hale, a finance news journalist, observed that "the meaning of the chief's words seems to depend on the interpretation of the listener," which is probably the exact result Greenspan intended.[52] With some interpreting the speech as a signal that interest rates would be rising and others that they might not, the effect on the stock market would likely be neither bullish (stocks trend upwards) nor bearish (stocks trend downwards).

Since the Fed chair began in 1978 to submit semiannual statements, called the *Monetary Policy Report*, as well as to testify before committees in both chambers of Congress, market watchers have been assured of at least two occasions per year when the Fed chair will dispense relevant information about the economy. In the Greenspan years,

those occasions became cause for great concern; as Richard Stevenson of the *New York Times* noted, investors would parse "every sentence uttered in public" by Greenspan "for clues to the direction of interest rates."[53] So elevated was the importance of Greenspan's language that a "single word" could "send the financial markets stampeding."[54] And Greenspan's rhetoric had this effect even when his words were "so elliptical as to obscure the Fed's intentions."[55] This was, in short, the irony of Greenspan's brand of Fedspeak. And nowhere was the irony more evident than in reactions to his famous "irrational exuberance" speech on December 5, 1996.

The Fedspeak of Irrational Exuberance

As the keynote speaker at the AEI dinner on December 5, 1996, Greenspan delivered a speech about banking in the United States and changing market dynamics behind the October economic milestone of the Dow Jones Industrial Average setting a record high. To many in the audience, Greenspan's speech was, no doubt, too long and somewhat boring. The chair spoke about the need for transparency in public statements by articulating the history of central banking in the United States from William Jennings Bryan to the present, with a few references to Alexander Hamilton push for the First Bank of the United States, established in 1791, thrown in for good measure. Bruce Gronbeck describes this sort of speech as a "rhetoric of the past" where an orator relies on a "genetic argument" that "runs some concept" back from "an originary moment in time" to "the present time."[56] This style of argumentation enables the rhetor to situate historically the present conditions in terms of how they unfolded over the course of history; in essence, the "rhetoric of the past" binds the current situation to historical events. This sort of argument also rests on the assumption that the present unfolds in

similar fashion to the past. In Greenspan's address, this sort of historical analogy functioned somewhat differently, as the Fed chair highlighted how much things had changed since those early days but noted that major changes in banking and the economy occurred regularly and that the financial system adapted each time.

The chairman wasted no time in establishing his argument from analogy, describing what he considered the Fed's "originary moment": William Jennings Bryan's speech at the Democratic National Convention in 1896. Greenspan recalled how Bryan "mesmerized" the crowd by proclaiming, "You shall not crucify mankind upon a cross of gold."[57] The chairman reasoned that Bryan's remarks were emblematic of the "divisive role of money" during the late nineteenth century. Bryan had been concerned with expanding the money supply, which he reasoned could be rectified by "monetizing silver at an above-market price." Since more money would be available to the consumer, the prices of goods and services would increase, which in turn would allow "indebted farmers of the West" to "pay off their obligations with cheaper money." Greenspan was explaining a basic principle in monetary theory: that an increase in the money supply aids debtors since it allows them to repay loans with less valuable currency. For the chairman, the historical lesson served to highlight the "issue of our money standard" today and raised questions about the extent to which central banking ought to interfere in the economy. After summarizing the issue during Bryan's time, Greenspan maneuvered toward a discussion of inflation and the "general price level." He highlighted the "important role in any society" of the "exchange rate" of money as that "influences the nature and scope of our economic and social relations over time." By discussing this

moment, Greenspan developed an inroad to later discuss a stock market growing due to speculation, a major factor that enables inflation as well.

In Greenspan's account, the act of buying and selling goods was critical to the ties individuals have in a society. Without that connection, economic activity was not possible. He theorized, "Money – serving as a store of value and medium of exchange – is the lubricant that enables a society to organize itself to achieve economic progress." Given his role as Fed Chairman, his emphasis on the necessity for economic relationships was unsurprising. Greenspan tied this concern as a justification for oversight on central banks: "It is, thus, no wonder that we at the Federal Reserve," Greenspan argued, that as the "ultimate guardian of the purchasing power of our money," the Fed was "subject to unending scrutiny." Anything less "would be a folly" given the influence the Fed's action has on basic economic relationships. Since central banking had a significant role in society, both historically and today, it inevitably drew criticism. Greenspan expanded on this point: "A central bank in a democratic society is a magnet for many of the tensions that such a society confronts. Any institution that can affect the purchasing power of the currency is perceived as potentially affecting the level and distribution of wealth." This point cemented a fundamental premise of the speech: that the central bank not only determined whether the economy grew, but also who benefited from that growth. Thus, the chairman acknowledged both the enormous power and the need for scrutiny of the central bank, a recurring debate in the nation's history and one he would explore throughout his speech.

Greenspan traced contentious debates over central banking to the origins of the country itself as the first episode in the recurring debate over the power of the central

bank. He recalled the "experiences with paper money" that haunted the economy during the Revolutionary War, exemplified by the popular epithet, "not worth a Continental." The suspicion concerning paper money led Alexander Hamilton, amid this controversy, "to press for legislation that established the soundness of the credit of the United States" by repaying the debts of the federal government and the state governments. Greenspan connected this effort to the "chartering of the First Bank," which was considered by some a "significant threat to states' rights and the Constitution." While the First Bank's power paled in comparison to the "modern central bank," it was "perceived to shift power to the federal government," which at the time was considered a "fundamental threat to the new democracy." Greenspan attributed the criticism to "the free-wheeling individualism of that time." That societal trait manifested itself again during the 1832 election, when President Andrew Jackson "vetoed the bill to extend [the Second Bank's] charter." The result of the election was the "death knell for the Bank." However, Greenspan argued, Jackson's veto "ironically" helped create "an unstable currency" that "set the stage for … a full-fledged gold standard." The chairman emphasized the importance of populism in opposing the central bank, given the natural suspicion of ordinary citizens toward any entity with great power over the economy.

After reviewing the early battles over central banking, Greenspan skipped over the Free Banking Era in the United States and moved into the distribution of "paper greenbacks" during the Civil War, the second major episode in banking history. That policy, he argued, resulted in "a gold-standard-induced deflation." The harmful effects of deflation were magnified among "the rural interests of the nation," which remained a majority at the time. Deflation continued for more than two decades and created the

conditions that led to Bryan's crusade against the gold standard. The specter of deflation haunted a majority of Americans and created pressure for a "more elastic currency," in which the dollar responds more easily to economic factors. Greenspan identified this desire, along with public outcry of private bankers during the "Panic of 1907," as the main drivers for the "design and creation of the Federal Reserve System in 1913." The tension between a desire to prevent deflation and fears of an all-powerful central bank resulted in something of a compromise: "twelve regional Reserve Banks" combined with a "Federal Reserve Board" in Washington. Even then, however, the Board included in its mission some contemporary ideas about "monetary policy." In the absence of sound monetary policy, the "gold standard" (that every dollar equates to a certain amount of gold) had previously operated as the "dominant constraint" on the economy, meaning that the central bank played a "minor role in affecting the purchasing power of the currency."

Greenspan's narrative, up to this point, thus connected attitudes toward the central bank with economic panics and crises. He then recalled how the purpose and power of the Federal Reserve "evolved largely by accident in the 1920s," and how "the evisceration of the gold standard" became complete during the Great Depression when Roosevelt ended the practice in 1933. Still, the Fed remained "subservient to the interests of the Treasury" up through and beyond the end of the Great Depression, which routinely frustrated Marriner Eccles when he was Fed chair. In 1951, however, Eccles negotiated the details of the Treasury-Fed Accord, which provided the Fed with "its current degree of independence" and allowed it to contain the "short-lived bouts of inflation" in "the 1950s and early 1960s." This change was significant because the Fed, at the behest of the Treasury, had previously agreed to a fixed rate for the dollar in April 1942 for use during

wartime.[58] This helped ensure the government finance its war efforts. Thus, institutional change in power had continued to evolve during peacetime and wartime.

The stagflation of the 1970s ran counter to the story Greenspan had told up to this point in his speech. Prior to the 1970s, economic panics resulted in new powers for the central bank, from the First Bank of the United States to the Federal Reserve. However, the issue of stagflation "required a thorough conceptual overhaul of economic thinking" that operated "against the traditional Keynesianism."[59] Greenspan argued this resulted in diminishing the power of the government and whether it had the capacity to fight inflation and unemployment at the same time. Ultimately, though, this reconceptualization of the relationship between inflation and economic thought at the Federal Reserve culminated in more "political support in 1980 and thereafter" for monetary policy that could counter the crisis.[60] Economic crises created the need for new models and theories to explain the phenomena, which could only be implemented by the Federal Reserve. These moments provided the Fed with new powers and authority over the economy, ones that would be necessary to help quell growing speculation in the stock market.

After historically tracing the evolution of the central bank in the United States, Greenspan turned to the political "independence afforded" to the Fed. Here the chairman established the importance of remaining immune to "short-term political forces" that might "unleash inflationary forces" and inflict "severe damage on" the economy.[61] Greenspan had established that inflation was a historical concern in the United States, having traced the "originary moment" of the Fed back to concerns over the nation's first currency, "the Continental." Given that historical concern with inflation's damaging

effects, he concluded, controlling inflation through "monetary policy" was the Fed's "most important mission."

The chairman then turned to how the modern Federal Reserve went about handling the threat of inflation. Greenspan explained that the "dynamic, continuously evolving economy" required the Fed to be "forward looking" and to take "actions to forestall imbalance that may not be visible."[62] Since those actions sometimes had to be taken before "the need for action is evident to the public," the justification for such decisions was often "difficult to convey to the American people."[63] Complicating the actions of the Federal Reserve was the "perception" that was a "secretive organization, operating behind closed doors." Greenspan thus foregrounded the rhetorical dilemma of the modern Fed: If the Fed was to "maintain the confidence of the American people," it had to be "as transparent as any agency of government." Yet there were times when the "premature release of information could frustrate our legislated mission."[64] Put another way, the public demanded that the central bank remain open and transparent, but that very openness sometimes complicated its ability to do its job.

Elaborating on the conflicting demands of transparency and secrecy, Greenspan implicitly made the case for employing Fedspeak. That sort of strategic ambiguity was necessary for controlling the animal spirits of investors. There were "certain Federal Reserve deliberations" that had to "remain confidential for a period of time," he argued, because any "immediate disclosure would unsettle financial markets and … undercut our ability to function."[65] Greenspan thus acknowledged that there were two primary tools the Fed used to influence markets and contain inflation. First, they had the power to set monetary policies, which had grown over the historical moments he detailed throughout

his speech. Second, they had the power of rhetoric—the tools of information and persuasion that define the modern rhetorical Fed.

A more rhetorical approach to influencing the economy arose as a result of new problems with economic modeling and thinking. Since the "future course" of inflation was always "uncertain," Greenspan explained that the Fed had to rely on "ad hoc partial models" to "aid in evaluating economic developments." This trend represented a significant departure from the past actions of the Federal Reserve. He recalled, "During the decades of the 1970s and 1980s, trends in money supply … were useful guides. We could convey the thrust of our policy with money supply targets."[66] That allowed Greenspan and his colleagues to produce "fully detailed" analyses of the economy. However, new developments in technology, along with broader economic trends, had made it more difficult to anticipate the future, and Greenspan envisioned the task becoming even harder moving forward: "I doubt the tasks will become any easier for the Federal Reserve as we move into the twenty-first century. … But one factor that will continue to complicate that task is the increasing difficult of pinning down the notion of what constitutes a stable general price level."[67] In this respect, inflation—the greatest threat to the nation's economy over the past two hundred years—would remain a threat, and the Fed had to develop new ways to anticipate and counter its harmful effect in the future.

Greenspan noted just some of the factors that had made inflation increasingly difficult to manage. The primary challenge was that the "notion of price" had become "decidedly ambiguous" in contrast to an earlier era, when the "industrial product was the centerpiece of the economy." Technological innovation was part of the problem, as

economists found it more difficult to determine "the price of a unit of software or a legal opinion." The turn to a service economy also came with its own unique inflationary concerns.[68] Since the goods and services at the core of the economy had undergone a massive transformation, new questions arose concerning how the Fed would "measure inflation" and its "associated financial and real implications." If Greenspan and the rest of the central bank were unsuccessful in their task, then inflation could "destabilize" the economy, and "faulty price indexes" would fail to adequately measure or predict the threat. In short, the historical specter of inflation remained, according to Greenspan, but it had become much more difficult to measure and combat with the Fed's traditional monetary powers.

Up to this point in the speech, the chair had traced the perpetual concern of the central bank with inflation in the United States, reflecting on various episodic moments in banking history. Then came the key passage—the fragment of the speech that was most widely circulated and attracted the most attention:

> Clearly, sustained low inflation implies less uncertainty about the future, and lower risk premiums imply higher prices of stocks and other earning assets. We can see that in the inverse relationship exhibited by price/earnings ratios and the rate of inflation in the past. But how do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the past decade? And how do we factor that assessment into monetary policy?[69]

Greenspan's rhetorical questions about asset values and their relationship to monetary policy were just that—rhetorical questions. He posed them in the context of Japan's current economic difficulties while recovering from a prolonged recession. The implication, perhaps, was that there was not a lot the Fed could do should the United States find itself in a similar situation. Greenspan would later recall that he thought he had "carefully hedged" what he "had to say in his usual Fedspeak."[70] But apparently the

line about “irrational exuberance” signaled to investors that Greenspan thought that “irrational exuberance” already *had* “unduly escalated asset values” and that the Fed would “immediately raise rates.”[71] The remark thus triggered a sell-off, as investors scrambled to hoard cash.

The phrase is representative of Fedspeak and the translation function of the rhetorical Fed because it involves hedging between multiple positions and conceals important pieces of information. Greenspan, based on his experience as chair, knew the Fed could slow down the economy via monetary actions, but he wanted to downplay his capacity to do so. Of course, he also knew that his speech could similarly slow down the market. Catherine Resches has called these various parts of Greenspan’s rhetoric—what she labels “Greenspanese”—as “hedging devices” that are “conveniently exploited” by the chair to produce “a sea of details.”[72]At work in this ambivalent language, according to Resche, are “terminological and notional explanations,” such as Greenspan’s basic explanation of inflation in the key passage, that work alongside destabilizing ideas in “sophisticated lexical and structural choices,” such as his ordering of questions immediately following that explanation.[73] In what became known as the “irrational exuberance” speech, however, just two words altered the speculative expectations of investors and led to a dramatic overreaction. The purpose of this address, according to Greenspan’s own memoirs, was to deflate expectations about future growth in order to avoid a stock market bubble. When Greenspan returned to his table, he recalled asking his party, “What part of that do you think will make news?”[74] The table knew instantly: “irrational exuberance” would be the headline. The chair made a mistake and underestimated the symbolic importance of describing behavior as “irrational.”

Greenspan's rhetoric thus functioned as more than a "hint" about future Fed actions. As Richard Thomas wrote in *The Guardian*, the speech confirmed "the power wielded" by Greenspan, since "his words … prompted mass selling from Tokyo to Wall Street."[75] John Berry of the *Washington Post* considered the statement a surprise, because "had the chairman had a rate increase in mind" he could have made it at the Fed's mid-September meeting.[76] Alternatively, he could have waited until their first meeting the following year. Peter Rodgers, a journalist for the *Independent* in Great Britain, speculated that the speech was "a deliberate attempt" by the chair "to prick the bubble."[77] Neither investors nor the media sensed anything vague or subtle in Greenspan's remark; they were virtually unanimous in interpreting Greenspan's speech as an intentional effort to influence the market. As economist Robert Shiller argued in his book, which he named after Greenspan's infamous phrase, has argued, significant "market events generally occur only if there is similar thinking among large groups of people, and the news media are essential vehicles for the spread of ideas."[78] The discursive fragment "irrational exuberance" became the essential idea to come out of Greenspan's speech, according to almost all news reports and commentary, and those reports fueled the "animal spirits" of the market in ways Greenspan apparently never intended.

Despite the "hint" he offered in December, the markets continued to carefully monitor Greenspan's remarks over the next few months. On February 26, 1997, Greenspan delivered his required semiannual testimony to the Senate Committee on Banking, Housing, and Urban Affairs and returned to his question about how irrational exuberance might influence markets: "We have not been able as yet to provide a satisfying answer to this question, but there are reasons in the current environment to

keep this question on the table."[79] The effect of Greenspan's comment led some to criticize him for not speaking more to influence interest rates in the direction they preferred. In response to his testimony, Senator Tom Harkin (D-IA) commented, "What's happened is that Greenspan's comments influence interest rates a great deal, and he has done little in key public appearances to support lower interest rates."[80] Harkin did not criticize Greenspan for making public speeches; rather, Harkin lamented that Greenspan did not do so to help lower rates. Whereas Greenspan's December comments "only spooked the market for a few days," investors found it even harder to "bounce back" from his February testimony, when he repeated his same concern about an overly speculative stock market.[81] When the Federal Reserve finally did raise interest rates on March 26, 1997, investors should not have been surprised. Yet, despite the chairman's rhetorical priming, the decision was still criticized as unnecessary. Investors should have seen it coming, but the animal spirits of the market were still at work.

While Greenspan failed to employ Fedspeak in his December address, the speech highlights the importance of the translation function of the rhetorical Fed. The first component, the public image of the Fed as an oracle, elevated the importance of the award dinner, which otherwise would have been quite routine, if not boring. The second component, the obscure style of Fedspeak, relied on Greenspan interpreting vast amounts of stock market data and crafting a message to convey that information. His "utterance" was grounded in a long, boring speech about the history of central banking in the United States. The information he wanted to provide should have been understood in that context. However, Greenspan underestimated the power in the phrase "irrational exuberance" for its succinctness and for clearly connecting the economic concept of

rational expectations to market behavior. Even though markets fell and Greenspan failed, the episode highlights what occurs when the institutional *êthos* of the Fed and its chair is connected to being an all-knowing oracle.

Conclusion

Despite all the economic fallout following his speech before at the AEI dinner, Greenspan did not change his rhetorical style for the rest of his tenure. Economic and political reactions to the December 1996 speech only seemed to encourage him to rely on still more obscurity and speak even more vaguely when discussing markets. In subsequent testimony to Congress, Greenspan was even more vague in his statements, inspiring still more comparisons to the Delphic oracle. Nearly five years after the AEI speech, journalist Martin Crutsinger wrote about his congressional testimony in much the same terms as earlier observers described his AEI speech: “Alan Greenspan's speaking style can be incredibly hard to decipher … the chairman of the Federal Reserve has become a modern-day Greek oracle of Delphi, spouting enigmatic comments that leave listeners befuddled. In congressional testimony, his sentences start here, twist there and double back so many times that questioners give up trying to pin him down.”[82] In January 2001, Greenspan testified about President George W. Bush’s proposed tax relief policy, but again his testimony only left legislators more confused and unsure about where he stood. As Greenspan testified, lawmakers interrupted with calls for clarification. After just twenty minutes, Senator Kent Conrad (D-ND) responded, “Let me make sure what you are saying and not saying.” Senator Pete Domenici (R-NM) similarly sought clarification, at one point saying, “I want to see if I understand your testimony correctly.”[83] Greenspan’s responses regarding the proposed tax cut implied to some his

support by suggesting that inflation was under control: “As far as we can judge, we have had a very dramatic slowing down, and indeed we are probably very close to zero at this particular moment.”[84] President Bush certainly took the statement as an endorsement, noting “[W]e need good monetary policy and sound fiscal policy to make sure the economy grows.”[85] In fact, however, Greenspan had cautioned against a tax cut so large that it would have a detrimental effect on the budget deficit. Greenspan continued using his obscure Fedspeak as his preferred way to perform the translation function of the rhetorical fed, and as a result, he continued to frustrate politicians and journalists who demanded clear answers.

When Alan Greenspan left the Federal Reserve, one of the most important questions was whether his successor, Ben Bernanke, would continue his style of Fedspeak. The question was asked again when Janet Yellen succeeded Bernanke. Analysts and journalists had credited Greenspan with turning Fedspeak into a “high art,” and they wondered if subsequent Fed chairs would continue to practice that art. At the same time, Greenspan’s obscurity fostered something of a mystique surrounding the Fed, as his *êthos* as the all-knowing yet obscure translator of economic news positioned the Fed as a powerful yet unpredictable force. The possibility that one remark from the Fed chair could trigger big market swings added to the Fed’s fame and increased its influence among investors, politicians, and the broader public.

Greenspan’s Fedspeak represented a response to demands for more transparency at the Fed, and it some regards it has helped ensure a more equal playing field in the market and contributed to the Fed’s effectiveness. The management of investor confidence is a complex matter, especially the translation role of the rhetorical Fed. As

Greenspan noted in his AEI speech, there has been increasing pressure over the years for the Fed to be transparent in its actions and communication. This pressure resulted in public announcements of changes in the federal funds rate and the discount rate, along with published transcripts of the minutes from meetings of the Federal Open Market Committee. These measures marked significant moves toward a more public and more "rhetorical" Fed. As William Greider writes, the Fed historically had: "enfolded itself in the same protective trappings that adorned the temple — secrecy, mystique, and an awesome authority that was neither visible nor legible to mere mortals. Like the temple, the Fed did not answer to the people, it spoke for them."[86] In a sense, the Fed abandoned the "temple" in the era of more transparency, but Greenspan's Fedspeak maintained at least some of that aura of mystery. As Michelle Bligh and Gregory Hess have argued, there must be a careful balance between secrecy and disclosure in the rhetoric of the Fed chair. Since "strongly worded rhetoric may result in immediate and potentially drastic consequences," they argue, the chair must "clarify—or frame—the current economic situation, but not too rigidly or specifically in order to avoid these magnified consequences."[87] This Greenspan did with his rhetoric: he was neither too bullish nor too bearish; indeed, he was often so vague that nobody was sure *what* to make of his statements. For Greenspan, the adage, "When the Fed speaks, everybody listens," meant that he had to be careful not to be *too* clear or transparent about his thoughts or the future actions of the Fed. At the same time, the fact that nobody seemed to understand what he said only enhanced the mystique and power of the rhetorical Fed and provided a new dimension to its institutional *êthos*.

Notes

---

[1] Brunner, Karl, "The Art of Central Banking," *Center for Research in Government Policy & Business*, Reprint Series C-107, University of Rochester, 1981.

[2] Alan Greenspan, *The Age of Turbulence: Adventures in a New World* (New York: Penguin Press, 2007), 176.

[3] Greenspan, *Age of Turbulence*, 176.

[4] Paul Volcker, interview by the author, Volcker Alliance, New York, NY, February 18, 2015.

[5] Greenspan, *Age of Turbulence*, 176.

[6] Lynda Walsh provides an extensive examination of these statements in "The Rhetoric of Oracles," *Rhetoric Society Quarterly* 33, no. 3 (2003): 55-78.

[7] Sharon Reier, "5 Years Later, Greenspan's 'Irrational Exuberance' Alert Rings True," *New York Times*, December 1, 2001.

[8] Caroline Baum, "It's a Trap! An Economic Myth Stages a Revival," *Bloomberg*, May 27, 2003.

[9] Joshua Gunn, *Modern Occult Rhetoric: Mass Media and the Drama of Secrecy in the Twentieth Century* (Tuscaloosa: University Alabama Press, 2005), 125.

[10] James Darsey, *The Prophetic Tradition and Radical Rhetoric in America* (New York: New York University Press, 1997), 20.

[11] Lynda Walsh, "The Rhetoric of Oracles," *Rhetoric Society Quarterly* 33, no. 3 (2003): 64. See the introduction in the following for a discussion about prophets and oracles,

Lynda Walsh, *Scientists as Prophets: A Rhetorical Genealogy* (New York: Oxford University Press, 2013).

[12] Edwin Black, “Secrecy and Disclosure as Rhetorical Forms,” *Quarterly Journal of Speech* 74, no. 2 (1988): 134.

[13] “The Battle for Nixon's Tapes,” *Time*, July 30, 1973, http://content.time.com/time/subscriber/article/0,33009,907609,00.html

[14] Clare Birchall, “Transparency, Interrupted: Secrets of the Left,” *Theory, Culture & Society* 28, no. 7/8 (2011): 72.

[15] Black, “Secrecy and Disclosure,” 134.

[16] Black, “Secrecy and Disclosure,” 134.

[17] See for example, Donovan Conley and William O. Saas, “Occultatio: The Bush Administration’s Rhetorical War,” *Western Journal of Communication* 74, no. 4 (2010): 330; Scott Consigny, “Transparency and Displacement: Aristotle’s Concept of Rhetorical Clarity,” *Rhetoric Society Quarterly* 17, no. 4 (1987): 413-419.

[18] K. Martin Camper, “The Stylistic Virtues of Clarity and Obscurity in Augustine of Hippo’s De Doctrina Christiana,” *Advances in the History of Rhetoric* 16, no. 1 (2013): 58–81.

[19] Charles E. Morris III, “Pink Herring & The Fourth Persona: J. Edgar Hoover’s Sex Crime Panic,” *Quarterly Journal of Speech* 88, no. 2 (2002): 230.

[20] G. Thomas Goodnight and Sandy Green, “Rhetoric, Risk, and Markets: The Dot-Com Bubble.,” *Quarterly Journal of Speech* 96, no. 2 (2010): 117.

[21] Michael Kaplan, “Iconomics: The Rhetoric of Speculation,” *Public Culture* 15, no. 3 (2003): 478.

---

[22] Kaplan, "Iconomics," 479.

[23] Kaplan, "Iconomics," 480.

[24] Kaplan, "Iconomics,"481.

[25] Black, "Secrecy and Disclosure," 134.

[26] Black, "Secrecy and Disclosure,"134.

[27]Walsh, "Rhetoric of Oracles," 55-56.

[28] Walsh, *Scientists as Prophets*, ix.

[29] Volcker, personal interview with the author.

[30] *Globe and Mail*, "Rumors of Volcker replacement abound as end of term nears," April 26, 1983.

[31] Leonard Silk, "The Mark of El Supremo," *New York Times*, June 12, 1988, 45.

[32] *Journal of Commerce*, "Big Shoes to Fill," June 3, 1987, 1A.

[33] Donna Smith, "Greenspan Praised for First Year at Fed," *Financial Post*, August 18, 1988, 15

[34] Louis Uchitelle, "Moves in Congress to Lift Secrecy at the Federal Reserve," *New York Times*, August 24, 1989, A1.

[35] Dave Ahearn, "Fed Objects to Bill that Would Change Its Budget Procedure," *Bond Buyer*, April 14, 1987, 3.

[36] Uchitelle, "Moves in Congress," A1.

[37] Wes Lindow, "Federal Reserve: Mystique or Secrecy," *National Mortgage News*, December 18, 1989, 6.

[38] David Rosenbaum, "Little Chance Seen for Bills that Would Put Rein on Fed," *New York Times*, October 10, 1989, D1.

---

[39] Steven Greenhouse, "Greenspan Supports Fed's Secrecy," *New York Times*, October 20, 1993, D1.

[40] David A. Vise, "Look Who's Talking Now," *Washington Post*, March 23, 1994, F1.

[41] Tom Walker, "Forced Behind Market Rise Overshadow Greenspan," *Atlanta Journal and Constitution*, June 25, 1995, 4R.

[42] Walker, "Forced Behind," 4R.

[43] Linton Weeks and John M. Berry, "The Shy Wizard of Money," *Washington Post*, March 24, 1997, A01.

[44] John Jay, "Wise man Greenspan plays the markets' Delphic oracle," *Sunday Times*, December 8, 1996.

[45] Max Frankel, "Goldilocks and the 3 Bulls," *New York Times*, January 5, 1997, 18.

[46] Peter Passell, "Erring on the side of fighting inflation at the expense of jobs," *New York Times*, D2.

[47] Weeks and Berry, "The Shy Wizard of Money," A01.

[48] Black, "Secrecy and Disclosure," 134.

[49] Barbara A. Rehm, "Senate Grilling Lets Choice for Fed Show His 'Smarts,'" *The American Banker*, March 26, 1990.

[50] Alan S. Blinder et al., *How Do Central Banks Talk?*, (Geneva: International Center for Monetary and Banking Studies, 2001), 66.

[51] Samuel Fromartz, "Fedspeak: Just What Does Greenspan Mean?", *Financial Post*, February 14, 1992, 47.

[52] Brian Hale, "US Bull Run has a Week at Least," *Australian Financial Review*, June 26, 1995, 36.

---

[53] Richard W. Stevenson, "Greenspan, the Oracle; An Economy Waits for the Magic Words," *New York Times*, July 14, 1996, Section 4, p. 5.

[54] Stevenson, "Greenspan, the Oracle."

[55] Stevenson, "Greenspan, the Oracle."

[56] Bruce E. Gronbeck, "The Rhetorics of the Past: History, Argument, and Collective Memory," in *Doing Rhetorical History: Concepts and Cases*, ed. Kathleen J. Turner (Tuscaloosa: University of Alabama Press, 1998), 54.

[57] Alan Greenspan, "The Challenge of Central Banking in a Democratic Society," *The Federal Reserve Board*, December 5, 1996, http://www.federalreserve.gov/boarddocs/speeches/1996/19961205.htm.

[58] Robert L. Hetzel and Ralph F. Leach, "The Treasury-Fed Accord: A New Narrative Account," *Economic Quarterly* 87 (2001): 33–55.

[59] Greenspan, "The Challenge of Central Banking."

[60] Greenspan, "The Challenge of Central Banking."

[61] Greenspan, "The Challenge of Central Banking."

[62] Greenspan, "The Challenge of Central Banking."

[63] Greenspan, "The Challenge of Central Banking."

[64] Greenspan, "The Challenge of Central Banking."

[65] Greenspan, "The Challenge of Central Banking."

[66] Greenspan, "The Challenge of Central Banking."

[67] Greenspan, "The Challenge of Central Banking."

[68] Greenspan, "The Challenge of Central Banking."

[69] Greenspan, "The Challenge of Central Banking."

---

[70] Greenspan, *Age of Turbulence*, 176.

[71] Greenspan, *Age of Turbulence*, 176.

[72] Catherine Resche, "Investigating 'Greenspanese': From Hedging to 'Fuzzy Transparency,'" *Discourse Society* 15, no. 6 (2004): 740.

[73] Resche, "Investigating 'Greenspanese,'" 741.

[74] Greenspan, *Age of Turbulence*, 176.

[75] Richard Thomas, "Blue Notes and Greenbacks," *The Guardian (London)*, December 7, 1996, 24.

[76] John M. Berry, "A Subtle Warning, A Missed Signal," *Washington Post*, December 7, 1996, A01.

[77] Peter Rodgers, "Greenspan Rocks World Stock Markets," *Independent*, December 7, 1996, 20.

[78] Robert J. Shiller, *Irrational Exuberance* (Princeton, NJ: Princeton University Press, 2000), 71.

[79] Alan Greenspan, "Testimony of Chairman Alan Greenspan: The Federal Reserve's semiannual monetary policy report," *Federal* Reserve, February 26, 1997, https://www.federalreserve.gov/boarddocs/hh/1997/february/testimony.htm

[80] Tom Harkin, "Reaction to Federal Reserve Chairman Alan Greenspan's Capitol Hill Testimony," *Federal News Service*, March 10, 1997.

[81] Cameron Stewart, "Wall St on Edge as Greenspan Stands by Warning," *The Australian*, March 6, 1997, 34.

[82] Martin Crutsinger, "Greenspan speaks and the world listens, but does it understand?", *Telegraph Herald*, August 19, 2001, D3.

---

[83] Michael Powell, “The Senators and the Soothsayer,” *Washington Post*, January 26, 2001, C1.

[84] Richard Stevenson, “In Policy Change, Greenspan Backs a Broad Tax Cut,” *New York Times*, January 26, 2001, A1.

[85] Stevenson, “In Policy Change,” A1.

[86] William Greider, *Secrets of the Temple: How the Federal Reserve Runs the Country* (New York: Simon & Schuster, 1989), 240.

[87] Michelle C. Bligh and Gregory D. Hess, “The Power of Leading Subtly: Alan Greenspan, Rhetorical Leadership, and Monetary Policy,” *The Leadership Quarterly* 18, no. 1 (2007): 91.

CHAPTER FIVE: Conclusion

There are many matters that are common to communication and to monetary policy. Both are arts, in the sense that they are concerned with (and dependent upon) ideas—and people—rather than things. Put the same combination of chemical elements together in a test tube and you will always get the same reaction. You can never count on that in monetary policy or in communication. For that reason, no one can really lay out a schedule or calendar for communication any more than for monetary policy itself. Each move in communication, as in monetary policy, must be determined by circumstances—and needs–as they develop, and it must be shaped accordingly. That is what this paper has been trying to say. The requirements for good communication, however, are easier to set out than those for good monetary policy, because they are simpler.

—Charles Molony, 1960[1]

On September 24, 2015, Janet Yellen, who had been chair of the Federal Reserve since February 3, 2014, delivered a speech on inflation and interest rates at the University of Massachusetts, Amherst. Journalists and financial analysts paid close attention to Yellen's speech to figure out why the Fed decided the previous week to delay increasing the discount rate. The Fed's decision was important because the discount rate, a key lever that if increased could further hinder the slow economic recovery, had been at 0.75 percent since February 2010 and previously was at a historic low of 0.50 percent since December 2008. Nearing the end of a speech that was 40 pages long and included 35 endnotes and 9 graphs, Yellen slowed down, lost her place, and began to cough repeatedly. She abruptly finished, saying, "Let me stop there." Headlines and stories speculated that she had a "health scare" and "faltered" in her speech.[2] Since she was the Fed chair and various news outlets had called her the "most powerful woman in the world," the same stories speculated that "any questions" about her health could "unsettle financial markets."[3] While I did not explore the rhetorical nature of the chair's health in this dissertation, I did begin to answer a simple, yet difficult question: When the Fed speaks (or coughs), why do so many people listen?

To answer that question, I examined how three prominent Federal Reserve chairs, Marriner Eccles (1934-1948), Paul Volcker (1979-1987), and Alan Greenspan (1987-2006), redefined the purpose of the Fed during at three transformative economic and political moments. The style of each chair emphasized a different part of the rhetorical Fed—negotiation for Eccles, communication for Volcker, and translation for Greenspan—that allowed them to (re)constitute the institutional *êthos* of the Federal Reserve. In analyzing these moments, I have made two contributions to public address and rhetoric. First, by writing a rhetorical history of the Federal Reserve, I have helped fill a void within the scholarship of economics and public address. As noted in the introduction, communication scholars—and ones in other disciplines—have understudied the rhetoric of the Federal Reserve, despite its importance to economic policy. To address this gap, I outlined the theoretical contours of the rhetorical Fed—modified from Jim Aune's original suggestion—and showed how this methodological framework can be used by scholars to understand how the Federal Reserve, specifically the chair, positions itself in the economic and political world. Second, I analyzed how *êthos* could be understood at an institutional, rather than an individual, level. Each chapter drew from the fields of argumentation (Eccles), economics (Volcker), and rhetorical theory (Greenspan, and I developed how *êthos* can have individual elements (the chair) and institutional elements (the Fed) in a variety of situations. The idea of institutional *êthos* merits further scholarly attention beyond the areas of technical debates (argumentation), market forecasting (economics), and oracular speech (rhetorical theory).

To conclude this dissertation, this chapter has two sections. First, I summarize how Eccles, Volcker, and Greenspan each relied on the rhetorical Fed—negotiation,

communication, and translation—to navigate a particular economic episode. I conclude this section by showing how the rhetorical Fed evolved over their time as chairs and how that development enriches scholarly understanding regarding the intersection of economic rhetoric and public address. Second, I draw from work in argumentation, economics, and rhetorical theory to discuss how institutional *êthos* expands particular notions of rhetoric. I conclude this section by addressing the limitations of institutional *êthos* as I have developed it, and how those limitations serve as starting points for potential research, both theoretical and historical, that would build upon the work done in this dissertation.

The Federal Reserve and Public Address

While Charles Hamlin became the first chair of the Federal Reserve on August 10, 1914, the rhetorical Fed, as I have argued, did not begin until 1935. Marriner Eccles, in his fight for the Banking Act, established a public visibility for the Fed chair that had not previously existed. Similar to the rhetorical presidency, as theorized by Jeffrey K. Tulis and others, the rhetorical Fed initially relied on communicative acts to reach various publics and to garner influence and power. Through a combination of speeches to bankers, politicians, and the general public about the bill, Eccles relied on what I have called the three functions of the rhetorical Fed: negotiation, communication, and translation. Each of the three chairs that I examined in this dissertation fundamentally shaped these functions in unique ways. First, Eccles elevated the visibility of chair to one capable of public advocating for legislation while negotiating its details with various stakeholders. Second, Paul Volcker demonstrated the importance of communicating policy changes at the Fed as a way to garner support for its actions. Third, Alan

Greenspan leveraged the chair's public image as an oracle to create an audience for his translation of complex economic data into market forecasts.

In chapter 2, Eccles' negotiation of the Banking Act of 1935 in front of a composite audience composed of bankers, politicians, and the broad public provides a historical example of how the Fed chair can become involved in legislative debates. He relied on identification with his "banking fraternity" to call upon their sense of democratic accountability, emphasized the goal of minimizing speculation so Congress would act to improve the "machinery of monetary control," and asked the people to enshrine those "powers to an independent public body." Each rhetorical maneuver that Eccles made while speaking at the Ohio Bankers Association, testifying before the House Committee on Banking and Currency, and addressing the nation via a radio forum allowed him to pivot from the previous audience to the next one while consistently endorsing the same message: that the United States economy would be better off with a more centralized monetary authority. Aune has criticized the use of this "democratic style" for creating the Fed in 1913 and allowing Volcker to "double the price of money overnight … without consulting President Carter or Congress."[4] However, Eccles' argument about democratic accountability highlights that lobbying influence, which was a problem with the power the twelve regional banks, has the potential to inhibit the public control over the Fed. His appeals to independence from Congress are de facto appeals for independence from Wall Street lobbyists, and that independence is a necessity for the rhetorical Fed to maintain its institutional *êthos*.

Aside from highlighting the importance of negotiation as a function of the rhetorical Fed, my study of Eccles provides an important contribution to existing public

address scholarship on the Great Depression and the Roosevelt presidency. In *Rhetoric as Currency: Hoover, Roosevelt and the Great Depression*, Davis Houck extensively examined how Presidents Hoover and Roosevelt attempted to foster economic optimism during the Great Depression.[5] Thomas Benson's comprehensive volume *American Rhetoric in the New Deal Era, 1932–1945* includes a number of chapters highlighting important economic voices like union leader John L. Lewis and populist Huey Long.[6] In both works, the role Eccles had as FDR's economic spokesperson is absent even though the chair regularly offered his own "rhetoric as currency" to foster economic optimism and spoke frequently about on a range of topics, from the recession to the financing of war bonds, and even a speech responding to Nazi propaganda about inflation. The Eccles chapters broadens the type of speakers that rhetoricians have studied and offers insight into the economic rhetoric of a monetary expert, complementing the work on politicians and social movement leaders.

In chapter 3, Volcker's communication of "practical monetarism"—a policy that was designed to break inflation and restore the institutional *êthos* of the Fed—highlights the important role that Fed policies, and the rhetoric surrounding them, play in fostering economic confidence. Volcker, like Eccles, wasted no time in establishing himself as the new chair. To earn the public's trust, Volcker implored the public to "turn the corner" on the previous economic philosophy and mindset plaguing the nation to one where the public had the "fortitude to main financial discipline." He described the moment as a "time of testing," which allowed him to demarcate his time as chair, his economic philosophy, and his monetary policy as wholly distinct from that of Arthur Burns and G. William Miller, who served as chair from 1970 to 1978 and from 1978 to 1979,

respectively. In doing so, his October 9, 1979 speech functioned similarly to a presidential inaugural address, and it allowed him to describe a "credible commitment in U.S. monetary policymaking" that perceptually had not existed in recent years.[7] Volcker, in an interview, reflected on this strategy: "If we wanted to have an effect on the market, then we would make an announcement. But lots of times, we would not tell the market, precisely because we wanted to see how the market reacted, not to what we said, but to what we were actually doing."[8] The chair's policy announcements functioned as a rhetorical tool to both influence market behavior and the institutional *êthos* of the Fed.

In addition to connecting the consequences that the chair's speeches have on the economic confidence, the Volcker chapter offers insights into an economic episode that has not been studied by public address scholars. The one major work on inflation, and the economy more broadly, in the 1970s was Hermann Stelzner's essay on President Ford's "war on inflation" metaphor when he asked the nation to "whip inflation now."[9] There are various essays on President Reagan's economic rhetoric, albeit these focus on other economic debates or broad economic visions.[10] Most rhetorical work on President Carter focuses on his human rights rhetoric. In this way, the Volcker chapter serves as an important bridge in rhetorical history on the economy, showcasing the demands a speaker faced when the number one public concern was inflation—a problem that today seems nonexistent. Additionally, it explores the rhetorical demands of a society with pessimistic economic outlooks, which helps recast how public address scholars might study similar episodes, like the Great Recession.

In chapter 4, Greenspan's translation of economic data into Fedspeak emphasizes how the chair's public image as an oracle reinforces the institutional *êthos* of the Fed and

the role the chair plays in offering commentary on various aspects of the economy. To quell increasing calls for transparency, Greenspan rhetorically presented a speaking style where he could say something about the economy without saying much of anything. From the beginning of his term as chair, journalists depicted Greenspan as an oracle and the Fed as a temple—an image made popular by William Greider's *Secrets of the Temple*—and eventually they directly compared him to the Oracle of Delphi. At the time, the Fed chair two types of pressure to speak: 1) formal requirements mandated the chair to provide semiannual testimony and to regularly disclose monetary announcements and 2) informal requirements formed a need to respond to a twenty-four-hour news cycle and faster stock trading practices. Greenspan relied on his obscure Fedspeak to perform these required speech acts while minimizing market reactions. His maneuver only reinforced the image of an oracle, given they both shared a confusing rhetorical style. Edwin Black argued this aspect of disclosure was dependent on "prestige and authority," which allowed a rhetor to act as a "translator" with "privileged access to arcane truths."[11] However, Greenspan was not always successful as a translator, and he infamously failed at doing so when he spoke about the "irrational exuberance" in the market. His failure, though, highlighted the capacity of the translation function of the rhetorical Fed to affect markets.

While the communicative practices of Eccles and Volcker are understudied, scholars of various backgrounds have written about Greenspan's opaque rhetoric.[12] Building on this existing work, the Greenspan chapter emphasizes how his obscure speech ultimately gains rhetorical power because of the institutional *êthos* of the Fed. This institutional connection helps explains what provided him the foundation to craft a

particular leadership and discuss market ideology at will. This institutional connection helps bridge Greenspan's legacy to other chairs at the Federal Reserve. For example, when Ben Bernanke and Janet Yellen became chairs, journalists and market analysts wondered whether they would continue Greenspan's practice of Fedspeak. Fluency in Fedspeak became a standard by which the next chairs were judged.

These three chairs—Eccles, Volcker, and Greenspan—each developed the rhetorical Fed in their own unique way. Whether it was negotiating legislative change, communicating monetary policy, or translating economic data, the Fed chair developed an authoritative voice and became influential in debates over the economy. Like the rhetorical presidency, these changes had an institutional element to them, specifically the Banking Act of 1935, and a communicative element to them, namely the willingness of the chairs to go public. Public address scholars who study economic issues need to consider the power of the Fed chair's voice and to listen to what they say. The president and Congress are able to propose and pass fiscal policy, but the chair is regarded as an expert over its merits. Likewise, studying economic rhetoric in public address without accounting for the Fed chair is analogous to studying foreign policy rhetoric without analyzing what the Secretary of State has said. If journalists, market analysts, and politicians listen when the Fed speaks, rhetorical scholars ought to do the same.

In this dissertation, I listened to three former Fed chairs whose tenure as chair comprised forty years of the Fed's one-hundred-year history. Missing from this list are three influential chairs: William McChesney Martin Jr. (1951-1970), Arthur Burns (1970-1978), and Ben Bernanke (2006-2014). Together with the three I studied, this list would include every Fed chair aside from Thomas McCabe and G. William Miller, whose

combined tenure totals just over three years. I left out Janet Yellen (2014-present) because she is still the chair. However, a future book-length project would incorporate at least Martin, Burns, and Bernanke (and Yellen if she is not renominated once her term ends February 2018). These other three chairs each highlight the functions of the rhetorical Fed in different ways. While Eccles negotiated with Congress, he was generally friendly and supportive of President Roosevelt's policies. However, Martin, who continued the practice of negotiating with Congress, had public fights with President Eisenhower, President Kennedy, and President Johnson. Examining how negotiation functions after a chair engages in these disputes would complement how Eccles negotiated, given the support he enjoyed from the president. As discussed in the Volcker chapter, one of Burns' major problems was failing to have a "credible commitment" to his monetary policy, which damaged his credibility and rendered him unable to fight inflation. Analyzing how a chair fails to communicate policy as a way to build institutional *êthos* would highlight the differing strategies chairs use to describe their policies and how one can lose institutional *êthos*. Lastly, Bernanke, despite not engaging in as much Fedspeak as Greenspan, was still regularly called to "translate" economic data and offer insights. Most notably, Congress asked him, along with Volcker and Greenspan, to testify during the Great Recession in 2008. This unique situation combines elements from the Volcker chapter, as the economic mood was similar to the 1930s or 1970s, and the Greenspan chapter, as the Bernanke was asked to "translate" various economic problems. Together, these additional chapters provide more depth to the functions of the rhetorical Fed.

Lastly, there is an important project on Janet Yellen with regards to her role as Fed chair, especially as the first woman. She began her term as chair at a unique moment in the Fed's history given the historic low discount rate. As such, journalists have routinely speculated whether the next meeting would be when the Fed would increase rates. Additionally, when President Obama nominated her to be chair, she received numerous accolades about being the most qualified chair to hold the post. She was a professor at Harvard, Berkeley, and the London School of Economics as well as being an economist as the Fed in the 1970s, a member of the Fed board in the 1990s, chair of Bill Clinton's Council of Economic Advisors, president of the San Francisco reserve bank during George W. Bush's presidency, and vice-chair of the board under Bernanke. Intertwining both of these areas is her gender, which has resulted in frames of media coverage of the chair different from those of her predecessors. Attending to these projects would help provide a deeper analysis of the rhetorical Fed as well as how economic rhetoric in general, as well as the Fed in particular, is gendered.

Institutional *Êthos* and Rhetoric

To help develop the rhetorical Fed, I theorized *êthos* from an institutional focus, rather than its traditional focus on the individual. Given the technical nature of economics and the expert position of the Fed, I drew from Lynda Walsh's work on prophetic *êthos* in science where she argues the "role can he played by anyone who has privileged access to knowledge."[13] Since the Fed has a constant presence but has only "temporary" chairs, Thomas Farrell's work on *êthos* as something that must be "constantly reformed and preformed" helps bridge the chairs.[14] Institutional *êthos* then is shaped by the reputation and performance of its leaders, who leverage its technical resources for privileged

knowledge and reform the *êthos* set by previous leaders. This performance creates rhetorical expectations for the next chair based on the performance, good or bad, of the previous one. It also accounts for the way an audience might perceive an institution differently when a new leader takes over, no matter how many or how few material changes that leader makes to the institution's internal structure and policies. To explore this idea, I drew from argumentation theory, economic theory, and rhetorical theory over the three chapters in my dissertation, all of which I believe highlighted different ways to think about institutional *êthos*.

In the Eccles chapter, I turned to the intersection between the public and technical spheres to understand the role institutional *êthos* has in affecting debates where "technical discourses become part of public appeals and public concerns drive technical investigations."[15] Josh Boyd described this problem as being one where government officials must design standards that meet legal rigor while being able to argue for those standards before the general public. Institutional *êthos* highlights opportunities, or problems, for these government officials because if the institution they represent has a reputation for making credible decisions, the process of gaining public support for those technical standards is rendered easier. Put simply, the public is more willing to support something they do not understand if a person they trust supports it. The less a government official can appeal to institutional *êthos*, the harder it will become to persuade an audience no matter the individual's personal *êthos*. For example, political appointees often have "red flags" depending on their career background. Traditionally, a president would not nominate an individual for a certain post, such as Secretary of State, if that person worked for a multinational corporation with interests that could benefit if the

person received the governmental job. No matter how easily that individual could rely on their personal *êthos* in other situations, the institutional *êthos* of the corporation would have ensured the individual could not make those appeals. Similarly, well-qualified individuals tend to be nominated to be Fed chair, given the sensitivity of markets and the technical demands of the job. The combination of institutional and personal *êthos* is necessary to garner public support for technical policies. Since the Fed was not very visible, Eccles heavily relied on his own *êthos* in order to garner support for the bill, and as a result, he created a tradition of future chairs doing the same, and they all relied on his original *êthos.*

In the Volcker chapter, rather than being neutral, or non-existent, the institutional *êthos* of the Fed harmed the chair given the past performance of previous chairs. Applying economic theory shows the importance of rehabilitating institutional *êthos* because without it, the chair would be unable to garner support for the Fed's policies. In the 1970s, the Federal Reserve was out of ways to instill optimism amongst politicians, businesses, and the general public. John Maynard Keynes famously described this mindset as occurring when "animal spirits are dimmed" and even if that optimism had no basis in a "mathematical expectation," that the mere "optimism" was enough to ensure that enterprise did not "fade and die."[16] Part of this dimming occurs from the observation of past action, which forms the basis of future expectations. Finn E. Kydland and Edward C. Prescott argued that policymakers should account for this aspect of human behavior and should choose "policy rules" (take the action that keeps the money supply at X level) over "discretionary policy" (take the action you think will help the economy).[17] Since *êthos* is "constantly reformed and preformed," then the capacity for the Fed chair to

affect market expectations requires changing policy. In this way, when considering the expectations of individuals, appealing to institutional *êthos* requires any past appeal or performance that has minimized the capacity of the Fed chair to make appeals to institutional *êthos*. The second step, according to economist Bennet T. McCallum, is ensuring that the public believes the "attempt will not be abandoned."[18] Thus to rehabilitate the public image of the Fed and allow the chair to appeal to institutional *êthos*, it is not enough to simply change policy; the chair must also be replaced. This connection between policy and expectations emphasizes an important link between personal *êthos* and institutional *êthos*, as appeals to one also can function as appeals to the other. Since Burns and Miller had abandoned their tough on inflation policies, it was not enough for them to adopt "practical monetarism." Only Volcker, with his extensive experience in academia, government, and business, could propose such a shift because the public would only believe a chair like Volcker would commit to that policy. This connection becomes important for when future Fed chairs face difficult situations, especially if they did not take the best course of action in the past, since rhetorical constraints from the past are not easily forgotten.

In the Greenspan chapter, the institutional *êthos* of the Fed provided the chair with new opportunities. Greenspan did not have to rehabilitate the image of the Fed, or face a pressing need to pass new legislation, or to adopt a radical shift in policy. Rather, the institutional *êthos* of the Fed elevated the public profile of the chair in such a way that journalists and market analysts depicted him as an oracle. That allowed Greenspan to perform what Edwin Black called the "archetypal role of translator."[19] In this case, the rhetorical forms Black described reinforced the institutional *êthos* of the Fed and

provided the rhetor the capacity to provide "readings of a sacred text." [20] With market data functioning as that text, Greenspan became the only person whose interpretation of it mattered for action. That "role of translator" corresponds not only to the third function of the rhetorical Fed but also as an important quality in institutional *êthos* because other institutions, discussed below, will also have this capacity to offer commentary on issues over which they may or may not have direct authority. Michael Kaplan argued that Greenspan had this authority because of an "institutional matrix" of power at the center of a "complex political and economic infrastructure."[21] However, other institutions can also have such a matrix at the center of law, health care, foreign policy, climate change, or any topic that requires specialized knowledge and technical discourse. Appeals to institutional *êthos* become implied when the individual offers interpretations on these other areas. While there is the chance that they may be wrong, losing that capacity is often very difficult, as individuals are reluctant to dislodge their faith from something in which they once believed. Greenspan leveraged his role as translator and the institutional *êthos* of the Fed to comment on a range of fiscal and monetary policies. He was occasionally wrong, but politicians, journalists, and market analysts returned to hear him talk given his role as chair of the Federal Reserve.

The concept of institutional *êthos* is not limited to the Federal Reserve. Rhetorical scholars could use it to shed light on how other institutions have authoritative voices. For traditional institutions with a clear leader, institutional *êthos* could be used to understand the rhetoric of other governmental agencies including: NASA, for its expertise about outer space and climate change; the Environmental Protection Agency, for its role in setting and enforcing various pollution standards; or even the Supreme Court, for its

technical legal reasoning and ruling on constitutional precedent that affects the entire nation. Each of these agencies possesses a specialized form of knowledge that is not easily ascertained by the general public. In addition, they are also responsible for acting on some of that knowledge and have an agency head to varying degrees of public visibility (or a chief justice, in the Supreme Court's case). Analogous to the Federal Reserve, projects examining the institutional *êthos* of NASA would help scholars understand the role they have in science education for children and adults. A project on the EPA, for instance, could highlight the difficulty the agency has in defining vague pollution standards and getting the public's support behind them.

Lastly, scholars could apply the idea of institutional *êthos* to "non-traditional" institutions. These include bodies that have no clear leader, but perhaps a somewhat clear structure. Various types of social movement organizations would fall under these parameters. While movements during the Civil Rights era had very visible, and even famous, public leaders, like Malcom X, Martin Luther King Jr., and Stokely Carmichael, today's social movements are much more decentralized. Black Lives Matter, Occupy Wall Street, and the Tea Party may have important figures known internal to the movement, but they tend to lack national leaders. As a result, they face the problem of being criticized for the actions of a host of individuals who claim to wave their banner. Scholars could explore how institutional *êthos* in this context focuses not on a clear leader but rather the organization a person claims. For example, how does one branch of BLM regain it institutional *êthos* after negative media depictions of another branch in a different state? Institutional *êthos* could provide rhetorical insights into the symbolic power that occurs by claiming to be a member of these groups and how it affects

receptions of one's speeches, protests, and events. While work has been done in business communication, specifically on "corporate *êthos*," scholars have yet to point to the connection between individual *êthos* and institutional *êthos*, which was a key part of this dissertation.[22]

My goal in this dissertation was to understand how these acts might apply to the Federal Reserve, how the speeches of early Fed chairs enabled or hindered the actions of future ones. I began with the observation that the Fed has become positioned at the center of political debates over the economy. I then traced the historical roots of the Fed's authoritative voice to 1935. To connect chairs in 1935, 1979, and 1996, I developed two concepts. First, I theorized the contours of the rhetorical Fed and its three functions of negotiation, communication, and translation and how those maneuvers enabled each chair to affect the Fed's institutional *êthos* in a different way. Second, I explored what it might mean if scholars understood *êthos* as having an institutional dimension, instead of its usual personal one. Taken together, these theoretical concepts allowed me to construct a rhetorical history of the Federal Reserve, highlighting important economic episodes in United State history, and how the Fed chair found themselves at its center and responded to not only help the economy but also to improve the authority of the Federal Reserve. Thus, I return to the question I asked at the start of this dissertation: When the Fed speaks, why do so many people listen? I believe my dissertation is the beginning of an answer, but there are other chairs to whom we still need to listen.

Notes

---

[1] Charles Molony, "Concerning Understanding," September 23, 1960, p. 80, box 23, folder 3, William McChesney Martin Jr. Papers, Missouri History Museum Archives, St. Louis.

[2] Sam Ro, "Fed Chair Yellen had a Health Scare during a Speech, but She's Feeling Fine Now," *Business Insider,* September 24, 2015, http://www.businessinsider.com/fed-chair-receiving-medical-attention-2015-9; "Janet Yellen Falters during Massachusetts Speech," *CBS News*, September 24, 2015, https://www.cbsnews.com/news/janet-yellen-falters-during-massachusetts-speech/.

[3] Patrick Gillespie, "Meet Janet Yellen: The Most Powerful Woman in the World," *CNN Money*, September 14, 2015, http://money.cnn.com/2015/09/14/news/economy/janet-yellen-federal-reserve/?iid=EL; Jonathan Spicer and Svea Herbst-Bayliss, "Yellen Gets Medical Attention after Struggling with Speech," *Reuters*, September 24, 2015, http://www.reuters.com/article/usa-fed-yellen-health/yellen-gets-medical-attention-after-struggling-with-speech-idUSKCN0RP03Y20150925.

[4] James Arnt Aune, "Democratic Style and Ideological Containment," *Rhetoric & Public Affairs* 11, no. 3 (2008): 488.

[5] Davis W Houck, *Rhetoric as Currency: Hoover, Roosevelt, and the Great Depression* (College Station: Texas A&M University Press, 2001).

[6] Thomas W. Benson, *American Rhetoric in the New Deal Era, 1932-1945* (East Lansing: Michigan State University Press, 2006).

---

[7] Andrew Bailey and Cheryl Schonhardt-Bailey, "Does Deliberation Matter in FOMC Monetary Policymaking? The Volcker Revolution of 1979," *Political Analysis* 16 (2008): 424.

[8] Paul Volcker, interview by the author, Volcker Alliance, New York, NY, February 18, 2015.

[9] Stelzner, Hermann G. "Ford's War on Inflation: A Metaphor That Did Not Cross." Communication Monographs 44 (1977): 284–97.

[10] John M. Jones and Robert C. Rowland, "Redefining the Proper Role of Government: Ultimate Definition in Reagan's First Inaugural," *Rhetoric & Public Affairs* 18, no. 4 (2015): 691-719; Amos Kiewe and Davis W. Houck, *A Shining City on a Hill: Ronald Reagan's Economic Rhetoric, 1951-1989* (New York: Praeger Publishers, 1991).

[11] Edwin Black, "Secrecy and Disclosure as Rhetorical Forms," *Quarterly Journal of Speech* 74, no. 2 (1988): 134.

[12] Catherine Resche, "Investigating 'Greenspanese': From Hedging to 'Fuzzy Transparency,'" *Discourse Society* 15, no. 6 (2004): 723–44; Michelle C. Bligh and Gregory D. Hess, "The Power of Leading Subtly: Alan Greenspan, Rhetorical Leadership, and Monetary Policy," The Leadership Quarterly 18, no. 1 (2007); David P. Schulz, "Moments of Inevitability in Economic Argument," in *The Functions of Argument and Social Context*, ed. Dennis Gouran (Washington, DC: National Communication Association, 2010), 447–53; Jo Ann A. Abe, "Changes in Alan Greenspan's Language Use Across the Economic Cycle: A Text Analysis of His Testimonies and Speeches," *Journal of Language and Social Psychology* 30, no. 2 (2011): 212–23; Robert Asen, "To Exist, You Need an Ideology: Alan Greenspan on

---

Markets, Crisis, and Democracy," in *Making the Case: Advocacy and Judgment in Public Argument*, ed. Kathryn Olson et al. (East Lansing: Michigan State University Press, 2012), 231–55.

[13] Lynda Walsh, *Scientists as Prophets: A Rhetorical Genealogy* (New York: Oxford University Press, 2013), ix.

[14] Thomas B. Farrell. *Norms of Rhetorical Culture* (New Haven, CT: Yale University Press, 1993), 81.

[15] Josh Boyd, "Public and Technical Interdependence: Regulatory Controversy, Out-Law Discourse, and the Messy Case Of Olestra," *Argumentation & Advocacy* 39, no. 2 (2002), 107.

[16] John Maynard Keynes, *The General Theory of Employment, Interest and Money* (London: Macmillan, 1936), 161–162.

[17] Finn E. Kydland and Edward C. Prescott, "Rules Rather than Discretion: The Inconsistency of Optimal Plans." *Journal of Political Economy* 85, no. 3 (1977): 473-474.

[18] Bennett T. McCallum, "Credibility and Monetary Policy," *Price Stability and Public Policy: A Symposium Sponsored by the Federal Reserve Bank of Kansas City*, August 2-3, 1984, 106.

[19] Black, "Secrecy and Disclosure," 134.

[20] Black, "Secrecy and Disclosure," 134.

[21] Michael Kaplan, "Iconomics: The Rhetoric of Speculation," *Public Culture* 15, no. 3 (2003): 478.

---

[22] Craig Kallendorf and Carol Kallendorf, "The Figures of Speech, *Ethos*, and Aristotle: Notes Toward a Rhetoric of Business Communication," *Journal of Business Communication* 22, no. 1 (1985): 35-50; Maria Isaksson and Poul Erik Flyvholm Jørgensen, "Communicating Corporate Ethos on the Web: The Self-Presentation of PR Agencies," *Journal of Business Communication* 47, no. 2 (2010): 119-40.

REFERENCES

Abe, Jo Ann A. “Changes in Alan Greenspan’s Language Use Across the Economic Cycle: A Text Analysis of His Testimonies and Speeches.” *Journal of Language and Social Psychology* 30, no. 2 (2011): 212–23.

Aden, Roger C. “Entrapment and Escape: Inventional Metaphors in Ronald Reagan’s Economic Rhetoric.” *Southern Communication Journal* 54, no. 4 (1989): 383–400.

Ahearn, Dave. “Fed Objects to Bill that Would Change Its Budget Procedure.” *Bond Buyer*, April 14, 1987, 3.

Akerlof, George A., and Robert J. Shiller. *Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism*. Princeton, NJ: Princeton University Press, 2009.

Aristotle. *On Rhetoric: A Theory of Civic Discourse*. Translated by George A. Kennedy. 2nd ed. New York, NY: Oxford University Press, 2008.

Asen, Robert. *Invoking the Invisible Hand : Social Security and the Privatization Debates*. East Lansing: Michigan State University Press, 2009.

———. “Reflections on the Role of Rhetoric in Public Policy.” *Rhetoric & Public Affairs* 13, no. 1 (2010): 121–43.

———. “To Exist, You Need an Ideology: Alan Greenspan on Markets, Crisis, and Democracy.” In *Making the Case: Advocacy and Judgment in Public Argument*, edited by Kathryn Olson, Michael William Pfau, Benjamin Ponder, and Kirt H. Wilson, 231–55. East Lansing: Michigan State University Press, 2012.

———. *Visions of Poverty : Welfare Policy and Political Imagination*. East Lansing: Michigan State University Press, 2001.

Asen, Robert, Deb Gurke, Ryan Solomon, Pamela Conners, and Elsa Gumm. "'The Research Says': Definitions and Uses of a Key Policy Term in Federal Law and Local School Board Deliberations." *Argumentation & Advocacy* 47, no. 4 (2011): 195-213.

Aune, James Arnt. "Democratic Style and Ideological Containment." *Rhetoric & Public Affairs* 11, no. 3 (2008): 482-490.

———. "The Econo-Rhetorical Presidency." In *The Prospect of Presidential Rhetoric*, edited by James Arnt Aune and Martin J. Medhurst, 46–68. College Station: Texas A&M University Press, 2008.

———. *Selling the Free Market: The Rhetoric of Economic Correctness*. New York: The Guilford press, 2001.

Axilrod, Stephen H. *Inside the Fed: Monetary Policy and Its Management, Martin Through Greenspan to Bernanke.* Cambridge: Massachusetts Institute for Technology Press, 2009.

Bafumi, Joseph. "Animal Spirits: The Effect of Economic Expectations on Economic Output." *Applied Economics* 43, no. 25 (2011): 3573–89.

Bailey, Andrew, and Cheryl Schonhardt-Bailey. "Does Deliberation Matter in FOMC Monetary Policymaking? The Volcker Revolution of 1979." *Political Analysis* 16, no. 4 (2008): 404-27.

Banning, Elisabeth. “When Poststructural Theory and Contemporary Politics Collide—The Vexed Case of Global Warming.” *Communication and Critical/Cultural Studies* 6, no. 3 (2009): 285-304.

Baum, Caroline. “It's a Trap! An Economic Myth Stages a Revival.” *Bloomberg*, May 27, 2003.

Benson, Thomas W., ed. *American Rhetoric in the New Deal Era, 1932-1945.* East Lansing: Michigan State University Press, 2006.

Bernanke, Ben S. “Panel Discussion I: What have we Learned Since October 1979?” *Federal Reserve Bank of St. Louis Review* 87, no. 2 part 2 (2005): 277-82.

Berry, John M. “A Subtle Warning, A Missed Signal.” *Washington Post*, December 7, 1996, A01.

Birchall, Clare. “Transparency, Interrupted: Secrets of the Left.” *Theory, Culture & Society* 28, no. 7/8 (2011): 60-84.

Black, Edwin. “A Note on Theory and Practice in Rhetorical Criticism.” *Western Journal of Communication* 44, no. 4 (1980): 331-36.

———. “Secrecy and Disclosure as Rhetorical Forms.” *Quarterly Journal of Speech* 74, no. 2 (1988): 133-50.

Bligh, Michelle C., and Gregory D. Hess. “The Power of Leading Subtly: Alan Greenspan, Rhetorical Leadership, and Monetary Policy.” *The Leadership Quarterly* 18, no. 1 (2007): 87–104.

Blinder, Alan S. Blinder, Charles Goodhart, Philipp Hildebrand, David Lipton, and Charles Wyplosz. *How Do Central Banks Talk?* (Geneva: International Center for Monetary and Banking Studies, 2001.

Boyd, Josh. "Public and Technical Interdependence: Regulatory Controversy, Out-Law Discourse, and the Messy Case Of Olestra." *Argumentation & Advocacy* 39, no. 2 (2002): 91-109.

Bremner, Robert P. *Chairman of the Fed: William McChesney Martin Jr. and the Creation of the Modern American Financial System*. New Haven, CT: Yale University Press, 2004.

Brunner, Karl, "The Art of Central Banking," *Center for Research in Government Policy & Business*, Reprint Series C-107, University of Rochester, 1981.

Burns, Hellen M. *The American Banking Community and New Deal Banking Reforms, 1933-1935.* Westport, CT: Greenwood Press, 1974.

Business Week. "The Dollar Chooses a Chairman." August 6, 1979, 20.

Campbell, Karlyn Kohrs, and Kathleen Hall Jamieson. *Presidents Creating the Presidency: Deeds Done in Words*. Chicago, IL: University of Chicago Press, 2008.

Camper, K. Martin. "The Stylistic Virtues of Clarity and Obscurity in Augustine of Hippo's De Doctrina Christiana." *Advances in the History of Rhetoric* 16, no. 1 (2013): 58–81.

Carcasson, Martín. "Ending Welfare as We Know It: President Clinton and the Rhetorical Transformation of the Anti-Welfare Culture." *Rhetoric & Public Affairs* 9, no. 4 (2006): 655–92.

Carter, Jimmy. "The Malaise Speech." *American Presidency Project,* July 15, 1979. http://www.presidency.ucsb.edu/ws/?pid=32596.

CBS News. “Janet Yellen Falters during Massachusetts Speech.” September 24, 2015. https://www.cbsnews.com/news/janet-yellen-falters-during-massachusetts-speech/.

Chandler, Lester Vernon. *Benjamin Strong: Central Banker*. New York: Brookings Institution, 1958.

Cohen, Jeffrey E., and John Hamman. “The Polls: Can Presidential Rhetoric Affect the Public’s Economic Perceptions?” *Presidential Studies Quarterly* 33, no. 2 (2003): 408–22.

Condit, Celeste Michelle, and John Louis Lucaites. *Crafting Equality: America’s Anglo-African Word*. University Of Chicago Press, 1993.

Conley, Donovan, and William O. Saas. “*Occultatio*: The Bush Administration’s Rhetorical War.” *Western Journal of Communication* 74, no. 4 (2010): 329-50.

Consigny, Scott. “Transparency and Displacement: Aristotle’s Concept of Rhetorical Clarity.” *Rhetoric Society Quarterly* 17, no. 4 (1987): 413-19.

Conti, Delia B. “President Reagan’s Trade Rhetoric: Lessons for the 1990s.” *Presidential Studies Quarterly* 25, no. 1 (1995): 91–108.

Crockett, David A. “George W. Bush and the Unrhetorical Rhetorical Presidency.” *Rhetoric & Public Affairs* 6 (2003): 465–86.

Crutsinger, Martin. “Greenspan speaks and the world listens, but does it understand?” *Telegraph Herald*, August 19, 2001, D3.

Darsey, James. *The Prophetic Tradition and Radical Rhetoric in America.* New York: New York University Press, 1997.

Depew, David. “Adam Smith and Edmund Burke: Texts in Context.” *Poroi: An Interdisciplinary Journal of Rhetorical Analysis & Invention* 7, no. 1 (2011): 1–34.

Dorsey, Leroy G. “Preaching Morality in Modem America: Theodore Roosevelt’s Rhetorical Progressivism.” In *Rhetoric and Reform in the Progressive Era*, edited by J. Michael Hogan, 49-83. East Lansing: Michigan State University Press, 2003.

Eccles, Marriner S. “Banking Act of 1935: Extract from Hearings before the Committee on Banking and Currency.” *United States Government Printing Office*, March 4-20, 1935, 179.

———. *Beckoning Frontiers: Public and Personal Recollections.* New York: Alfred A. Knopf, 1951.

Eccles, Marriner S. Papers. 1910-1985. Special Collections, J. Willard Marriott Library, University of Utah, Salt Lake City, UT.

Eshbaugh-Soha, Matthew. “Presidential Signaling in a Market Economy.” *Presidential Studies Quarterly* 35, no. 4 (2005): 718–35.

Farrell, Thomas B. *Norms of Rhetorical Culture*. New Haven, CT: Yale University Press, 1993.

Farrell, Thomas B., and G. Thomas Goodnight. “Accidental Rhetoric: The Root Metaphors of Three Mile Island.” *Communication Monographs* 48, no. 4 (1981): 271-300.

Fettig, David. Review of "Reflections on Monetary Policy 25 Years After October 1979." *The Region*, December 1, 2005. https://www.minneapolisfed.org/publications/the-region/reflections-on-monetary-policy-25-years-after-october-1979.

Foley, Megan. "From Infantile Citizens to Infantile Institutions: The Metaphoric Transformation of Political Economy in the 2008 Housing Market Crisis." *Quarterly Journal of Speech* 98, no. 4 (2012): 386–410.

Forder, James. "'Independence' and the Founding of the Federal Reserve." *Scottish Journal of Political Economy* 50, no. 3 (2003): 297-310.

Friedman, Milton, and Anna Jacobson Schwartz. *A Monetary History of the United States, 1867-1960*. Princeton, NJ: Princeton University Press, 1963.

Galbraith, John Kenneth. *The Great Crash 1929*. Boston, MA: Mariner Books, 2009.

Fromartz, Samuel. "Fedspeak: Just What Does Greenspan Mean?" *Financial Post*, February 14, 1992, 47.

Frankel, Max. "Goldilocks and the 3 Bulls." *New York Times*, January 5, 1997, 18.

Gillespie, Patrick. "Meet Janet Yellen: The Most Powerful Woman in the World," *CNN Money*, September 14, 2015. http://money.cnn.com/2015/09/14/news/economy/janet-yellen-federal-reserve/.

Globe and Mail. "Rumors of Volcker Replacement Abound as End of Term Nears." April 26, 1983.

Goodnight, G. Thomas. "The Personal, Technical, and Public Spheres of Argument: A Speculative Inquiry into the Art of Public Deliberation." *Journal of the American Forensic Association* 18 (1982): 214–27.

Goodnight, G. Thomas, and Sandy Green. “Rhetoric, Risk, and Markets: The Dot-Com Bubble.” *Quarterly Journal of Speech* 96, no. 2 (2010): 115–40.

Goodnight, G. Thomas, and David Hingstman. “From the Great Depression to the Great Recession.” *Poroi: An Interdisciplinary Journal of Rhetorical Analysis & Invention* 7, no. 1 (2011): 1–22.

Greenhouse, Steven. “Greenspan Supports Fed’s Secrecy.” *New York Times*, October 20, 1993, D1.

Greenspan, Alan. *The Age of Turbulence: Adventures in a New World.* New York: Penguin Press, 2007.

———. “The Challenge of Central Banking in a Democratic Society.” *The Federal Reserve Board*, December 5, 1996. http://www.federalreserve.gov/boarddocs/speeches/1996/19961205.htm.

———. “Testimony of Chairman Alan Greenspan: The Federal Reserve's Semiannual Monetary Policy Report,” *The Federal Reserve Board*, February 26, 1997. https://www.federalreserve.gov/boarddocs/hh/1997/february/testimony.htm.

Greider, William. *Secrets of the Temple: How the Federal Reserve Runs the Country.* New York: Simon & Schuster, 1989.

Gronbeck, Bruce E. “The Rhetorics of the Past: History, Argument, and Collective Memory.” In *Doing Rhetorical History: Concepts and Cases*, edited by Kathleen J. Turner, 47-60. Tuscaloosa: University of Alabama Press, 1998.

Gunn, Joshua. *Modern Occult Rhetoric: Mass Media and the Drama of Secrecy in the Twentieth Century.* Tuscaloosa: University Alabama Press, 2005.

Hale, Brian. “US Bull Run has a Week at Least.” *Australian Financial Review*, June 26, 1995, 36.

Hall, Rodney Bruce. *Central Banking as Global Governance: Constructing Financial Credibility.* New York, NY: Cambridge University Press, 2008.

Hall, Wynton C. “Economically Speaking: George Bush and the Price of Perception.” In *The Rhetorical Presidency of George H.W. Bush*, edited by Martin J. Medhurst, 171–96. College Station: Texas A&M University Press, 2006.

Hanan, Joshua S., and Mark Hayward, eds. *Communication and the Economy: History, Value and Agency*. New York: Peter Lang, 2013.

Harkin, Tom. “Reaction to Federal Reserve Chairman Alan Greenspan’s Capitol Hill Testimony.” *Federal News Service*, March 10, 1997.

Hartelius, E. Johanna. *The Rhetoric of Expertise*. Lanham, MD: Lexington Books, 2011.

Hetzel, Robert L., and Ralph F. Leach. “The Treasury-Fed Accord: A New Narrative Account.” *Economic Quarterly* 87, no. 1 (2001): 33–55.

Holmes, Douglas. *Economy of Words: Communicative Imperatives in Central Banks*. Chicago, IL: University of Chicago Press, 2013.

Houck, Davis W. *Rhetoric as Currency : Hoover, Roosevelt, and the Great Depression*. College Station: Texas A&M University Press, 2001.

Hyde, Michael J., ed. *The Ethos of Rhetoric*. Columbia: University of South Carolina Press, 2004.

Inabinet, Brandon. “Democratic Circulation: Jacksonian Lithographs in U.S. Public Discourse,” *Rhetoric & Public Affairs* 15, no. 4 (2012): 659-666.

Isaksson, Maria and Poul Erik Flyvholm Jørgensen. "Communicating Corporate Ethos on the Web: The Self-Presentation of PR Agencies." *Journal of Business Communication* 47, no. 2 (2010): 119-40.

Jay, John. "Wise man Greenspan Plays the Markets' Delphic Oracle," *Sunday Times*, December 8, 1996.

Johannesen, Richard L. "Ronald Reagan's Economic Jeremiad." *Central States Speech Journal* 37, no. 2 (1986): 79–89.

Jones, John M., and Robert C. Rowland. "Redefining the Proper Role of Government: Ultimate Definition in Reagan's First Inaugural." *Rhetoric & Public Affairs* 18, no. 4 (2015): 691-719.

Journal of Commerce. "Big Shoes to Fill." June 3, 1987, 1A.

Kallendorf, Craig and Carol Kallendorf. "The Figures of Speech, *Ethos*, and Aristotle: Notes toward a Rhetoric of Business Communication." *Journal of Business Communication* 22, no. 1 (1985): 35-50.

Kaplan, Michael. "Iconomics: The Rhetoric of Speculation." *Public Culture* 15, no. 3 (2003): 477–95.

Kennedy, Susan Estabrook. *The Banking Crisis of 1933.* Lexington: University Press of Kentucky, 1973.

Kettl, Donald F. *Leadership at the Fed*. New Haven, CT: Yale University Press, 1986.

Keynes, John Maynard. *The General Theory of Employment, Interest and Money.* London: Macmillan, 1936.

Kiewe, Amos. "From a Rhetorical Trap to Capitulation and Obviation: The Crisis Rhetoric of George Bush's 'Read My Lips: No New Taxes.'" In *The Modern*

Presidency and Crisis Rhetoric, edited by Amos Kiewe, 179–201. Westport, CT: Praeger, 1993.

Kiewe, Amos, and Davis W. Houck. *A Shining City on a Hill: Ronald Reagan's Economic Rhetoric, 1951-1989*. New York: Praeger Publishers, 1991.

Knoke, David. *Economic Networks*. Malden, MA: Polity Press, 2012.

Knowledge at Wharton. "What's Behind Edward C. Prescott's Nobel Prize?" December 1, 2004. http://knowledge.wharton.upenn.edu/article/whats-behind-edward-c-prescotts-nobel-prize/.

Krock, Arthur. "Eccles Favorably Impressed House Committee." *New York Times*, March 21, 1935, 22.

Kuttner, Robert. *Everything for Sale: The Virtues and Limits of Markets*. Chicago, IL: University of Chicago Press, 1997.

Kydland, Finn E., and Edward C. Prescott. "Rules Rather than Discretion: The Inconsistency of Optimal Plans." *Journal of Political Economy* 85, no. 3 (1977): 473-492.

Leff, Michael. "Interpretation and the Art of the Rhetorical Critic." *Western Journal of Communication* 44, no. 4 (1980): 337-49.

Levasseur, David G. "The Rhetorical Construction of Economic Policy: Political Judgment and the 1995 Budget Debate." *Rhetoric & Public Affairs* 3, no. 2 (2000): 183–209.

Levin-Waldman, Oren M. "The Rhetorical Evolution of the Minimum Wage." *Rhetoric & Public Affairs* 3, no. 2 (2000): 131–53.

Lindsey, David E., Athanasios Orphanides, and Robert H. Rasche. "The Reform of October 1979: How It Happened and Why." *Federal Reserve Bank of St. Louis Review* 87, no. 2 (2005): 487-542.

Lindow, Wes. "Federal Reserve: Mystique or Secrecy." *National Mortgage News*, December 18, 1989, 6.

Link, Arthur Link. *Wilson: The New Freedom*. Princeton, NJ: Princeton University Press, 2015.

Lippmann, Walter. "The Eccles Bill." *New York Herald Tribune*, February 9, 1935.

Longaker, Mark. "John Locke's Monetary Argument: An Analysis with Methodological and Historical Implications." *Rhetoric Society Quarterly* 41, no. 2 (2011): 125–44.

Lucas, Stephen E. "The Renaissance of American Public Address: Text and Context in Rhetorical Criticism." *Quarterly Journal of Speech* 74, no. 2 (1988): 241-60.

Lyne, John, and Henry F. Howe. "The Rhetoric of Expertise: E. O. Wilson and Sociobiology." *Quarterly Journal of Speech* 76, no. 2 (1990): 134-51.

MacNeil/Lehrer Report. "Paul Volcker." October 10, 1979, 3. https://fraser.stlouisfed.org/files/docs/historical/volcker/Volcker_19791010.pdf.

Martin Jr., William McChesney. Papers. Missouri History Museum Archives, St. Louis, MO.

McCallum, Bennett T. "Credibility and Monetary Policy." *Price Stability and Public Policy: A Symposium Sponsored by the Federal Reserve Bank of Kansas City*, August 2-3, 1984, 106.

McCloskey, Deirdre N. *The Rhetoric of Economics*. Madison: University of Wisconsin Press, 1998.

Medhurst, Martin J. "A Tale of Two Constructs: The Rhetorical Presidency versus Presidential Rhetoric." In *Beyond the Rhetorical Presidency*, edited by Martin Medhurst, xi–xxv. College Station: Texas A&M University Press, 1996.

———. "Rhetorical Leadership and the Presidency: A Situational Taxonomy." In *The Values of Presidential Leadership*, edited by Terry L. Price and J. Thomas Wren, 59–84. New York: Palgrave/Macmillan, 2007.

Meltzer, Allan H. *A History of the Federal Reserve Volume 1, 1913-1915.* Chicago, IL: University of Chicago Press, 2003.

Mill, John Stuart. *Principles of Political Economy: With Some of Their Applications to Social Philosophy*, vol. 2, 3rd ed. London: Parker & Son, 1852.

Mitchell, Gordon R., and Marcus Paroske. "Fact, Friction, and Political Conviction in Science Policy Controversies." *Social Epistemology* 14, no. 2/3 (2000): 89-107.

Moore, Mark P., and J. Gaut Ragsdale. "International Trade and the Rhetoric of Political Myth in Transition: NAFTA and the American Dream." *World Communication* 26, no. 2 (1997): 1–14.

Morgan, Iwan. "Monetary Metamorphosis: The Volcker Fed and Inflation." *Journal of Policy History* 24, no. 4 (2012): 545-71.

Morris, Charles E., III. "Pink Herring & The Fourth Persona: J. Edgar Hoover's Sex Crime Panic." *Quarterly Journal of Speech* 88, no. 2 (2002): 228-44.

Murphy, John M. "Political Economy and Rhetorical Matter." *Rhetoric & Public Affairs* 12, no. 2 (2009): 303–15.

———. “The Language of the Liberal Consensus: John F. Kennedy, Technical Reason, and the ‘New Economics’ at Yale University.” *Quarterly Journal of Speech* 90, no. 2 (2004): 133–62.

Myers, Frank. “Political Argumentation and the Composite Audience: A Case Study.” *Quarterly Journal of Speech* 85, no. 1 (1999): 55–71.

Paroske, Marcus. “Deliberating International Science Policy Controversies: Uncertainty and AIDS in South Africa.” *Quarterly Journal of Speech* 95 (2009).

Passel, Peter. “Erring on the Side of Fighting Inflation at the Expense of Jobs,” *New York Times*, D2.

Pearce, Kimber Charles. “Narrative Reason and Cold War Economic Diplomacy in W.W. Rostow’s Stages of Economic Growth.” *Rhetoric & Public Affairs* 2, no. 3 (1999): 395–414.

Pine, Art. “Letting Harsh Medicine Work.” *Washington Post*, October 14, 1979, G1.

———. “Volcker Says Fed Will Keep Credit Squeeze Indefinitely.” *Washington Post*, October 16, 1979, F1.

Powell, Michael. “The Senators and the Soothsayer.” *Washington Post*, January 26, 2001, C1

Reier, Sharon. “5 Years Later, Greenspan’s ‘Irrational Exuberance’ Alert Rings True.” *New York Times*, December 1, 2001. http://www.nytimes.com/2001/12/01/your-money/5-years-later-greenspans-irrational-exuberance-alert-rings-true.html.

Rehm, Barbara A. “Senate Grilling Lets Choice for Fed Show His ‘Smarts.’” *The American Banker*, March 26, 1990.

Resche, Catherine. “Investigating ‘Greenspanese’: From Hedging to ‘Fuzzy Transparency.’” *Discourse Society* 15, no. 6 (2004): 723–744.

Ro, Sam. “Fed Chair Yellen had a Health Scare during a Speech, but She's Feeling Fine Now,” *Business Insider,* September 24, 2015. http://www.businessinsider.com/fed-chair-receiving-medical-attention-2015-9.

Roberts, Priscilla. “Benjamin Strong, the Federal Reserve, and the Limits to Interwar American Nationalism.” *Economic Quarterly* 86, no. 2 (2000): 61-98.

Rodgers, Peter. “Greenspan Rocks World Stock Markets.” *Independent*, December 7, 1996, 20.

Roosevelt, Franklin D. "Address to the Bankers' Convention at Constitution Hall, Washington, D.C.” *American Presidency Project*, October 24, 1934. http://www.presidency.ucsb.edu/ws/index.php?pid=14767/.

———. "Fireside Chat." *American Presidency Project*, April 28, 1935. http://www.presidency.ucsb.edu/ws/?pid=15046.

Rosenbaum, David. “Little Chance Seen for Bills that Would Put Rein on Fed.” *New York Times*, October 10, 1989, D1.

Samuelson, Robert J. *The Great Inflation and Its Aftermath: The Past and Future of American Affluence.* New York: Random House, 2010.

Santow, Leonard J. Santow. *Do They Walk on Water? Federal Reserve Chairman and the Fed.* Westport, CT: Praeger, 2009.

Schulz, David P. “Moments of Inevitability in Economic Argument.” In *The Functions of Argument and Social Context*, edited by Dennis Gouran, 447–53. Washington, DC: National Communication Association, 2010.

Shefrin, Hersh. *Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing*. Boston, MA: Harvard Business School Press, 2000.

Shiller, Robert J. “From Efficient Markets Theory to Behavioral Finance.” *Journal of Economic Perspectives* 17, no. 1 (2003): 83–104.

———. *Irrational Exuberance*. Princeton, NJ: Princeton University Press, 2000.

Shleifer, Andrei. *Inefficient Markets*. Oxford: Oxford University Press, 2000.

Shull, Bernard. *The Fourth Branch: The Federal Reserve’s Unlikely Rise to Power and Influence*. Westport, CT: Praeger, 2005.

Silber, William L. *Volcker: The Triumph of Persistence.* New York: Bloomsbury Press, 2012.

Silk, Leonard. “The Mark of El Supremo.” *New York Times*, June 12, 1988, 45.

Smith, Donna. “Greenspan Praised for First Year at Fed.” *Financial Post*, August 18, 1988, 15.

Spicer, Jonathan, and Svea Herbst-Bayliss. “Yellen Gets Medical Attention after Struggling with Speech.” *Reuters*, September 24, 2015, http://www.reuters.com/article/usa-fed-yellen-health/yellen-gets-medical-attention-after-struggling-with-speech-idUSKCN0RP03Y20150925

Stelzner, Hermann G. “Ford’s War on Inflation: A Metaphor That Did Not Cross.” *Communication Monographs* 44, no. 4 (1977): 284–97.

Stewart, Cameron. “Wall St on Edge as Greenspan Stands by Warning.” *Australian*, March 6, 1997, 34.

Stevenson, Richard. “Greenspan, the Oracle; An Economy Waits for the Magic Words,” *New York Times*, July 14, 1996, sect. 4, 5.

———. “In Policy Change, Greenspan Backs a Broad Tax Cut.” *New York Times*, January 26, 2001, A1.

Stob, Paul. “Louis Brandeis and the Rhetoric of Transactional Morality.” *Rhetoric & Public Affairs* 14, no. 2 (2011): 261–90.

Thaler, Richard. *Advances in Behavioral Finance II*. New York: Russell Sage, 2003.

Thomas, Richard. “Blue Notes and Greenbacks.” *Guardian (UK)*, December 7, 1996, 24.

Time. “The Battle for Nixon's Tapes.” July 30, 1973. http://content.time.com/time/subscriber/article/0,33009,907609,00.html.

Triece, Mary E. “Rhetoric and Social Change: Women’s Struggles for Economic and Political Equality, 1900-1917.” *Women’s Studies in Communication* 23, no. 2 (2000): 238–61.

Tulis, Jeffrey K. *The Rhetorical Presidency*. Princeton, NJ: Princeton University Press, 1987

Uchitelle, Louis. “Moves in Congress to Lift Secrecy at the Federal Reserve.” *New York Times*, August 24, 1989, A1.

Vise, David A. “Look Who’s Talking Now.” *Washington Post*, March 23, 1994, F1

Volcker, Paul A. Volcker, "A Time of Testing," Remarks before the American Bankers Association, New Orleans, Louisiana, October 9, 1979, 1.

———. “Transcript of Press Conference,” *FRASER*, October 6, 1976, 3-4.

Walker, Tom. “Forced Behind Market Rise Overshadow Greenspan.” *Atlanta Journal and Constitution*, June 25, 1995, 4R.

Wall Street Journal. “Monetary Medicine.” October 9, 1979, 6.

———. “Support Mr. Volcker.” October 8, 1979, 24.

Walsh, Lynda. “The Rhetoric of Oracles.” *Rhetoric Society Quarterly* 33, no. 3 (2003): 55-78.

———. *Scientists as Prophets: A Rhetorical Genealogy*. New York: Oxford University Press, 2013.

Weeks, Linton, and John M. Berry, “The Shy Wizard of Money.” *Washington Post*, March 24, 1997, A01.

Weiler, Michael. “The Rhetoric of Neo-Liberalism.” *Quarterly Journal of Speech* 70, no. 4 (1984): 362–78.

Westerfield, Ray B. “The Banking Act of 1933.” *Journal of Political Economy* 41, no. 6 (1933): 721-49.

Whidden, Rachel Avon. “Maternal Expertise, Vaccination Recommendations, and the Complexity of Argument Spheres.” *Argumentation & Advocacy* 48, no. 4 (2012): 243-57.

Wicker, Elmus. *The Great Debate on Banking Reform: Nelson Aldrich and the Origins of the Fed*. Columbus: The Ohio State University Press, 2005.

Wood, B. Dan. “Presidential Rhetoric and Economic Leadership.” *Presidential Studies Quarterly* 34, no. 3 (2004): 573–606.

———. “Presidential Saber Rattling and the Economy.” *American Journal of Political Science* 53, no. 3 (2009): 695–709.

Wood, B. Dan, Chris T. Owens, and Brandy M. Durham. “Presidential Rhetoric and the Economy.” *Journal of Politics* 67, no. 3 (2005): 627–45.

Yankelovich, Daniel. “The Noneconomic Side of Inflation.” *Proceedings of the Academy of Political Science* 33, no. 3 (1979): 20-25.

Zarefsky, David. "Four Senses of Rhetorical History." In *Doing Rhetorical History: Concepts and Cases*, edited by Kathleen J. Turner, 19-32. Tuscaloosa: University of Alabama Press, 1998.

———. "President Johnson's War on Poverty: The Rhetoric of Three 'Establishment' Movements." *Communication Monographs* 44, no. 4 (1977): 352–73.

VITA

Jessica A. Kurr

Education

Ph.D.	Pennsylvania State University, Communication Arts & Sciences Advisor: Michele Kennerly Committee: Stephen Browne, Bradford Vivian, J. Michael Hogan, & Suzanna Linn (Political Science).	2017
M.A.	Baylor University, Communication Advisor: Martin J. Medhurst Committee: Leslie A. Hahner & David K. Nichols (Political Science).	2013
B.S.B.A.	University of Pittsburgh, Finance, *cum laude*, minor in Mathematics	2011

Awards and Fellowships

Warren J. and Sylvia J. Samuels Young Scholar, History of Economics Society, 2016

Cynthia Danel Graduate Research Award, College of the Liberal Arts, The Pennsylvania State University, 2016.

Adam Smith Fellow, Mercatus Center, George Mason University, 2015-16.

Dissertation Fellow, Center for Democratic Deliberation, The Pennsylvania State University, 2015-16.

Select Publications

J. Michael Hogan, Jessica A. Kurr, Michael J. Bergmaier, and Jeremy D. Johnson, eds., *Speech & Debate as Civic Education* (University Park: Penn State University Press, 2017).

Jessica A. Kurr, "Going Digital: Rhetorical Strategies in the Enhanced State of the Union," in *Rhetoric Across Borders*, ed. Anne T. Demo (Anderson, SC: Parlor Press, 2015): 146-158.

Teaching Experience

Instructor, CAS 100A: Effective Speech – Public Speaking Emphasis (Penn State)

Instructor, CAS 100C: Effective Speech – Message Analysis Emphasis (Penn State)

Instructor, CAS 315: Debate and Civic Life (Penn State)

Participant, Penn State LGBTQA Safe Zone 101, Intersectionality 101, Transgender 101