Framing Moves:
Interpretive Politics at the Federal Reserve

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Abstract

Interpretive politics is a contest over the framing of ideas. In the context of closed-door, elite policy making groups, interpretive politics shapes the thinking of both group members and the wider community of stakeholders. This paper identifies a temporal structure to interpretive politics in group policy making settings and a related set of "framing moves." Framing moves are actions taken by meeting participants to challenge existing policy frames and to project new ones. These moves correspond to the unfolding interpretive task of the meeting. The paper explores interpretive politics at policy meetings of the Federal Reserve. We will examine the interpretive politics that characterize the group's efforts to enact a major policy change. Data are drawn from verbatim transcripts of meetings at which a major policy change was debated and approved.
Framing Moves: Interpretive Politics at the Federal Reserve

This paper offers a new approach for studying the micropolitics of policy making groups. By identifying framing moves, i.e. the efforts of group members to influence the interpretation of information, and by mapping the temporal order of those moves, we gain a better understanding of the construction of policy in organizational settings. This perspective reflects the increasing recognition that policy making is a "language war" (Lakoff 2000). It follows from this recognition that the outcomes of policy-setting meetings can be better understood and influenced by the use of interpretive methods that expose the construction of meaning by the participants. The perspective developed here offers a method for gaining insight into the process by which policy elites make sense of their environment and shape the sense that others will give it.

Students of group policy making in organizations have long been aware of the role of bureaucratic politics (Allison 1972, Allison and Halperin 1972, O'Leary 1994, Brower and Abolafia 1997). Interpretive politics in policy making settings may be understood as a close cousin of bureaucratic politics. From the bureaucratic politics perspective policy outcomes are viewed as the result of bargaining games among multiple players. Analysis focuses on the players, their preferences, and the bargaining process. In the interpretive politics perspective developed here, attention shifts from the contest over individual preferences to the contest over shared meaning. Information placed before the policy making group is not neutral. It must be interpreted or "framed." Participants attempt to influence what is known by the group and what is "knowable." Major policy changes reflect a dramatic reframing of what is known. This paper identifies the moves involved in such a reframing and the temporal structure of those moves.
In contrast with the bureaucratic politics approach, interpretive politics is concerned less with group structure (positions, channels and rules of the game), and more with policy frames, the attempt to influence those frames (i.e. moves), and the contexts associated with particular types of moves. It is concerned with the dynamic process that leads to the emergence of a dominant consensus in the group. This process shifts back and forth from analysis of information to labeling of viable policy alternatives and, ultimately, to constructing a policy that is satisfactory to enough members. Interpretation, then, is not a product but a process. As a meeting proceeds, its interpretive dynamics not only reflect the changing tasks in the decision process, but also emerging coalitions, shifting knowledge, and historic power relations.

Our focus on interpretation takes us into the interpersonal politics of group policy making, an area rarely visible and not often studied. It draws our attention to the negotiation over ideas that is at the heart of group policy making. When such groups are constructed to represent a variety of stakeholder interests, the ensuing interpretive politics help to expose policy alternatives, clarify and modify thinking about these alternatives, and coalesce individual and group commitments to action (Huff 1988). The resulting policy is not likely to be a single idea, but rather a fabric of ideas and interests woven by the group's interaction. If the policy process requires a majority vote, as it does at the FOMC, then the final coalition is likely to be composed of diverse allies with similar, and occasionally, even competing interpretations.

Interpretive politics exists under conditions of both stability and turbulence in policy environments of organizations. Under conditions of turbulence, the interpretive politics tend to be less consensual and more contentious. The response to turbulence is often a generator of intensive interpretive action. In this paper we will examine interpretive politics at the moment of a major policy change. Our concern is with actions taken by group members to contest or
maintain existing policy. Our unit of analysis, the move, refers to a participant's effort to convince others or make a point. It is an expression of practical knowledge by a policy maker. Moves focus our attention on particular "stretches of talk" (Goffman 1981) in the sequence of group interaction. In the context of policy making, the move is understood as an effort to influence the group interaction as well as the evolving policy. Moves are building blocks on which the group policy making process is constructed.

Framing Moves

The interpretive politics approach is based in pragmatist philosophy and interactionist theory in sociology (Goffman 1974, Strauss 1978, Fine 1984, Weick 1995, Emirbayer and Mische 1998). These related literatures were chosen because of their concern with meaning and the interpretive process. They place the construction of meaning at the center of human action, and refuse to privilege structure and institutional arrangements over interpretive action, saying that those arrangements are constructed, maintained and reconstructed through interpretive activity. Pragmatists and interactionists focus on how actors make sense of their environment and how the changing environment, in turn, shapes that process. An adequate theory of policy making must address the relationship between the interpretive process and its institutional/structural environment. The interpretive politics approach is designed to fill a gap in our understanding of how policy groups construct meaning. The process of group policy making will be construed as an interactive, interpretive process embedded in a social political and economic context.
From the perspective of interpretive politics, policy meetings are largely about meaning work, i.e. the struggle over ideas and meaning construction. The object of this contention is control and definition of the policy frame. Following Goffman (1974) frames are "schemata of interpretation." In the policy realm, they are "narratives that guide both analysis and action in practical situations" (Rein and Schon 1996:89). Rein and Schon explain that frames are the "generic story lines" that one finds underlying policy controversies. In the area of welfare policy, we are familiar with the old frame of "needs-based assistance" versus the more radical frame of "strengthening families" through abolishing welfare. In the monetary policy of the 1970s and 1980s, the competing narratives involved "targeting monetary aggregates" versus "targeting interest rates." Each tells a story about methods of regulating the supply of money in the national economy. In both cases, the frame is designed to guide both analysis and action in policy making.

Framing is a fundamentally political act. On boards of directors as well as government policy making groups, this kind of linguistic contest is part of the ongoing politics (Hirsch 1986). Alternative frames may have significantly different policy consequences. As a result, framing is not haphazard. The statistics, reported events, and predictions that are at the narrative core of frames do not arrive in "raw form" at policy meetings (Gamson 1992:67). They have been previously organized and interpreted. Frames are therefore vulnerable to tampering (Goffman quoted in Gamson 1992:67). They are reinterpreted to fit changing situations. Users of a frame will carefully calculate its timing and presentation. The narrative will usually be employed to legitimate one solution over another (Campbell 1998). Framing is itself an occasion for micropolitics or as Gamson puts it "a locus of potential struggle."
Framing moves are strategic actions meant to contest or maintain existing frames. Most of these moves are drawn from a repertoire of culturally available action to which every policy maker has access, although during occasions of crisis or change actors may devise innovative framing moves. Most typically, framing moves attack or defend claims of interpretation (frames). In this paper, framing moves are used to contest dominant frames and project new ones at the Federal Reserve. They are used to promote or deflate efforts to make sense of economic events, statistical indicators, and previous policy actions of the policy making group. Framing moves include such actions as casting doubt, preempting the old frame, or "spinning" the new one. Any substantial change in monetary policy calls for the skilled use of framing moves to invoke a questioning of the taken-for-granted and a revision of the habitual.

Among the most important contextual factors shaping the employment of framing moves is time. The adoption of one framing move rather than another is structured by a whether the actors are looking backward or forward. Emirbayer and Mische (1998) explain this temporality as a more general characteristic of human agency. "As actors respond to changing environments, they must continually reconstruct their view of the past in an attempt to understand the causal conditioning of the emergent present, while using this understanding to control and shape their responses to the arising future" (Emirbayer and Mische 1998: 968). Policy makers are challenged by an emerging present to reconstruct a coherent past and future. Policy making, even under conditions of stability, includes three habitual, semi automatic processes that reflect a continuous intertwining of past, future and present. Policy makers anchor their analysis and action in the retrospective statistics and other indicators drawn from the immediate past. They negotiate to build a consensus for the continuing reproduction and application of the frame in the present. Finally, even as anchoring and negotiating proceed, they are carefully crafting signals; plausible
accounts of their action constructed to influence future action by external stakeholders (Abolafia 2004).

Under conditions of stability, an exchange of framing moves among policy makers will generally reproduce the existing policies from meeting to meeting. At the Federal Reserve, the regular reproduction of monetary policy involves a relatively diverse but recurring set of framing moves. When conditions are unstable, whether from exogenous or endogenous forces, political conflicts of interest create opportunities for policy entrepreneurs. Under such conditions, we may observe a different set of framing moves designed to break the old frame and construct the new one (see Figure One). These moves exhibit a similar temporal structure to the one described above, but a different interpretive politics in which actors exploit symbolic resources and employ social skills to accomplish policy change. Retrospective anchoring is replaced by questioning of past anchors and consensual negotiation is replaced by transformative framing. Under conditions of instability, the politics of framing is itself transformed.

[ Insert Figure One About Here]

METHODS AND DATA

This paper applies a temporal perspective on framing to study the interpretive politics of policy change at the Federal Reserve. It uses verbatim transcripts from closed-door policy meetings of the Federal Open Market Committee of the Federal Reserve to explore the framing moves involved in rejecting old frames and constructing and instituting new ones. The transcripts were obtained through a Freedom of Information Act request. All transcripts from 1982 to 1992
were studied for a larger project on decision making at the Federal Reserve. Three transcripts from the summer and fall of 1982 were singled out because of the unique insights they offered into the accomplishment of a major policy change. No other period in the eleven years under review offered such a major policy change and verbatim transcripts of such major shifts in policy at other organizations are extremely rare.

An inductive, grounded theory approach was applied to the data (Strauss 1987, Strauss and Corbin 1998). Open coding was used to discover central ideas and properties of the data during the initial review of all transcripts. It was during this early stage that I recognized the centrality of interpretive politics in the data and turned to pragmatist and interactionist theories to inform the analysis. The concept of framing moves and their temporal structure (See Figure One) emerged in the process of coding the transcripts from the summer and fall of 1982. This framework was further refined and integrated by selectively coding for framing moves and their related contexts within the meetings. Those framing moves are identified throughout this paper in italics. The moves identified do not represent an exhaustive population of all framing moves in the data. Rather, they are the framing moves that stood out in the data as important for accomplishing change. Specifically, they are the moves that elicited strong reaction among the participants, changed the direction of the discourse, or redefined fundamental issues. My aim here is to explore interpretive dynamics in the midst of a major policy change.

The Federal Open Market Committee (FOMC), the group under study here, meets every fifth or sixth week to decide whether the Fed should tighten or loosen the money supply, thereby influencing the availability and cost of money in the U.S. economy. The voting participants in this group are the seven members of the Fed Board of Governors in Washington, the president of the Federal Reserve Bank of New York, and, on a rotating basis, four of the eleven presidents of
the other regional reserve banks. Joining these twelve voting members are a handful of staff economists as well as the non-voting presidents of the regional reserve banks. Together, this group spends one and sometimes two days analyzing current economic conditions and setting monetary policy. At the end of each meeting the Committee issues a directive to the Federal Reserve Bank of New York that may charge them to buy or sell relatively large amounts of government securities, thereby affecting the supply of money and credit in the economy. This, in turn, influences individual and corporate investment and expansion or contraction of the economy.

ABANDONING MONETARISM

In practice, there is no objective function or optimal rule for setting monetary policy (Blinder 1998). Rather, policy makers rely on the current mix of available frames. In the early 1980s, that mix included overlapping axes of choice - expansionary vs. contractionary, Keynesian vs. monetarist, discretionary vs. rule-based policy frames. They used these frames to interpret the current economic situation and to construct a course of action. For such a frame to be useful, the members of the FOMC it must cut through the ambiguity of economic data and offer a mechanism for controlling inflation and maintaining growth.

During the period under study, Keynesianism and monetarism served as meta-frames, or policy paradigms. These were less tools than they were assumptions that constrained the solutions available to policy makers (Campbell 1998). From the late 1930s to the late 1970's, Keynesianism was the dominant narrative underlying macro-economic policy. By 1979 the
Keynesian consensus had unraveled due to a sustained period of high inflation and slow growth (stagflation). In October of 1979 the newly appointed chairman of the Fed, Paul Volcker, announced that in an effort to gain control over the expansion of money and dampen inflation, the FOMC would place greater emphasis on bank reserves and less on fluctuations in interest rates. According to the new frame, the Fed could gain greater control over the growth of the money supply by targeting the money supply itself and letting the interest rate float. This refocusing on the money supply, is generally viewed as a strategic use of elements of a "monetarist" meta-frame to justify the severe contraction in money growth that brought inflation down (Heilbroner and Milberg 1995, Greider 1987). The Fed could simply point to the contracting money supply without the political risk of having to raise or lower interest rates.

Whether the Fed truly went monetarist in 1979 or not, the enactment of the monetarist frame was successful. Targeting of monetary aggregates became the centerpiece of policy making at the Fed. By 1982 inflation had been dampened and the growth in the money supply controlled. In July 1982 the Committee voted to begin easing up on the money supply, but was unwilling to accept Chairman Volcker's proposal to lower the acceptable range on interest rates. Volcker's response was "Well, I don't like it much, but if that's what you want to do, let's do it. Let's have a vote." The proposal to stick with monetary targets carried 10 to 1. In the six weeks between the August 24th and October 5th meetings economic conditions grew substantially worse, especially outside the United States. Chairman Volcker knew that there was more support for the changes he wished to make, but there was still strong resistance, especially from the monetarist Reserve Bank Presidents. In the October 1982, with the U.S. and world economy in a deep recession, Paul Volcker attempted to reframe monetary policy by abandoning monetarism
BREAKING THE FRAME: Retrospective Interpretive Politics

The framing moves that constitute the interpretive politics of policy change are generally preceded by an external shock or internal contradiction that focuses attention on the situation. If the shock is sufficiently disruptive, the actors find themselves confused. As Weick (1995:91) explains, they are confused by either too many interpretations (ambiguity) or the lack of any viable interpretation (uncertainty). As a result of this confusion, actors engage in a “collective questioning” of the existing frame (Barley and Tolbert 1997:102). This questioning is largely retrospective, focusing on that which has already occurred, i.e. the shock or contradiction, and trying to bring order and clarity to it (Weick 1995, 1995, Emirbayer and Mische 1998).

This period of collective questioning represents a strategic opportunity for reframing. Contradictions and shocks can be made sensible. Such disruptions are labeled as systemic problems or, on occasion, crises. Actors who reject the status quo declare a crisis. The declaration of crisis is itself a statement that existing frames are inadequate to restore stability. Frame breakers attempt to convince others that their interests lie in rejecting the dominant narrative explanation of the policy problem and its logic.

These actors, whom we call reframers, are those with the resources and skill to develop and communicate a new frame, a new diagnostic and prescriptive story that will serve as a guide to change. Reframers work within institutionalized systems to significantly change not only the existing narrative, but some significant aspect of practice. They are skilled at sizing up the situation and molding a new collective identity for their group. Fligstein defines the skill of such “institutional entrepreneurs” as “the ability to motivate cooperation in other actors by providing those actors with common meanings and identities in which actions can be undertaken
and justified” (Fligstein 1997:398). Reframers may have been awaiting the opportunity offered by the shock or they may recognize new opportunities to pursue their interests because of the shock. They respond by mobilizing their resources and focusing their skills to reject the old frame and support a new framing of normative organizational practice.

Under conditions of stability, the retrospective element in policy making is brief and consensual, largely an opportunity for grounding the projective and practical discussions in the legitimacy of past action. Under stable conditions the data are interpreted as providing relatively useful signals and concern with ambiguity is at its minimum. Rather, attention is focused on what risks may lie beyond the horizon. Under conditions of severe disruption, reframers with the resources to do so may attempt to break the existing frame so that it can be replaced with a more plausible one. In this case, the retrospective element is neither brief nor consensual. It is extensive and conflictual. Strategic interpretations are proffered and contested. Ambiguity is identified as a locus for political action. Reframers attempt to establish that existing practices are no longer viable while defenders of the status quo use data to argue that frame change is unnecessary. In breaking the existing frame issues of individual identity and organizational reputation are at stake.

*Calibrating the Shock* - Among the first framing moves in a crisis setting is an effort to define the degree of disruption. Reframers advocating changed practices must be able to convince their constituency that the shock requires strong action. Early in the October 5, 1982 meeting of the FOMC Chairman Volcker departed from the ritualized discussion of staff reports to provide what a he called “a wider setting that has to be brought to bear” for reaching a policy
decision. He gave a long bleak recitation of the state of the global economy including the following:

We are in a worldwide recession. I don’t think there’s any doubt about that.... I don’t know of any country of any consequence in the world that has an expansion going on. And I can think of lots of them that have a real downturn going on....This is not a time for business as usual, certainly, in the international area. I don’t think it’s time for business as usual in the domestic area either. *Extraordinary things may have to be done.* We haven’t had a parallel to this situation historically except to the extent 1929 was a parallel (FOMC 1982:15).

Central bankers do not invoke 1929 lightly. Not only did 1929 mark the beginning of the Great Depression. It is believed by many to mark the Federal Reserve Board’s greatest failure. Volcker, known for his coolness, is anything but cool here. His long recitation was not a dry analysis of standardized indicators, it was a skillful effort to make sense of disturbing conditions. He uses rhetorical emphasis (“extraordinary things”, no “parallel”, “business a usual”) to weave a narrative that is both an explanation and a frame for action. He has calibrated the shock as equal to the worst the Fed has experienced. He uses *dramatic comparison* i.e. 1929, as a framing move to signify the intensity and scope of the crisis and to suggest the potential consequences of unwillingness to act.

Another part of calibrating the shock involves establishing that the shock was big enough to create confusion, i.e. ambiguity or uncertainty, about the future consequences of the disruptive conditions. The reframer claims not only that he or she is confused, but that the confusion is widespread. Volcker makes this claim for uncertainty after a review of nations in Europe, Asia, and Latin America on the brink of financial disaster.

I’d say all of this leads to a considerable feeling in financial markets and elsewhere of developing disarray, a certain floundering. And that in itself contributes to uncertainty, which feeds upon itself. But I do think we are in an extremely tricky period of transition that is complicated enormously by the factors not just of a period of potential transition for us, but for the world economy as a whole. There is not a single source of real strength or certainty out there (FOMC 1982:18).
The framing moves here are of two kinds. The first, *attributing confusion*, refers to his assessment of the retrospective data and is signaled by the statement “There is not a single source of strength or certainty out there.” Volcker is making the claim that things are so weak and weakening further in the domestic and international economies that we cannot make reliable analytic or predictive statements. This claim will come up again throughout the meeting. The second is *attributing incapacity*. The reframer argues that no one knows how to respond to the situation in the present. In Volker's phrase the “uncertainty which feeds upon itself” is that consumers, businesses and financial markets are floundering and no one really knows what to do. This sort of uncertainty serves as the reframer’s rallying point for his/her constituency. Volcker tells his colleagues that “unusual exertions” will have to come from the Fed because “... there is no other (institution) in a comparable position. It’s the only possibility in terms of having the leadership and resources necessary to deal with some of these problems (FOMC 1982:20).” The shock is so strong that no one else in the global economy is capable of responding.

**Rejecting the Old Frame** - Although establishing a sense of crisis and its magnitude is important, the reframer must also show that the existing frames themselves are inadequate to deal with the crisis. He or she does this by challenging the legitimacy of the old policy. The reframer attempts to persuade those responsible for maintaining the legitimacy of existing practice that it is no longer in their interest and the interests of the organization to support the old frame. This kind of *casting doubt* includes attacks on the efficacy and practicality of past practices and the frames that interpret them. The reframer attempts to convince others that continued commitment to the outdated frames is irresponsible. There is an implication in these
questioning moves that those who don't see this are holding back the progress of the organization.

Early in the meeting on October 5, during the discussion of the staff economists’ reports, Volcker begins to become quite pointed in his attack on M1, a measure of the amount of money in the economy and the leading indicator for monetary targeting for the preceding three years. During those three years, the Fed has attempted to control inflation by controlling the rate of growth of M1. At the October 5 meeting the FOMC members are anticipating the issuance of a new financial instrument, Super Now Accounts. They are debating whether this new form of money should be counted in M1 or M2. Volcker’s rather testy response is “I’m not sure it matters where we put it...It makes a difference in the number, obviously. But in either case we don’t know what the heck the number means (FOMC 1982:10).” Volcker takes the strong position that the Committee cannot make sense of M1, therefore the frame is no longer reliable or useful. If a policy tool is no longer open to consistent interpretation, it has lost its practicality.

Not surprisingly, members of the policy group begin defending the frame. In this case, a monetarist member of the FOMC argues for the retention of M1 as the primary target. The reframer, Volcker, is compelled to strengthen his rejection adding emphasis and rhetorical flourish to his original doubt.

MR. ROOS. Mr. Chairman, I would agree with Frank (Morris), strange as it may seem, that before we bury my old friend M1 at this meeting there ought to be some work done by the various economic staffs to try to project the effect. There are a lot of people who don’t like my old friend M1 and whenever anything changes they say this is a good time to bury M1...

CHAIRMAN VOLCKER. Well, yes and no is the answer. I think. Obviously, we can study the matter. I see no prospect that any amount of study is going to tell us what the behavior of M1 is going to be in the short run. It is unknowable, in my opinion, to all the best brains in the world. It’s going to be an empirical question; we will discover what happens when it happens. And we have to look at it over a period of time. But I don’t see that any amount of rumination- -is that the right word?- -is going to produce an answer to a knowable question but an unknowable answer. The wish for a study is fine; but the sense that it’s going to give us an answer in a month before
we get the new instrument I think is totally unwarranted just by the nature of the problem that we face (FOMC 1982:12).

Volcker, in unusually emphatic terms, has argued that the basis of monetarism, the targets used to monitor the growth of the money supply, are “unknowable.” In doing so he has attempted to close the door on further study and debate. His rhetorical vehemence may be seen as an effort to create passivity in others. Once again he invokes the argument that uncertainty is too high to maintain the reliance on M1 as a dominant frame. Volcker has made clear his fundamental dissatisfaction with the status quo. He wants a significant departure from the old policy, a major policy change. His strong rebuttal of Roos suggests to all that he is not inclined to compromise or concede this time.

Aligning Moves- Breaking the old frame is a social as well as cognitive activity. As we saw in the exchange above, the rejection of old and valued frames is not likely to go unchallenged. Participants in the policy process are committed to its frames. They have employed these frames for years and are invested in their importance and validity. As a result, the rejection of the old frame elicits countermoves. Mr. Roos' effort at defending the frame in the exchange above is typical. At one level, rejection of the old frame would be expected to generate resistance, even cognitive dissonance, in members who had voted more than twenty times to support its efficacy as a policy tool. For a subgroup of members, the commitment to the frame runs even deeper, based on competing policy paradigms. In this case, targeting M1 and M2 is the operationalization of monetarist theory. Monetarists fought long and hard to have their beliefs recognized and they are not likely to relinquish their position easily (Heibroner and Milberg 1995).
The alignment process is a negotiation among those who feel most strongly about the old frame. Rejecting moves, like those made above by Volcker, are supported or contested by those with a strong interest in the attempted revision. If a policy change is to succeed, other members must back up the reframer's declaration of crisis and rejection of the frame. This kind of supportive move involves a *piggybacking* on the reframers' position. At the October 5th meeting other members of the FOMC affirmed Volcker’s interpretation of crisis.

**VICE CHAIRMAN SOLOMON.** I just came back from Europe. I am struck by the degree of malaise and of nervousness there—fears of all kinds—and the willingness of players to move enormous sums of money to Switzerland and the United States on gut instinct that things are just going wrong in Europe and that the future just doesn’t look good for Europe. And, of course, this was happening even in Japan where the statistics look better. There is a lot of money going out of Japan. And the exchange rate now is ridiculous; it’s 270 yen for the dollar.

**MR. MORRIS.** Well. I find the same kind of attitude among U.S. businessmen... I am seeing an attitude that I have never seen before, not even in the depths of the 1974-75 recession. There is a feeling of apprehension, a vague apprehension that maybe things are going to get out of hand. And it’s leading businessmen to take a very defensive posture...

**CHAIRMAN VOLCKER.** There’s no question that that thinking is widespread.... (FOMC 1882:25-26).

This use of anecdote and impression is informal but pointed and mutually supportive. It lays the groundwork for the needed consensus. But not all the comments are supportive. The contentious statements tend to be less anecdotal, more analytic, based on aggregated data and projected trends. Even in the early stages of the meeting, group members urge that an alternative interpretation be considered. In the following example, Robert Black, President of the Reserve Bank of Richmond, is supporting the more optimistic views of his monetarist colleague Lawrence Roos, President of the Reserve Bank of St. Louis.

**MR. BLACK.** Mr. Chairman, Larry rescued us from the straits of desperation and said some of the things I had in mind. There are two things that might be helpful to remember here. One is that it always looks very, very bleak right at the bottom and we all get very pessimistic, and I’m much more pessimistic than any of my associates in Richmond. The second point is that there’s a very low pickup in velocity projected over the next four quarters. And traditionally
most forecasters at this stage of the business cycle—maybe I should say at this apparent stage—have underestimated the pickup in velocity. We ought to bear those things in mind as we move through the meeting (FOMC 1982:28).

While claiming to share in the pessimistic consensus, Mr. Black is laying the groundwork for the argument against a major policy change at this time. At its core, the argument is that things are not as bleak as claimed. Prediction is still possible. Black's move is \textit{claiming exaggeration}, that the reframers have overestimated the problem. We are reminded again that reframing is a social act that involves dispute and negotiation. Major institutional change is not going to occur without resistance and conflict. Volcker is fully aware that his efforts will not go uncontested. His long and belabored recitation of bleak conditions suggests that he expects the new frame to be resisted. The reframers' opponents will continue to contest the abandonment of the policy throughout the meeting.

Constructing the New Frame: Projective Interpretive Politics

Revision of a major policy cannot be accomplished in the retrospective dimension alone. Reframers must move interested actors’ attention beyond the past and into the future to construct an image of the new policy frame and its superior efficacy. Reframers do not stop at breaking the old frame, they aspire to create an alternative. There is a temporal shift from retrospective to projective interpretive politics; a move from collective questioning of the past to collective questioning of the future: what will happen in our future if we change this fundamental practice? Emirbayer and Mische (1998:971) define projectivity as, “...the imaginative generation by actors of possible future trajectories of action, in which received structures of thought and action may be creatively reconfigured in relation to actors’ hopes, fears, and desires for the future.”
Under conditions of environmental stability, the projective interpretive politics of policy making are relatively consensual and routine. The frames are not in question. Rather the object is to use existing frames as a tool to interpret information. Negotiation is over the rate of expansion or contraction in the money supply, not the policy instruments themselves. In conditions of crisis, projective action is taken not only to imagine the future but to suggest the means of intervening in and changing it. The process of constructing a new frame is accomplished by rearranging and transforming the old one. This is not accomplished in a single imaginative act, but rather by negotiation and argument in which participants challenge one another’s projections. The reframer offers a narrative account of the proposed new practice. The reframer is challenged by those members defending the existing arrangements. Ultimately, a resolution is offered that incorporates as many concerns as possible and appeals to the largest constituency in the meeting. The majority tries to minimize the number in the minority, mindful that the policy will be revisited in five or six weeks.

*Projecting New Frames* - At this point reframers engage in the riskiest part of their entrepreneurial action. They shift from critic to advocate. They are proposing to upset the routine, to change a fundamental practice. To do this, they must get their colleagues to imagine along with them a future clouded in uncertainty; one they can only loosely characterize. In the context of the FOMC, the object of the meeting is to craft a policy that the members can vote on before the end of the meeting. In periods of stability, this is generally done in a collegial spirit (Kettl 1986). In the previous meeting in August the majority of members did not recognize a crisis. Despite Volcker’s efforts, a consensus emerged that monetary targeting would continue and a broad range for interest rate fluctuation would be tolerated (Abolafia 2002). In the October 5, 1982 meeting Volcker is not waiting for a consensus to emerge. As we have seen, he is
preempting the usual structure of the meeting. The challenge for a reframer is to construct a frame that will reflect the largest possible consensus sharing the recognition that a major policy change is necessary.

Once again Volcker *preempts the narrative arc* of the Committee’s traditional meeting pattern. This framing move both signals the unusual circumstances and upsets the routine of shared decision making to which members are accustomed, thereby shifting power to the reframer. Volcker's preemption not only involves disruption of the routine, but the introduction of a new text. Instead of the usual circuit round the table to get each member’s analysis of current conditions, Volcker departs from traditional procedure by distributing a draft directive in which boilerplate language has been rewritten to reflect the major policy change he intends. The draft is a technical document that describes the FOMC’s outlook for the coming period and sets target ranges for the key indicators to which both the Fed and the army of Fed watchers attend. The indicators in Volcker's draft are sufficiently different from projections given at the last meeting and in the annual report to Congress that the intention is clear. Most telling is that the directive does not specify a target for M1. The distribution of this document to the group is a not so subtle means of projecting the new frame. Volcker gives a transparently disingenuous introduction.

CHAIRMAN VOLCKER: If we are ready, I think we ought to return to the policy discussion. The staff can distribute this draft text that I have for discussion purposes anyway. I have not read the directive probably literally for years; I don’t know whether I’ve read it since I’ve been here. But for some reason I got this boilerplate part in front of me, which goes in front of the operative part of the directive, and it seems to me singularly inappropriate. It probably always is, but it is more so now. I think this could use a judicious sentence or two, making some allusion to the strains or pressures or whatever in the banking sector these days and to the problems of foreign lending in particular...

MR. ROOS. This would mean that we would set no targets for M1?
[Secretary’s note: The draft directive wording circulated at Chairman Volcker’s request did not include a target for M1.]

CHAIRMAN VOLCKER. You are ahead of us. I’m just referring to this general boilerplate now, which I will cease talking about with the understanding that you may see a new sentence or two in there, if that’s acceptable (FOMC 1982:28-29).

To this point in the meeting Volcker had not stated this new frame explicitly, so Committee members have now seen just how far he thinks the Committee should go. Volcker’s first attempt at proposing the new frame is an act of omission, i.e. he simply leaves M1 out of the policy directive. President Roos, noting the glaring omission in the directive asks, “This would mean that we would set no targets for M1?” But Volcker, looking to make his case and get support before engaging in debate, puts him off saying, “You are ahead of us.” Volcker wants the directive to be more negative than the staff has written it. He is looking for support to add in a few sentences that would reflect his bleak outlook on international debt and the world economy. Before he can make his case any further though, the debate has begun. To this point Volcker has employed relatively subtle framing moves of preemption and omission to project his new frame. If this is not to be a repeat of the August meeting, the reframer must now effectively engage his opponents and enroll supporters.

*Debating the New Frame* - In a policy making group reframers are dependent on others to adopt the new frame. Each member translates the projected frame in accord with their own interests, their constituents' interests, and the agency's interests, as they perceive them. Supporters and opponents attempt to define and limit the interpretation of the new frame. Any negotiation of a new frame exists in the context of the old frame. The meaning of the new practice is culturally
embedded in the old. The group looks back at the old to make sense of the new. Those members not ready to give up the old frame renew their defense by questioning the benefits of the change.

PRESIDENT ROOS. Mr. Chairman, why would this be preferable to continuing to specify the target for M1 but putting in a disclaimer or at least the warning that M1 might behave in an unusual manner and if that occurs, we would reserve the privilege of adjusting it accordingly? I’d prefer that for the sake of continuity. ... There is still a significant amount of debate between Frank and me and others; some of us think that M1 is not as unreliable as others do.

Volcker is now compelled to specify his argument for the new frame. After establishing that his new frame would target interest rates, rather than the money supply, Volcker clearly reveals his agenda both in terms of what it is meant to signal and what it is meant to accomplish. The omission of M1 is an effort to shift to framing high interest rates as the problem to be solved. He states, “Let me clarify my comment. A 12 percent federal funds rate is totally unacceptable to me.... Eleven percent is also unacceptable to me ”(FOMC 1982b:32). It is clear that Volcker wants to shut off the options chosen at the last meeting, to allow for a broad range of interest rate fluctuation. President Horn, who would favor the old approach, deferentially raises the possibility of using the August solution.

MS. HORN. Mr. Chairman, this indicates your dissatisfaction with the way we handled it last time--that is, to have a target that was sensitive to-

CHAIRMAN VOLCKER. Yes, I am totally dissatisfied. What we did last time was unacceptable to me. I just want to make that plain. I think we made a mistake last time. I think we would not have so difficult a problem psychologically this time if we had not done what we did last time.

Having rejected the August solution as insufficient, he reiterates his commitment to bringing interest rates down, and ties it to his earlier analysis of the national and international situations. In this way the reframer "problematizes" (Callon 1986) the new frame, specifying the issues that the new frame is meant to address and reinforcing the sense of urgency expressed in
the retrospective frame breaking. This specification, of course, opens the new frame to more effective attack.

Chairman Volcker: ...What this is meant to convey is an operational approach that modestly moves the federal funds rate down. Whether it involves a discount rate change or not is something the Board is going to have to decide. But that is the tenor meant to be given here, rather straightforwardly, I might say...All I’m saying is, looking ahead, that I don’t want to end up a month from now with a 12 percent federal funds rate. I don’t even want to end up with an 11 percent federal funds rate, based upon everything I know about the market situation, the national situation, and the world situation.

MR. FORD. What you are saying quite plainly, if I hear you correctly, is that you think rates are too high now and you don’t want even a tiny increase from the present rate of 10-1/4 percent on the fed funds rate. You don’t want it averaging 11 percent.

CHAIRMAN VOLCKER. I surely do not,

MR. FORD. You want literally to cap interest rates where they are now, or better yet, to drive them down.

CHAIRMAN VOLCKER. Drive them down? I’d like to see them a little easier, yes, if we can get by with that.

Once the reframer has revealed his or her agenda, the opponents may try to derogate the new frame as inappropriate, counternormative, or even dangerous. These opponents will use disparaging language to characterize the proposal. In the segment given above, Mr. Ford has characterized Volcker's new frame as an effort to "drive down" interest rates or "cap" them. These are derogatory characterizations of Keynesian policy that, at the time, had been discredited. Opponents may also suggest the negative consequences such action would have for the Fed's reputation as well as individual members' reputations and identity. After the clarification given above by Volcker, President Ford rejects the new frame even more strongly. At this point the lines of conflict have become transparent.
MR. FORD. I want to say, respectfully, that I’m flatly opposed to this...First of all, I’m not convinced that pegging interest rates at today’s level or trying to push them down is best for the economy. Secondly, changing policy now in this context and saying overtly, as you said it, that we should hold interest rates where they are and try to push them down is going to make us extremely vulnerable to charges- -unfounded I feel, because I don’t question the motives of the people here who would vote for this. I think the repercussions of this are going to be terrible.

Chairman Volcker: That’s an enormous concession (FOMC 1982:33).

Enrolling Allies - As Volcker’s sarcastic remark suggests, his opponents are conceding only that his motives are sincere1. As positions begin to clarify, the reframer must build a coalition of supporters who buy into the new guiding narrative. The rejection of the prior consensus and the committee's mandate to issue a directive compel a process of alignment. Members enroll through active support for the policy change. As we have seen, Volcker has been laying the groundwork for such a coalition by offering a variety of alternative rationales for reframing. The reframer endeavors to enroll allies (Callon 1986, Latour 1987) by offering frames useful to a diverse group of participants. If the framing has been successful, allies will begin to express their support in terms of this variety of agendas. Sherman Maisel, a former member of the FOMC, explains how these multiple logics of action work in practice.

It would not be unusual to find two members voting to change policy because they fear a balance of payments effect; two others who are concerned over a possible slowdown in the economy; another who desires lower interest rates; and still another who feels that the policy would lead to higher interest rates but welcomes them. While in complete disagreement over the projection, goals, and policy result, they could concur on specific operating instructions (Maisel 1973:51).

Once the new frame has been projected, one or more synthetic solutions will be offered so that the new policy can be agreed on. Members of the group will either echo the reframer or offer alternative agendas that may be used to rationalize the policy change. A member,

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1 Volcker is responding to Ford's claim that the FOMC's action may be seen political, i.e. designed to influence the upcoming midterm elections by pumping up the economy. See Ford's longer quote (FOMC 1982:33).
usually someone other than the reframer, will play the role of mediator in a ritualized effort to resolve the conflict. In this instance, three different agendas are offered. The first two are echoes, the third is an alternative. In the first, Charles Partee, one of the Governors, tries to offer the opponents, led by Bill Ford, an alternative interpretation of the new policy. He places the emphasis on the temporary uncertainty of the M1 statistic, rather than focusing on the new policy's rejection of the old monetarist frame. This interpretation is supported by Governor Wallich, who is not ready to reject the monetarist frame but shares the view that M1 has lost its usefulness.

MR. PARTEE. You know Bill, I would put the emphasis a little differently here. Maybe the wording needs to be changed some; I wouldn’t put it in terms of moving interest rates down. I think the problem is that M1 could do almost anything in the period to come. In fact, it already has done almost anything... (FOMC 1982:33)

MR. WALLICH. I think we have to detach temporarily from M1 because it has become so uncertain both because of the All Savers Certificates bulge and the new instrument coming along. Even if that bulge were not to occur, we would have the new instrument and we simply don’t know its likely effect, all we know is that it could be very major.....and that gives us the opportunity to target on M2. That seems to me perfectly defensible substantively and still within the formal framework of our policy (FOMC 1982:34).

Wallich is making the case that one could vote for the policy change without rejecting the monetarist frame. Volcker gets Wallich's support here based only on the uncertainty around M1 as an indicator. Wallich's membership in the coalition is fragile and, in some sense, idiosyncratic. He is, in fact, opposed to Volcker's agenda of lowering interest rates. His own agenda is to shift to M2 without rejecting monetarism and he is trying to frame the policy change in this light. It seems likely that he is trying to shift members of the emerging coalition over to his
interpretation. The tenuous nature of his membership was proven in future meetings when he joins Volcker's opponents who have an agenda closer to his own.

A second group of allies echoed Volcker's concern with the world-wide economy and his declaration of crisis stated early in the meeting. The first speaker, Mr. Gramley, expands on the framing move in which Volcker dramatized the extent of dysfunction in the world economy. The second speaker uses Volcker's rhetoric about "uncertainty that feeds upon itself," suggesting a downward cycle that must be broken by strong action. The third admits to having been swayed by Volcker's calibration of the crisis.

MR. GRAMLEY. My own judgment, however, is that the problem we face is much more fundamental than whether we target on M1 now because of All Savers Certificates and the new DIDC regulations that will come out as mandated by legislation. I think the world economy is literally starved for liquidity. And I’d liken this situation to the dietary analogy that suggests. I am worried that we have gone on long enough starving the world economy for liquidity and that we may be at a point of impending anorexia (FOMC 1982:38).

MR. RICE. Well, Mr. Chairman, I have very little to add to your tour d’horizon. I think it covers admirably the situation that we find ourselves in ...In your words, the developing disarray feeds upon itself, and until we see some evidence of a turnaround, I think we’re in a very vulnerable situation. Therefore, I support this directive language. (FOMC 1982:44).

MR. BOYKIN. Well, Mr. Chairman, when I came to the meeting this morning I was pretty much of the view that Bob Black and to some extent Bill Ford expressed. I must say that your review of the world situation prior to the coffee break woke me up.

A third group of allies expresses support for the policy change contingent on discretionary action by the chair. They do not simply echo Volcker's reframing, rather they raise practical issues about the presentation of the new frame and ask for an adjustment in return for their support. We will examine this practical adjustment and others in the next section. At this point the new frame has been projected and clarified. A minority has raised strenuous objection.
These objections, which have identified important practical consequences of the proposed change, must now be addressed to secure the largest possible coalition.

Adjusting the Frame: Practical Interpretive Politics

To this point we have described the interpretive politics of policy making in terms of deconstructing the past and projecting a changed future. Urgent situational contingencies impel policy making groups to deal also in the present. The newly projected policy must be fine-tuned in keeping with the immediate context. Emirbayer and Mische, referring to this practical dimension of agency, explain that "newly imagined projects must be brought down to earth within real-world circumstances (1997:994)." This is accomplished through an open discussion about how others, especially consequential stakeholders, are likely to interpret and react to the new policy. It assumes that the new policy, in this case the directive, exists within a wider community of interpreters, and that the nature of this community's interpretation is not a foregone conclusion. Framing moves are used by the policy group to orchestrate this wider interpretive process. In this sense, the interpretive politics of policy making extends to the worldwide network of financial, industrial and political stakeholders.

Under conditions of relative stability, the practical interpretive politics of policy groups focus on carefully evaluating and constructing the signal that the new policy will send to stakeholders. The policy making group endeavors to shape the sense that others will make of their work (Abolafia 2002). It tries to predict the expectations and probable actions of its audience. In the case of the FOMC, the members attempt to estimate how consumers, firms and markets will react to their actions, i.e. how FOMC action will affect spending and investment.
This requires "psyching out" the markets, predicting response for the purpose of influencing it. Much of this is accomplished through the group crafting of the signal to be sent with an eye to its interpretation. Under conditions of instability, when policy groups are most likely to engage in major policy change, the practical interpretive politics focus on assessing a particular type of environmental response: reputational effects.

Guarding Reputation /identity/- - Even, and perhaps especially, in the midst of dramatic policy change, policy makers are the guardians of institutional stability and survival. Survival of the organization demands protection of its reputation for effectiveness in the performance of its mission. At the same time, the individual policy maker's identity as skilled role incumbents is at stake. Reputation is the most prominent frame that members of the FOMC use to rationalize their policy positions. Its prominence in the transcript suggests its legitimacy as a guiding narrative for policy making. Policy makers are always aware that their actions will have consequences for their credibility. Reputation is important to FOMC members because the Fed is expected to hold the line on inflation as it sustains economic growth. If this expectation is undermined it may generate counterproductive activity on the part of corporations and investors. The salience of reputation for market psychology makes it a major locus of interpretive conflict in the politics of policy change.

Critical to any discussion of reputational effects is a sense of how stakeholders will calibrate the change. Members of the group engage in a framing contest for defining the magnitude of the perceived policy change.

MR. BOEHNE. Well, aside from whether this is a good idea or a bad idea, when this directive is made public I think it is going to be viewed as a substantial change in the way monetary policy is being directed.

MR. MARTIN. A substantial temporary change or a substantial change?
VICE CHAIRMAN SOLOMON. A change to reverse.

MR. BOEHNE. No, I wouldn’t say it’s a reverse, but it is a substantial change.

Members of the committee attribute the expected negative response to change to several factors, all of which relate to the group's credibility. For Mr. Roos the central concern is that the policy change will be construed as an effort to pump up the economy before the midterm elections (1982:48). Vice Chairman Solomon expresses the concern of several others that it will be taken as a signal that the strong anti-inflationary bias of monetarism has been abandoned.

VICE CHAIRMAN SOLOMON. I think this is a rather momentous FOMC meeting. I had thought that we had until maybe 1986 before the pace of deregulation and innovation would bring us to this point...I recognize that there will be a good deal of questioning, not only in monetarist circles but more generally. I don’t think there will be an avalanche of criticism given our credibility, but there will be major questioning as to what this means in terms of longer-run anti-inflationary policy. And it seems to me that there ought to be some words (to convey) our longer-run commitment and our expectations that inflation will continue to come down (FOMC 1982:49).

Reputation is important to organizations because of its influence on the flow of legitimacy and material resources from the environment. The legitimacy of the organization can, in part, be judged by the degree to which the wider community accepts existing frames. Policy makers are responsible for maintaining legitimate frames. The decision to change such a frame can have substantial consequences for maintaining or threatening an organization's legitimacy. As a result, efforts at interpreting reputational consequences can be quite conflictual. These consequences can be translated into more personal identity issues by the competing framers. In the following three excerpts, the discourse is couched in terms of integrity and credibility. Each
speaker tries to put a positive or negative spin on stakeholders' potential interpretation of the new frame.

MR. FORD. I’m reacting to what the Chairman is telling us, which is I think commendably honest, in that he is saying he really doesn’t want to see interest rates raised. That’s what I’m reacting to regardless of what it says here. And I think that will be apparent in the marketplace well before this is published and our integrity will be brought into question if we proceed along that line.

CHAIRMAN VOLCKER. Your vision of our integrity.

MR. FORD. My vision, yes (FOMC 1982:34).

MR. MARTIN. I’d like to turn the integrity argument around and argue for the second thoughts of the commentators and the analysts of our policy... The second thoughts -- which may be based on some analysis rather than on a knee-jerk reaction to what we do - would be that the integrity of the Federal Reserve is that they pursued policies with an eye to the growth of the economy, to the liquidity of the domestic and international system, and indeed, they did this despite the political consequences that occurred in the short run. They maintained their integrity as a central bank (FOMC 1982:35).

CHAIRMAN VOLCKER. Most people in the financial markets at least, to put it bluntly, think we’ve overstayed the course now. It gets into this great question of credibility that I suppose we’re taking rather personally. At the risk of being misunderstood, following a mechanical operation because we think that’s vital to credibility and driving the economy into the ground isn’t exactly my version of how to maintain credibility over time. Credibility in some sense is there to be spent when we think it’s necessary to spend it and we can carry through a change in approach. I don’t think this is all as extreme as some have painted it (FOMC 1982:50).

The final major framing move is spinning the announcement. Even to the end of the meeting the alliance may be fragile. Some members are less comfortable with the new frame than others. Both supporters and opponents seek to make adjustments in order to buffer its potential reputational consequences. Toward the end of the October 1982 meeting, the proviso offered is that the chair will use his discretion to maintain the anti-inflationary bias of the Committee. This reflects the belief that monetarism provides a rule-based control of monetary growth while
interest rate targeting gives more discretion to the Committee and creates more inflationary expectations. Both speakers express their trust that Volcker, given his heroic reputation as an inflation buster, will not inflame such expectations. Nevertheless, such public expressions of trust may be seen as subtle constraints on the chair's discretion between meetings.

MR. BOEHNE. Well, I think how one comes out on this depends on whether one wants to take the risks on rules or on the side of discretion... I must say, however, that whenever one bets on discretion versus rules, it depends a good bit on who is making the discretionary decisions. I believe this kind of directive puts much more than the usual amount of authority in the hands of the Chairman. And with this particular Chairman, I don’t have any problems, given the circumstances. So, because of the situation and because of the person who is going to have to use a good bit of this discretion. I’m supportive of the general approach as proposed in the alternative directive language(FOMC 1982:43).

VICE CHAIRMAN SOLOMON. The presentation is critical. And judging from past history, the presentation is probably going to be more dependent on the Chairman’s statements than it will be on the directive, particularly given the publication lag and the fact that we are expecting such a large bulge in the first week of October and something has to be said. Now, since the Chairman has a mind of his own, I would assume that if he gets a majority vote on the substance of this directive that it may not be worth spending a lot of time interpreting and arguing about the more marginal sentences(FOMC 1982:49).

Rather than deferring to the chair, this framing move seeks to constrain him. Both speakers acknowledge the discretion of the chair between meetings and state their expectation that his public statements will reflect their bias for non-inflationary policy. Volcker gives a long balanced reply in which he acknowledges the anti-inflationary progress made under the old frame (monetarism), but strongly defends the new frame in terms of preventing an institutional legitimacy crisis.

CHAIRMAN VOLCKER. I don’t think we’re just dealing with the theory here. We are dealing with a real world and assessing where the risks are. It’s quite clear in my mind where the risks are. I think I made it quite clear in terms of economic developments around the world. But if one
wants to put it in terms of risk to the institution: If we get this one wrong, we are going to have legislation next year without a doubt. We may get it anyway.

Despite the discussion of the chair's discretion and the Committee's expectations for its use, the members still try to craft the wording of the directive. They get down to arguing about single words and phrases. The issue is over what they convey by including or not including an interest rate target.

MR. WALLICH, If we drop it, that would convey less of an interest-rate-oriented directive. And I think it’s desirable to avoid being very specific about our interest rate objective here.

MR. CORRIGAN. Who knows how the market will interpret it? I think the other argument is just as likely: That the absence of it would lead to the view that we really have zeroed in on a specific number. I don’t know.

CHAIRMAN VOLCKER. Well, there are arguments on both sides. I don’t feel strongly at all. Leave it out?...

The final vote was nine to three in support of the frame change.

Discussion

This analysis of group policy making at the Fed suggests several observations about the interpretive politics of policy change. First, the participants in interpretive politics craft multivocal policy. Multivocality refers to the fact that a policy "can be interpreted coherently from multiple perspectives simultaneously" and the fact that "public and private motivations cannot be parsed" (Padgett and Ansell 1993:1263). This is particularly true when the policy itself is constructed from multiple analyses and motivations. Even the dramatic reframing at the October 1982 meeting, so strongly influenced by Volcker, was interpreted by various members
in different ways and voted for with differing justifications. This multivocality is enhanced by
the shroud of secrecy behind which Fed policy making lies. An army of interpreters (the Fed
watchers) is paid to parse the meaning of every action. These interpreters can impart their own
meanings to FOMC actions. The assignment of interests and motivations becomes a source of
academic debate. As Padgett and Ansell explain in their analysis of the Medici, such
multivocality, when accompanied by inscrutability, gives the producer the widest possible
discretion in a turbulent environment. "Robust discretion, in the face of unpredictably hostile
futures, and Solomonic legitimacy, above the self-interested fray, were the intended or
unintended (who knows) consequences" (1993:1310)

Second, our analysis suggests that interpretive politics in policy making groups has a
temporal structure that is related to the group's epistemological assumptions. In the retrospective
phase, group members are dealing with what is known. They place economic "facts" before the
group in order to influence the ongoing narrative of what is "really" known about existing
conditions. In the projective phase, group members are dealing with what is probable in an
uncertain future. In predicting future consequences of policy alternatives, they engage in a
heightened politics of positioning and derogating. In this phase their language reflects serious
doubts about what is "knowable." In the practical phase, they attempt to shape what will be
known about their policy decisions and about their interpretation of economic conditions. They
engage in "spinning" because they recognize that multiple interpretations are inevitable. All
these phases overlap, but the framing moves are different in each because of the different
assumptions about what is known, what is knowable, and what others should know.

Finally, we have seen that the narrative arc of the meeting, from first ambiguity to final
policy, is contested terrain. The reframer attempts to engage group members in a collective
questioning that departs from the customary analysis. This questioning of dominant frames is resisted by those most attached to the frame. The reframer continues the disruption by introducing a new narrative; one that is further resisted. If a dominant coalition in support of the new frame can be created, the meeting may end in a dispute over the consequences for reputation and identity. The interpretive politics of policy change challenge the ongoing policy group to forego the comfort of its usual routine for the realm of unexpected moves and creative conflict.

Conclusion

This paper has explored the dynamics of interpretive politics in the process of group policy making at the Federal Reserve. In particular, it has focused on the interpretive politics that accompany a major policy change. It has identified a temporal structure to the meetings and a related set of framing moves that participants use to contest existing policy frames or project new ones. By looking at group policy making as an interpretive game with a repertoire of moves, it has focused our attention less on player's preferences and beliefs and more on the social process of meaning construction.

The use of this approach makes clear that the framing skills of the actors play a large role in the policy making process. Not only reframers, but their supporters and opponents, engage in a contest of moves. The interpretive politics approach illustrates how these actors use their immediate contexts, shaping them and being shaped by them. Stage of meeting, existing customs, such as the directive, and prior decisions are all opportunities for influence as well as constraints. Members of the group compete to turn the constraints to opportunities. The ultimate goal of these moves is to interpret the environment, shape the framing process, and construct
policy. The interpretive politics approach provides a systematic method for the study of framing moves and the contexts that elicit them.

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Framing Moves: A Temporal Model

I. Breaking the Frame: Retrospective Moves
   A. Calibrating the Shock
      1. Dramatic comparison
      2. Attributing confusion
      3. Attributing incapacity
   B. Rejecting the Old Frame
      1. Casting Doubt
   C. Aligning Moves
      1. Countering
      2. Piggybacking

II. Constructing the New Frame: Projective Moves
   A. Projecting New Frames
      1. Preempting the narrative arc
      2. Proposing the Frame
   B. Debating the New Frame
      1. Questioning Benefits
      2. Revealing Agenda
   C. Aligning the New Frame
      1. Offering Alternative Rationalizations
      2. Positioning

III. Adjusting the Frame: Practical Moves
   A. Calculating Reputational Consequences
      1. Positive Spin
      2. Negative Spin
   B. Wordsmithing (Signaling)

FIGURE ONE