The three felicity conditions for “Open Mouth Operations”

For central bank announcements (CBA) to exercise autonomous power over financial markets, certain felicity conditions must be met. Their independence and transparency were quickly pinpointed by economists. Other factors have recently been identified by social scientists, such as their educative apparatus and their insertion in the institutional configuration.

Based on Peirce’s semiotics, this paper proposes a more systematic view of these felicity conditions: for a sign – e.g. CBA – to perform in financial markets, it must be *followed* by market professionals. Peirce’s triadic conceptualization allows us to break down this requirement: the sign must be *perceived* (as when one says “I follow the news”), *understood* (“I didn’t follow a word he said”) and *obeyed* (“I follow the instructions”). This distinction points to strata of social life where the success or failure of these processes of signification is played out: the *situation* that shares the visible and the invisible, the *organization* that generates and transmits cognitive resources, and the *institution* that stabilizes authority. Using this grid, we identify, for the case of CBA, the elements that are well documented in the literature and those that are not. By mobilizing some ethnographic material from a recent survey in a trading room, we then open up some avenues of research related to the situational issue that appears to be under-documented (see Table 1).

Finally, this semiotic approach will allow us to briefly apprehend the question of the “community of reception”, i.e. the public to which a sign is addressed. In our case, it is above all traders who are called upon to perceive, understand and obey the CBA; yet their way of perceiving, understanding and obeying is singular. Based on our fieldwork, we will conclude by putting forward certain hypotheses concerning this community of perception and interpretation composed almost exclusively of wealthy white men.

Felicity conditions	Perceived	Understood	Obeyed
Dimension	Sensory	Cognitive	Normative
Strata	Situation	Organization	Institution
Examples from the literature	?	- Transparency (facilitating identification and anticipation of CB interventions) - Educative apparatus (Braun, 2015) - Research department reform (new statistics published)	- Independence (ensure credibility of commitments) - Insertion into the institutional order (Wansleben, 2018)

References

Braun, B. (2015). Governing the future: The European Central Bank’s expectation management during the Great Moderation. *Economy and Society*, *44*(3), 367–391.

Wansleben, L. (2018). How expectations became governable: Institutional change and the performative power of central banks. *Theory and Society*, *47*(6), 773–803.