

CONTENTS

INTRODUCTION	15
1. CENTRAL BANK INDEPENDENCE	19
1.1. Dimensions of central bank independence.....	22
1.2. Aspects of central bank independence.....	32
1.3. Measurement of central bank independence	39
1.4. Impact of central bank independence on country's macroeconomic performance.....	65
1.5. Central bank independence and political instability.....	75
1.6. Critics of central bank independence.....	77
2. CENTRAL BANK INDEPENDENCE OF SELECTED SEE COUNTRIES... 83	
2.1. Functional independence	84
2.2. Institutional independence	94
2.3. Personal independence	111
2.4. Financial independence.....	123
3. INDICES OF CENTRAL BANK INDEPENDENCE OF SELECTED SEE COUNTRIES.....	141
3.1. Indices of legal independence	141
3.2. Indices of actual independence	164
3.3. New independence index – EU membership requirements and inflation.....	174
CONCLUSION.....	183
REFERENCES.....	189
ANNEXES	198
Annex 1 - Summary of Empirical Research on Legal and Actual Central Bank Independence	198
Annex 2 - Calculation of Cukierman, Webb and Neyapti CBI Index for SEE8 central banks	200
Annex 3	204
Annex 3.1 - Calculating the new index - EU membership requirements.....	204
Annex 3.2 - Calculating the new index - EMU membership requirements.....	205