

# **CENTRAL BANK GOVERNANCE: COMMON ELEMENTS OR DIFFERENT MODELS?**

## **ABSTRACT**

Hong Kong, Singapore, Australia and New Zealand are four small open economies. Australia and New Zealand are primarily inflation targeting countries, operating under somewhat different institutional frameworks. Hong Kong and Singapore place major emphasis on exchange rate stability, the former in a fixed exchange rate (Currency Board) context, and the latter in a managed floating exchange rate (NEER) context.

In a broad sense, the aim of this paper is to establish whether the successes of these economies in achieving primary monetary policy goals can be associated with common elements of governance, or are substantially associated with different statutory and institutional frameworks, governance arrangements and decision-making procedures.

The key specific focus is on *central bank* governance, particularly as that relates to monetary policy decision-making and performance, though some closely related *corporate* governance issues in accountability also receive attention.

By and large, each economy has had considerable success since the early 1990s, in achieving its macroeconomic and monetary policy goals. However, economists have had rather more limited success in establishing robust empirical relationships between monetary policy goals on the one hand, and broad governance related concepts such as independence, credibility, transparency and accountability on the other. Attention is therefore turned to detailed identification and benchmarking of recent and current operational procedures. These cover the roles of governing boards, of monetary and other decision making-procedures, and degrees of transparency and accountability. Some assessments are offered.

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