

# The Development of Central Bank Independence: Empirical Evidence

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## Abstract

In the academic literature there are different indices to quantify the independence of Central Banks. The main indices to measure Central Bank Independence (CBI) were published between 1970 and 1990. This paper applies CBI indices to a sample of 15 industrial countries and the European Central Bank (ECB) to the current legal conditions. Hence, we are able to study the development of CBI and how it is related with change of inflation. Overall, we find that CBI has increased over the last decades. However, the original approaches to determine CBI do not consider the unconventional monetary policy (Quantitative Easing (QE)) that has been practised by Central Banks in recent years. Considering QE leads to lower CBI scores which are still higher than the original scores that were determined in the 1970's-1990's.

*Keywords:* Central Banking, Central Bank Independence, Measurement of Central Bank Independence

*JEL Classification:* E52, E58

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The views expressed in this paper reflect the authors' personal opinions and do not necessarily reflect the opinion of the Deutsche Bundesbank. The authors thank an anonymous reviewer and the editor for their careful reading of our manuscript and their many insightful comments and suggestions. We also thank participants of the 2023 Global Finance Conference as well as Uwe Schollmeyer and Charlotte Schemm for helpful comments and suggestions.