DIPLOMA THESIS

A comparison of the legal regulation of the Central Bank in the CR and selected countries of the European Union

Abstract

The aim of this thesis is to analyze and evaluate the central bank legislation in the Czech Republic and in selected countries of the European Union. Major focus is on banks’ degree of legal independence from the executive power and from potential negative impact of executive power representatives on governance of the institution as well as on monetary policy decision making. The issue of independence is closely linked to monetary stability, especially to level of inflation, where the politicians’ excessive influence may result in undesirable fluctuations in the state's economy. The thesis results in a comparison of the banks’ legislation and in a positive assessment on the question of selected banks’ affiliation within the category of most appropriately regulated institutions. Initial hypotheses about the privileged status of the central bank of the Federal Republic of Germany and its suitability as a template for banks of central Europe’s transition economies in the Nineties of 20th century are also positively evaluated.

Apart from the key parts of the thesis, i.e. the introduction of theoretical models and works dealing with measurement of central banks’ independence in Chapters 2 and 6, and their use in computing and appraising of the real current situation in Chapter 7 and in the Conclusion, the thesis in Chapter 1 summarizes currently valid and effective legislation of the representative countries and also focuses in detail on the development of selected institutions since the moment of their foundation to the crucial history moments leading to the current state in Chapters 3-5.

Key words:
Czech national bank, Bundesbank, Bank of England, independence