When this itinerant African became Governor of the Bank of Israel eight years ago, some on the eastern seaboard who think that ideas and power make the world go round thought, perhaps *sotto voce*, that he had stepped out of life.

Indeed, Israel is a small dusty place somewhere on the banks of the Jordan River, and little it does in the economic sphere shakes global markets.

But the world is not just about ideas and power; institutions also matter. Those here on the eastern seaboard could learn a great deal from how he got the best out of the Bank of Israel, through his work on process, structure, and mandate.

On process, Stan will tell you that all Israelis have firm opinions on everything. And if you are not persuaded of their view, they doubt your command of the field, no matter your stature in it. Israelis are not predisposed to groupthink.

But financial institutions are. Stan tackled this head on at the Bank of Israel by being at the top of his field and by owning when he had got things wrong.

His professional standing held at bay the stultifying instinct of senior management everywhere to cling to convention. Instead of being measured by how safe, senior, or subservient they were, the primary metric for managers and staff throughout the Bank was how substantive they were. That liberated.

But as an essential counterpart to this, he was not just willing to change his mind, but to acknowledge when he had done so. From intervention to mandate, he moved, openly reversing his own long-held views. He found himself saying "never say never" often. This flexibility banished the stifling atmospherics that are the inevitable bedfellows of claims, however implicit, of infallibility.
And it worked because it was personal and specific, with no "we as an institution got it wrong", nor "but so did others", nor any hint of defensiveness or PR. Rather, he exuded pleasure in learning. Few others have spoken of the global crises in this way, perhaps because it requires his kind of humility to do so.

As a result, there was no whispering of Versaillian courtiers behind his back in the Bank of Israel, nor dread of Stalinesque retribution if one of these topics surfaced. The air was fresh, truth was spoken to him, and lessons were learned.

But even process like that can only get you so far. Structure matters too.

The 2010 Bank of Israel law established the bank as an inflation targeter, a success which elicits little more than an approving nod here. It deserves better.

When Stan took up his post, the Governor was the sole decision-maker on all monetary matters. When he left, those powers were lodged with a monetary policy committee. This was no token shift and it would not have happened but for his efforts.

The point is that in pursuing it, he labored to reduce the powers of the office he held, for the institution's sake. Few others would dream of doing such a thing.

Yet the wisdom of doing so is already evident in the stability in Israel despite the hiatus in appointing his successor. Others have been shaken by tapering and the US debt standoff. In Israel, barely a blip, despite his long-vacant chair.

And there is the determination that it took. He fought for half a decade to get the law through the political thicket. But faced with that and the risk of failure, he refused to resign himself either to making the status quo "work" or to trading the substance of reform for its speed or form. He did not get everything he wanted, but, by going right down to the wire, he got the essentials. That is how to do it.

Make no mistake; the Bank of Israel is not perfect and nor, as he avows, is he. But that is not the measure. His initiatives on process and structure built an institution that is considerably greater than the sum of its parts. That is the measure, and the evidence.
And all of this bore its full fruit because he moved on mandate.

He arrived a purist: "We do not interfere in fiscal lest they return the favor and our independence is lost." But this faith did not last. Important as independence is, he came to the view that a central bank should not withhold its contributions on broader economic matters when there are greater issues at stake.

Nor does he have any truck with retreat to those core competencies if there is difficulty executing even those, perhaps reflected in "overly optimistic" projections. His message is "if that's your problem, own and fix it, through process and structure as necessary, and look outwards".

And that is what he did. Israel escaped recession and banking instability after Lehman's with innovative and much-imitated responses to capital inflows and global panic. But beyond these core actions, he also saw that it made no sense to separate the inflation target from defense spending, the fortunes of the Arab-Israeli and Ultra-Orthodox minorities, or relations with the Palestine Authority.

So he drew the Bank of Israel into all three areas with subtlety and force. Those who sought to raise defense spending and cut taxes regardless knew that the Bank stood in their way. He inclined to err on the side of monetary stimulus in case minority labor supply, contrary to self-fulfilling preconception, was there to meet it. And, far under the radar, the Bank labored to ensure that the Palestine Authority's use of the Israeli shekel as their currency worked for them as well--a quiet concrete expression of goodwill in a region in desperate need of it.

All of this is what a full understanding of mandate--in this case to meet an inflation target--looks like, and what it yields.

Those eight years in Israel were far from eight years out of it. There is much to be learned--perhaps especially at this distance from the Jordan River--from Stan's sojourn there. We would do well to go with him for a walk.

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October 27, 2013