

Central banks' expanding roles & control mechanisms



1. Practical information

Organizers: Inland Norway University of Applied Sciences, Department of Private law and PluriCourts at the University of Oslo

Place: University of Oslo, Domus Academica, room 6 (up the stairs to the right) (Karl Johans gate 47, 0162 Oslo)

Date: Friday 10 June

Time of seminar: 9.00 – 16.30

Dinner for presenters: 19.00

2. Background for the workshop

The central bank is the independent monetary authority of a state. In the last decades, central bank policymaking has predominantly operated within a specific framework: central bank independence as the institutional set-up; price stability as the primary target; interest rates as the operational tools (Braun/Downey 2020). Though this framework is considered by many to be self-evident and indisputable, it is also the result of a long and conflictual historical process.

When financial markets are functioning normally, central banks remain in the background and are relatively invisible. When financial markets are experiencing a crisis and threaten to break down, central banks can step forward and implement measures to stabilise the economy. In response to the global financial crisis (GFC) starting in 2007, even more so under the current global covid-19 pandemic crisis, as well as in response to the ongoing climate crisis, we see that central banks across a vast number of jurisdictions have gained an expanding role in economic crisis management.

The expanding role is firstly seen in the unprecedented increase in central bank purchases of financial assets in the market in an attempt to stretch out a giant public safety net across the financial system (Tooze 2020). Second, we have also seen that central banks' activities and areas of competence have expanded into the area of competence of other public institutions, such as the parliament and financial supervisory authorities. The policy responses given by central banks have been described by many as pivotal, unorthodox, unconventional but also necessary. On the one hand, it can be argued that all these crisis influences both price stability and financial stability – two core concerns of many central banks. On the other hand, it can be seen as a part of a general tendency, where central banks are no longer expected to only safeguard price stability in a narrow sense.

The expanding role of central banks prompts the question of whether a broader role for central banks in questions related to various crisis require rethinking their independence from democratic politics, or does it fit within their current mandate? Moreover, what institutions are controlling, in various ways, central banks, their decisions and policies?

The workshop will focus on various forms of control or overview with central bank decisions and policies. This includes overview mechanisms of parliaments, international and national courts' judicial review of central banks as well as more informal evaluation procedures central banks' policies. It also asks to what extent can and should parliament, the judiciary and international financial institutions control and review central bank policies and decisions.

The workshop aims at discussing questions like:

- What is the historical origin of this specific framework for central banking and how did central bank independence become the definitional set-up of central banking across the globe?
- How did this framework affect central bank interventions and response to the Global Financial Crisis, during Covid-19 and during the climate crisis?
- To what extent are courts and tribunals willing to review the legality of central banks' decision making, and how is this influencing central banks policies?
- What alternative mechanisms for checks and balances of central bank policies exist?
- Is there a need to change the current approach to central bank independence with the evolvement of central banks' responsibilities?
- How do we ensure central bank legitimacy under the current expansion of central banks tasks?

The workshop will bring together lawyers as well as philosophers, economic historians, political scientists. The aim is to provide a space for fruitful exchange and provide a deeper insight into interconnected aspects of central bank independence and various forms of control with central bank policies, from a historical and contemporary perspective.

The workshop is a part of the research project [Central Banks' expanded role in financial markets](#). The project is a collaboration between the faculty of law at the University of Oslo and Inland Norway University of Applied Sciences. The project is funded by the Finance Market Fund (managed by the Norwegian Research Council).

3. Draft program

9.00-9.15 **Coffee**

9.15-10.45 **Session 1: The relative independence of central banks - Intellectual and institutional background for independent central banks**

- Welcome with Mads Andenas, Professor in Law at University of Oslo (5 min)
- Helge Syrstad, Lawyer at Norges Bank (the Norwegian central bank), *'Instrument Central Bank Independence – the Norwegian Perspective'* (20 min)
- Lars Frederik Øksendal/ Gjermund Forvang Rognved, *'Central bank independence in a historical context'* (10 min)
- Karina Patricio Ferreira Lima, Lecturer in commercial law, University of Leeds, *'Sovereign Solvency and the Fiscal-Monetary Nexus: A Core-Periphery Approach'* (20 min)
- Bent Sofus Tranøy, Professor at Inland Norway University for Applied Sciences, *'The past and future of on instrumental independence of central banks'* (10 min)
- Discussion (25 min)

10.45-11.05 **Coffee**

11.05-12.45 **Session 2: Judicial review of central bank decisions and policies**

- Andreas Paulus, Professor in law at Göttingen Universität and former Judge at the Bundesverfassungsgericht, *'Judicial review of central banks in Germany'* (20 min)
- Michael Waibel (online), Professor in law at the University of Vienna, *'The German Constitutional Court and Central Bank Independence'* (10 min)

- Discussion (15 min)
- Tarjei Bekkedal, Professor in law at the University of Oslo, '*Judicial review of central banks in Norway*' (10 min)
- Astrid Iversen, Postdoc/ Associate Professor on leave, University of Oslo/ Inland Norway University for Applied Science, '*Central Banks, sovereign immunity and non-monetary policy activities*' (20 min)
- Discussion (15 min)

12.45-13.45 Lunch

13.45-14.45 Session 3: Other control mechanisms

- Yuliya Chernykh (online), Associate professor at Inland Norway University for Applied Sciences, Investment Law and banking supervision, '*Investment law and banking supervision*' (20 min)
- Discussion (10 min)
- Ambroise Fahrner, PhD Fellow at Paris Nanterre University/ Humboldt University '*The IMF surveillance of central banks' policies: the case of capital controls*' (20 min)
- Discussion (10 min)

14.45-15.00 Coffee

15.00-16.20 Session 4: Expansion of central bank tasks & the need for reform of central bank control mechanisms

- Ingrid Hjertaker, PhD Fellow at Inland Norway University for Applied Sciences, '*The creation of a "superministry" – the European Central bank, crisis management and bureaucratic power*' (20 min)
- Thoravalld Grung Moe, '*The legality of central bank liquidity support*'
- Discussion 10 min
- Matthias Goldmann, Professor at ESB Universität, Max Planck Institute Heidelberg, '*The Case for Intra-Executive Accountability in the Banking Union*' (20 min)
- Discussion (10 min)

16.20-16.30 Concluding remarks

19.00 Dinner for presenters

4. Attendees

- **Alexander Behringer**, Norges Bank
- **Ambroise Fahrner**, PhD Fellow in law, Paris Nanterre University/ Humboldt University
- **Andreas Føllesdal**, Professor in philosophy, University of Oslo, PluriCourts
- **Andreas Galtung**, Professor in law, Inland Norway University of Applied Sciences
- **Astrid Iversen**, Postdoc/ Associate Professor in law on leave, University of Oslo/ Inland Norway University for Applied Science
- **Bent Sofus Tranøy**, Professor in political science, Inland Norway University for Applied Sciences
- **Caroline Steenstrup**, Norges Bank
- **Gjermund Forvang Rognved**, Associate Professors in economic history, Inland Norway University of Applied Sciences
- **Helge Syrstad**, Lawyer, Norges Bank (the Norwegian central bank)
- **Ingrid E.G. Husebye**, Norges Bank

- **Ingrid Hjertaker**, PhD Fellow in political science, Inland Norway University for Applied Sciences,
- **Ingrid Kathrine Rogne**, Norges Bank
- **Jan F. Qvigstad**, Norges Bank,
- **Johann Leiss**, Associate professor in law, Inland Norway University of Applied Sciences/ Associate professor II, University of Oslo
- **Lars Frederik Øksendal**, Associate Professors in economic history, Inland Norway University of Applied Sciences
- **Mads Andenas**, Professor in law, University of Oslo
- **Magnus Esmark**, Phd Fellow in law, Copenhagen University
- **Matthias Goldmann**, Professor in law, ESB Universität/ Max Planck Institute Heidelberg, *'The Case for Intra-Executive Accountability in the Banking Union'*
- **Michael Waibel**, Professor in law, the University of Vienna,
- **Mike Bordo**, Board of Governors Professor of Economics / Distinguished Professor of Economics
- **Øyvind Eitrheim**, Norges Bank
- **Patricio Ferreira Lima**, Lecturer in law, University of Leeds, *'Sovereign Solvency and the Fiscal-Monetary Nexus: A Core-Periphery Approach'*
- **Ragna Alstadheim**, Norges Bank
- **Sascha Peters**, Senior Research fellow at the Chair for Public Law and Administration at the Heinrich-Heine University of Düsseldorf
- **Sjur Swensen Ellingsæter**, Associate Professor in law, BI
- **Tarjei Bekkedal**, Professor in law, the University of Oslo, *'Judicial review of central banks in Norway'*
- **Torkel Fagerli**, Norges Bank
- **Yulia Chernykh (online)**, Associate professor in law, Inland Norway University for Applied Sciences, Investment Law and banking supervision, *'Investment law and banking supervision'*