Steffen Elkiær Andersen

## The Origins and Nature of Scandinavian Central Banking

palgrave

## Contents

Part	I I	he Nati	are of Central Banking	1
1	Some General Remarks on "Central Banking"			3
	1.1 The Emerging Public Interest in "Central Banking"			3
	1.2	Some 1	Preconditions for Having "Central Banks"	6
2	Defi	ning "C	Central Banks": Four Criteria	11
	2.1	From	Chartered Banks to Central Banks	11
	2.2	The Four Criteria Defining Central Banks		12
		2.2.1	Criterion I: Being the Sole Note-Issuing Bank	
			in the Country	12
		2.2.2	Criterion II: Being the Guardian of the Value	
			of the Country's Currency	13
		2.2.3	Criterion III: Being the Bank for the	
			Government	16
		2.2.4	Criterion IV: Being the Bank for the	
			Country's Other Banks	17
	2.3	What	Is Not Mentioned?	20

Part	II		the Deluge. The Very Different Origins dinavia's Central Banks, the Great War,	
	i		Four Criteria	23
3	Sveriges Riksbank, and the Four Criter		ksbank, and the Four Criteria	25
	3.1	The Origins. Stockholms Banco (1656) and the		
		Invent	ion of Banknotes	25
		3.1.1	The Political Scenario	25
		3.1.2	Stockholms Banco, War Finance and the	
			Invention of Banknotes (1656–1664)	27
	3.2	Sverig	es Riksbank (1668–1866–1914)	30
		3.2.1	The Formation, Organization, and Operation of the Bank	30
		3.2.2	Sveriges Riksbank as an Issuer of Banknotes (Criterion I)	35
		3.2.3	Sveriges Riksbank as Guardian of the Currency (Criterion II)	38
		3.2.4		
			Criterion III	44
		3.2.5	Sveriges Riksbank as Bank for the Country's	. – –
			Other Banks (Criterion IV)	46
4	Da	nmarks ]	Nationalbank and the Four Criteria	53
	4.1 The Origins. The Copenhagen Bank (1736–181)			53
		4.1.1	The Political Scenario	53
		4.1.2	The Copenhagen Bank (or the Kurantbank)	55
		4.1.3	An Interlude. The Rigsbank, (1813–1815)	59
	4.2			61
,		4.2.1	The Scenario	61
		4.2.2	Nationalbanken as an Issuer of Banknotes	
			(Criterion I)	63
		4.2.3	Nationalbanken as Guardian of the Currency	
			(Criterion II)	64
		4.2.4	The Nationalbank as Bank for the	
			Government. (Criterion III)	66
		4.2.5	The Nationalbank as Bank for the Country's	
			Other Banks. (Criterion IV)	67

		Contents	xi			
5	Norges Bank and the Four Criteria					
-	5.1	The Political Scenario	69 69			
	5.2					
	J	in 1816	72			
	5.3		75			
	<b>J.</b> .J	5.3.1 Norges Bank as a Note-Issuing Bank	,,			
		(Criterion I)	75			
		5.3.2 Norges Bank as Guardian of the	. 75			
		Currency (Criterion II)	76			
		5.3.3 Norges Bank as Banker for the	, 0			
		Government (Criterion III)	76			
		5.3.4 Norges Bank as Bank for the Country's	, 0			
		Other Banks (Criterion IV)	. 77			
		Other banks (Circulon 14)	//			
6	The Scandinavian Currency Union (1873–1914)					
	6.1	The Formation and Workings of the				
		Scandinavian Currency Union	81			
	6.2	Some Comparisons with the Latin				
		Currency Union	87			
	6.3	ome Comparisons with the Post-World				
		War II Systems				
		6.3.1 Some Comparisons with the Bretton				
		Woods System	91			
		6.3.2 Some Comparisons with the European				
		Currency Union	92			
7	·					
	•					
	7.1	The External Financial Position of the Scandinavian				
		Countries in 1914	95			
	7.2	The Central Banks, the Outbreak of the War,				
		and the Aftermath	98			
		7.2.1 Sveriges Riksbank	98			
		7.2.2 Nationalbanken i Kjøbenhavn	103			
		7.2.3 Norges Bank	108			
	7.3	Some Preliminary Conclusions	115			

.

Part III		The Interwar and Postwar Period		119
8	Sver	riges Riksbank and the Four Criteria		121
	8.1	The Interwar Years		
		8.1.1	The Evolution of the Governance	•
			of the Riksbank	121
		8.1.2	The Role of the Riksbank in the Crisis	
			of the 1920s	123
		8.1.3	Practical Matters. The Riksbank and	
			the Kreuger Affair	127
		8.1.4	The Debates Over the Role of the Riksbank	131
	8.2	The Po	ost-War Years	136
		8.2.1	Social Democratic Rules and Regulations	136
		8.2.2	0	141
	•	8.2.3	EU Membership and the Riksbank Acts	
			of 1987 and 1999	145
.9	Dan	marks I	Nationalbank and the Four Criteria	149
	9.1		ationalbank in the "Roaring" 1920s	149
			The Banking Crisis of the 1920s	149
		9.1.2	· ·	153
	9.2	The N	ationalbank and the Challenges of the 1930s	156
		9.2.1		156
		9.2.2	The Nationalbank Act of 1936	158
	9.3	The W	ar Years-	166
	9.4	The Post-War Years		
		9.4.1	Foreign Exchange Shortage and Regulations	170
		9.4.2	Deregulation	174
	9.5	The Fi	nancial Crisis of 2008–12	175
10	Norges Bank and the Four Criteria			181
	,	_	nifting Problems of the Interwar Years	181
			The Crisis of the 1920s	181
		10.1.2	The Problematic 1930s	186

		Co	ontents	xiii
	10.2 The Troubl	esome 1940s		189
	10.3 The Post-W	Var Years		191
	10.3.1 Na	tionalization of Norges Bank		
		l Regulations		191
		regulation and the Banking Crisis		
		1988–92		195
		s Bank Act of 1985		197
	10.4.1 Co.	ncluding Remark		203
11	Summary and Conclusions			
	11.1 The Idea of	f a "Central Bank" and the Effect o	of	
	the Great V	War <sup>3</sup>		205
		inavian Currency Union		207
	_	and Deregulation: From 1945 to	1990	208
	11.4 The 21st C	Century		209
Aj	ppendices	-		213 ,
A	ppendix 1			213
$\mathbf{A}_{\mathbf{j}}$	ppendix 2			215
$\mathbf{A}_{\mathbf{j}}$	ppendix 3			217
Bi	ibliography			219
In	ndex			229
				٠