## Central bank policies in theory and practice in a changing world

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The recent history has been challenging for central banks, from the galloping inflation rates in relation to the stagflation crises, several more or less successful attempts to establish exchange rate regimes, the creation of the ECB, to the 2007/8 crisis, the secular stagnation with sluggish growth and low inflation rates and now the challenges in relation to the 2020/21 pandemic. These are only a few of the historical events that has affected Central banks and their policies all over the world. However, policy challenges is as old as central banking and challenges thus is nothing new.

In this session we welcome papers that deals with 'Central bank policies in theory and practice through history'. This theme should be understood broadly which means that we welcome papers touching upon issues such as: Monetary and exchange rate regimes in theory and practice, Monetary and exchange rate policies, Quantitative easing and other unconventional monetary policies, Cryptocurrencies, Centra Bank Digital Currencies (CBDCs), Lender of Last Resort, Central banking and crisis management, Free banking, Currency crises, Monetary unions, Hyperinflation and so on.

Scholars interested in presenting at this session should send a longer abstract (400-1200 words) including title, affiliation and email address to the organisers by email: Elisabeth Lindberg elisabeth.lindberg@ekhist.uu.se or Liang Zhao liang.zhao@ekh.lu.se . Abstract should be sent no later than 31 March 2021. Notification of acceptance will be sent out 15 April 2021.

*International Capital and the Adjustment Mechanism in Sweden during the Silver and Gold Standards, 1834 – 1913*

Anders Ögren, Lund University
Liang Zhao, Lund University

In this paper, we study how internationalisation affected the international adjustment mechanism in the small peripheral economy of Sweden. Although causally different, both the Price Specie Flow Mechanism (PSFM) and the Monetary Approach to the Balance of Payments (MABP) have been found to explain how international adjustment took place. By constructing new data-series and employing suitable econometric techniques we study the relationship between capital flows, central bank reserves, money supply, and prices. Our findings show that international integration and the possibility to tap international capital markets made both prices and money supply grow in harmony over the borders. This explains why the adjustment mechanism seems to follow the PSFM when studying only domestic variables, while a comparative international perspective supports PPP and price integration in accordance with the MABP. In reality, the causality was a mix of the two.

*Old plonk in new bottles. How history provides the easiest route to making digital central bank money available to the public in a cash free world*

Lars Fredrik Øksendal, Norwegian University of Science and Technology

The cryptocurrency frenzy and the diminished importance of notes and coins as mean of payment have led to a scrutiny of the future of central bank money. At the core of the discussion is whether legal tender money, i.e., issued under a legal warrant by a central bank or other government institution, should be available to the public as digital central bank money after the final demise of cash or whether the whole field of money holding and payments should be left to private issuers (banks, potentially crypto agents). This article addresses the question from a monetary theory perspective and identify the critical issues at stake. Drawing on the historical example of how Norges Bank (as well as other banks of issue) functioned as deposit taking institutions available to the public until the inter-war years, a practical remedy is suggested.

*The 2014–15 Financial Crisis in Russia and the Foundations of Weak Monetary Power Autonomy in the International Political Economy*

This paper contributes to international political economy debates about the monetary power autonomy (MPA) of emerging market and developing countries (EMDs). The 2014–15 Russian financial crisis is used as a case study to explore why an accumulation of large international reserves does not provide protection against currency crises and macroeconomic adjustments in EMDs. The analysis centres on the interplay between two dimensions of MPA: the Power to Delay and the Power to Deflect adjustment costs. Two structural factors condition Russia's low MPA. First, the country's subordinated integration in global financial markets increases its financial vulnerability. The composition of external assets and liabilities, combined with cross-border capital flows, restrict the use of international reserves to delay currency crises. Second, the choice of a particular macroeconomic policy regime embraced the financialisation of the – mainly state-owned – Russian banking sector, thus making it difficult to transform liquidity inflows into credits for enterprises. Russia's main comparative advantage, hydrocarbon export revenues, is not exploited. The type of economy created due to the post-Communist transition means that provided 'excessive' liquidity remains in the financial system and is channelled into currency arbitrage. This factor increases exchange rate vulnerability and undermines Russia's MPA.