

The proposed act would restrict the Riksbank's independence

In its final response to Englund and Krusell's debate response, the Executive Board is still of the view that the proposal for a new Sveriges Riksbank Act restricts the Riksbank's monetary policy.

The key aspect is that the proposed act redefines what is considered to be monetary policy and generally accepted central bank tasks. The proposal involves a restriction in the Riksbank's monetary policy independence, compared with both the current act and EU law.

In the debate article (16 April), the Executive Board discussed two highly topical examples of measures that are currently mitigating the economic effects of the corona crisis, that would be restricted by the proposed legislation.

However, Englund and Krusell claim that the Riksbank would indeed have been able to lend SEK 500 billion to the banks for onward lending to companies. But the Inquiry report states clearly that the Committee's assessment is that the conditions for "conditional credit", that is loans which the central bank issue to its counterparties (banks), may not stipulate that banks must lend the money onwards to companies. Englund and Krusell also claim that the proposed act allows purchases of corporate bonds – the only condition being that there must be exceptional grounds. But the range of corporate bonds and other private securities that can be purchased is also restricted. There is currently no such restriction for either the Riksbank or the ECB.

In response to the proposal to limit the Riksbank's independence in both the Swedish Constitution and the Sveriges Riksbank Act, by redefining what is considered to be monetary policy, partly with the aim of improving cooperation with other authorities, the Executive Board is of the opinion that it is better to propose structures that strengthen the cooperation of independent authorities instead of creating an untried and divergent Swedish definition of monetary policy.

This is a translation of the Riksbank's final response to Englund and Krusell's debate response. Read the whole response: [The proposed act would restrict the Riksbank's independence](#) (only available in Swedish).

Was this information helpful? ☐ Yes ☐ No

Updated 28/04/2020