

# Nordic Finance & the Good Society Seminar

**Title:** *The Foreign Relations Power of the Federal Reserve*

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**Speaker:** David Zaring, Wharton School, University of Pennsylvania

## About David Zaring:



David Zaring is an Associate Professor at Wharton, University of Pennsylvania. His scholarship addresses financial and regulatory law from an international perspective. He graduated from Harvard Law School, J.D. with the distinction magna cum laude.

## Abstract:

This paper explores how the Federal Reserve interacts with, disrupts, and contributes to the struggle for foreign relations power between the U.S. President and Congress. In doing so, the Fed shapes the positions on questions of international economic law and relations taken by the country in ways poorly understood by both lawyers and academics. The Fed's approach – cosmopolitan when it comes to financial regulation and economic crises, but unilateralist when it comes to monetary policy – varies between contributing to the overall stock of international engagement made by the United States, and withdrawing from it.

The Fed has practiced its own brand of foreign relations since – and even before – its founding. Throughout its existence, it has kept up relations with its foreign counterparts. Often, these relationships have been cosmopolitan, while the branches of government have been less interested in foreign collaborations. Sometimes, however, the Fed is an America Firster, threatening damage to some of the United States' sensitive alliances. In either case, the Fed has been an unexamined participant in setting the terms of international economic law and governance in a way that addresses systemic risk.

In neither of these cases, however, is the Fed supervised by Congress or the President. Instead, the Fed has proven to be the most independent of independent agencies, even, it appears, in areas traditionally imagined to fall squarely within the realm of presidential power.

After essaying the Fed's role in setting the terms of international economic law, this paper explores an approach to integrating its foreign policy into the foreign affairs law of the United States that preserves the Fed's independence while also addressing the issue of intra-government coordination.