

Legal and economic aspects of the institute of the lender of last resort

Abstract

The master thesis deals with the legal and economic aspects of the institute of the lender of last resort, as a key institute that helps ensure the stability of financial markets. The thesis is divided into four parts. The first part is focused on the economic aspects of this institute, especially deals with the general definition of the term lender of last resort and its historical genesis, as well as the principles and forms of assistance of the lender of last resort. The key knowledge of this part is the Thornton-Bagehot doctrine of the lender of last resort. The second part of the thesis deals with the legal regulation of the lender of last resort in the Czech Republic. The third part is aimed at relevant European legislation and provides a summary of the relevant case law of the Court of Justice of the European Union, namely the cases Pringle, Gauweiler and Weiss. The fourth and final part of the thesis outlines the legal framework of this institute in the USA. The second to fourth part of the thesis also analyzes the behavior of 3 central banks (CNB, ECB and FED) in fulfilling the role of lender of last resort during the global financial crisis of 2008, the European debt crisis and the current coronavirus crisis, described in more detail by central banks established programs and instruments for the provision of emergency liquidity. In the conclusion, the author evaluates the fulfillment of the objectives of the thesis and the compliance of the measures taken by the mentioned central banks from the point of view of fulfilling the principles of economic theory (Thornton-Bagehot doctrine). In conclusion, the author also compares the approaches of mentioned central banks and evaluates the development of their behavior in the role of lender of last resort between the analyzed crises. The thesis provides a comprehensive legal and economic view of the institute of the lender of last resort.

Keywords

Lender of last resort, CNB, ECB, FED, crisis