

# Centre for Central Banking Studies

Chief Economists' workshop: the distributional effects of central bank policies

18–19 May 2017

Event Directors: Gill Hammond and Andrew Blake

Location: TS Conference Centre



BANK OF ENGLAND

## Welcome from the CCBS team: Gill Hammond, Andy Blake and Sarah Pegg



We are delighted to welcome you to the 14<sup>th</sup> Chief Economists' Workshop organised by the Centre for Central Banking Studies at the Bank of England. These annual meetings, which bring together chief economists from central banks and top academic economists to discuss hot topics, have become known for the frank and lively debates generated in an informal atmosphere.

The topic for our Workshop this year is “The distributional effect of central banks policies”.

- How does central bank policy – including monetary, macro prudential and micro prudential policies - affect the distribution of income and wealth? What are the lessons for the optimal policy mix of central bank policies – and for broader macroeconomic policy?
- What is the evidence on the distributional effects of conventional and unconventional monetary policies?
- Does income and wealth distribution matter for the transmission of monetary policy and for the effectiveness of macro-prudential regulation?

We look forward to hearing the insights from our distinguished Keynote speakers, Professors Wendy Carlin (UCL), John Hills (LSE) and Haroon Mumtaz (Queen Mary University of London) and Paul Johnson, Director of the Institute for Fiscal studies.

As usual the programme also features presentations from several delegates.

We are very grateful to all of you for your continued support for this workshop and the CCBS programme of events.

Gill Hammond (Director), Andy Blake (Senior Adviser) and Sarah Pegg (Event Manager)



## Day 1

### Thursday 18 May 2017

08:30 - 09:00	<b>Registration and coffee</b>
09:00 - 09:05	<b>Welcome</b> Gill Hammond, Director, Centre for Central Banking Studies (CCBS), Bank of England
09:05 - 09:15	<b>Opening remarks</b> Andy Haldane, Chief Economist and Executive Director, Bank of England
09:15 - 10:00	<b>Chair: Gill Hammond</b> <i>Quantifying the distributional impacts of monetary policy in the United Kingdom</i> Chris Yeates, Senior Adviser and Philip Bunn, Senior Economist, Monetary Analysis, Bank of England
10:00 - 10:45	<b><i>Finance and income inequality: a review and new evidence</i></b> Jakob de Haan, Netherlands Bank
10:45 - 11:15	<b>Break</b>
11:15 - 11:45	<b>Chair: Andrew Blake</b> <i>Central banks and the distribution of economic resources</i> Gregory Thwaites, Manager, Global Spillovers & Interconnections Division, Bank of England
11:45 - 12:15	<b><i>Monetary policy and the firm: some empirical evidence</i></b> Gabor Pinter, Angus Foulis, Advisers, CCBS and Saleem Bahaj, Research Hub, Bank of England
12:15 - 12:45	<b><i>How does central bank policy affect the distribution of income and wealth? What are the lessons for the optimal policy mix?</i></b> Andrew Filardo, Bank for International Settlements
12:45 - 14:00	<b>Lunch</b>

**14:00 - 15:30**

**Chair: Andrew Blake**

***Fiscal policy and inequality***

John Hills, Professor of Social Policy, London School of Economics

**15:30 - 16:00**

**Break**

**16:00 - 17:30**

**Chair: Gill Hammond**

***CORE project***

Wendy Carlin, Department of Economics, University College London

## Day 2

**Friday 19 May 2017**

- 09:30 - 11:00**     **Chair: Gill Hammond**  
*Fiscal policy, monetary policy and intergenerational inequality in the UK*  
Paul Johnson, Director, Institute for Fiscal Studies
- 11:00 - 11:30**     **Break**
- 11:30 - 12:30**     **Chair: Andrew Blake**  
*The impact of monetary policy on inequality in the UK. An empirical analysis*  
Haroon Mumtaz, Professor of Economics, Queen Mary University London
- 12:30 - 13:30**     **Lunch**
- 13:30 - 15:00**     **Chair: Gill Hammond**  
*Wealth inequality in the euro area: micro-facts and implications for monetary policy*  
Oreste Tristani, European Central Bank
- Primary considerations for an emerging market's central bank regarding the distributional effects of monetary policy*  
Alejandrina Salcedo Cisneros, Bank of Mexico
- Financial cycles in emerging markets*  
Hans Genberg, South East Asian Central Banks Research and Training Centre
- 15:00 - 15:30**     **Break**

**Chair: Andrew Blake**

**15:30 - 17:00**    ***How interest rates, combined with payment to income ratio requirements, have an impact on the access to housing financing***

Mauro Alessandro, Central Bank of Argentina

***Agent heterogeneity and monetary policy: the recent experience of the Banco de España***

Oscar Arce, Bank of Spain

***The demographic transition and monetary policy in a small open economy***

Michał Brzoza-Brzezina, National Bank of Poland

**17:00 - 17:15**    **Closing remarks**

Gill Hammond

## Keynote Speaker



**John Hills**

***Richard Titmuss Professor of Social Policy, London School of Economics (LSE)***

John Hills is Richard Titmuss Professor of Social Policy at the London School of Economics and co-director of the LSE's interdisciplinary International Inequalities. He was director of the Centre for the Analysis of Social Exclusion from 1997 to 2016 and is currently Chair of CASE. John studied at the University of Cambridge for his undergraduate degree, and at the University of Birmingham for his master's degree. He has worked at the LSE since 1986, having previously held research posts at HM Treasury and the Institute for Fiscal Studies. He was a member of the UK Pensions Commission 2003-06 chaired the National Equality Panel for the Government Equalities Office in 2010, and carried out reviews for government of social housing policies and fuel poverty. He was awarded a KBE in 2013 for services to social policy and a DLitt in 2016 from the University of Birmingham. His recently completed ESRC Professorial Fellowship led to his contributions to *Wealth in the UK: Distribution, accumulation and policy* (Oxford, 2013) and to *Good Times, Bad Times: The welfare myth of them and us* (Policy Press, 2015). His most recent book, co-edited with colleagues, is *Social Policy in a Cold Climate: Policies and their consequences since the crisis* (Policy Press, 2016).

## Keynote Speaker



**Wendy Carlin**

***Professor of Economics, University College London (UCL)***

Wendy Carlin is professor of Economics in the Economic Department at UCL, Research Fellow of the Centre for Economic Policy Research (CEPR), London, and Fellow of the European Economic Association. Her research focuses on macroeconomics, institutions and economic performance, and the economics of transition. She is a member of the Expert Advisory Panel of the UK's Office for Budget Responsibility. Her most recent book (co-authored with David Soskice) is *Macroeconomics: Institutions, Instability and the Financial System* (2015) published by OUP. She is leading an international collaboration of researcher, the CORE project, which is changing the way economics is taught around the world. The CORE project has published *The Economy* which is free-on-line at [www.core-econ.org](http://www.core-econ.org). In 2015, she was awarded the CBE in the Queen's New Year's Honours List for services to economics and public finance.



## Keynote Speaker



**Paul Johnson**

***Director, Institute for Fiscal Studies***

Paul has been Director of the IFS since January 2011. He is also currently visiting professor in the Department of Economics at University College London. Paul has worked and published extensively on the economics of public policy, with a particular focus on income distribution, public finances, pensions, tax, social security, education and climate change. As well as a previous period of work at the IFS his career has included spells at HM Treasury, the Department for Education and the FSA. Between 2004 and 2007 he was deputy head of the Government Economic Service. Paul is currently also a member of the committee on climate change, the Banking Standards Board and of the executive committee of the Royal Economic Society. He was an editor of the Mirrlees Review of the UK tax system.

## Keynote Speaker



**Haroon Mumtaz**

***Professor of Economics at Queen Mary University of London***

Haroon's research interests are applied Bayesian econometrics, monetary policy and International Macroeconomics.

Previously Haroon was an economist at the Centre of Central Banking Studies in the Bank of England.

## List of participants

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## Forthcoming 2017 CCBS London events

Date	Subject
22 - 26 May	Analytical tools for financial supervision and risk management
1 - 2 June	Research forum on macrofinance*
12 - 16 June	Structure of financial markets
19 - 21 June	Joint CCBS-FRBNY policy forum on the current state of market operations
4 - 5 July	Workshop for Heads of insurance supervision*
25 July - 2 August	Applied Bayesian econometrics for central bankers
4 - 8 September	Shadow banking system
2 - 4 October	Risk management and financial supervision
9 - 13 October	Systemic risk assessment: identification and monitoring
16 - 18 October	Central bank communication in a changing world
23 - 27 October	Building econometric models
6 - 10 November	Macrofinancial modelling and analysis
20 - 22 November	Microprudential supervisory frameworks
27 November - 8 December	Economic modelling and forecasting

\* This event is by invitation only



## Recent CCBS Handbooks

- 34      Modelling credit risk
- 33      Text mining for central banks
- 32      Understanding the central bank balance sheet
- 31      Collateral management in central bank policy operations
- 30      Issuing central bank securities
- 29      State of the art of inflation targeting
- 28      Forecasting banknotes

## Technical Series

- 5      Deriving option-implied probability densities for foreign exchange markets
- 4      Applied Bayesian econometrics for central bankers
- 2      Solving rational expectations models: a practical approach using Scilab®
- 1      Estimating general equilibrium models: an application with labour market frictions

## Joint Research Papers

- 4      Financial conditions and density forecasts for US output and inflation
- 3      Money-based inflation risk indicator for Russia: a structural dynamic factor model approach
- 2      An application of data-rich environment for policy analysis of the Indian economy
- 1      Asset prices, credit and the Russian economy



**BANK OF ENGLAND**

## Centre for Central Banking Studies

The CCBS provides an extensive programme of events for central bankers from all over the world. These cover many of the analytical and technical areas of central banking from a practitioner's perspective. Speakers are experts in their field from the Bank of England, the London financial markets, academia and of course the participants themselves.

The seminars and other events are mostly aimed at experienced central bank personnel, who already have expertise in the subject. Participants are often asked to prepare papers beforehand and to give presentations to their course colleagues. This facilitates the sharing of diverse experiences, and contributes to the participative nature of these events, which typically study the different approaches used by central banks around the world. Most seminars include syndicate work and discussions.

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### Director

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