



BANK OF ENGLAND



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The Spectre of Monetarism

Roscoe Lecture, Liverpool John Moores University

Mark Carney

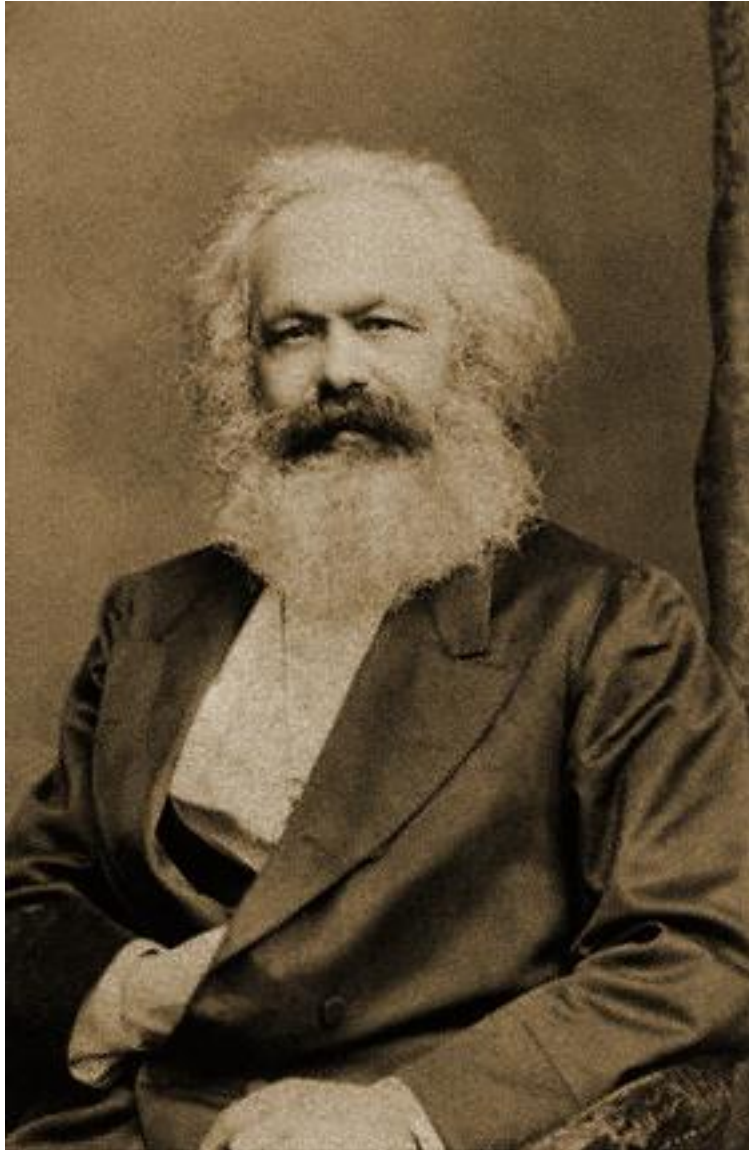
Governor of the Bank of England

5th December 2016

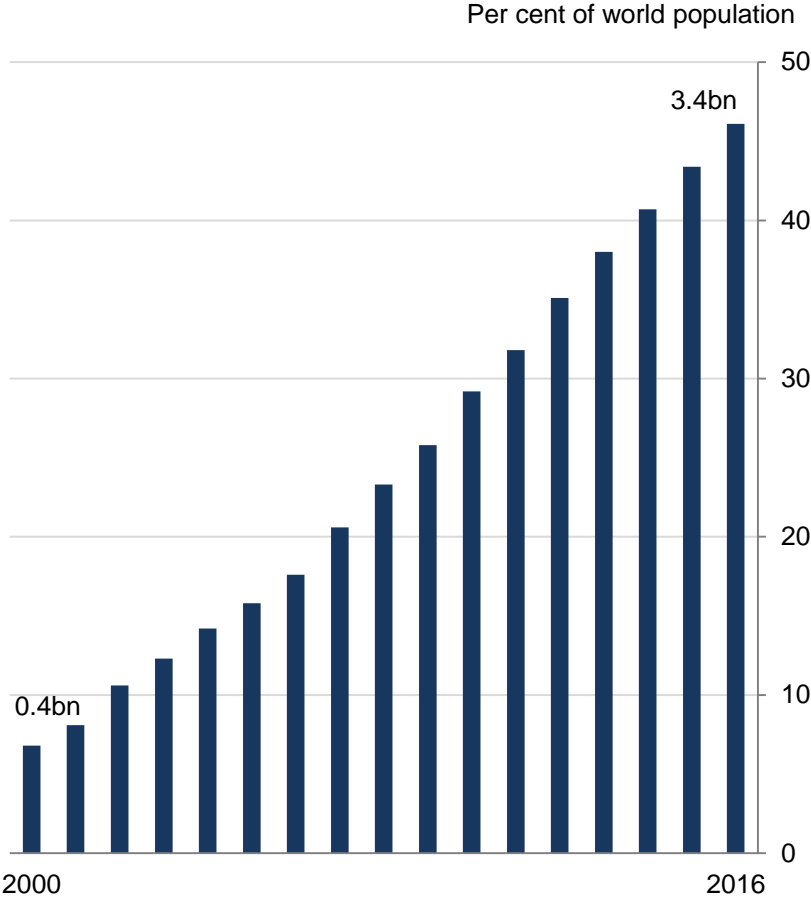
Liverpool golden era



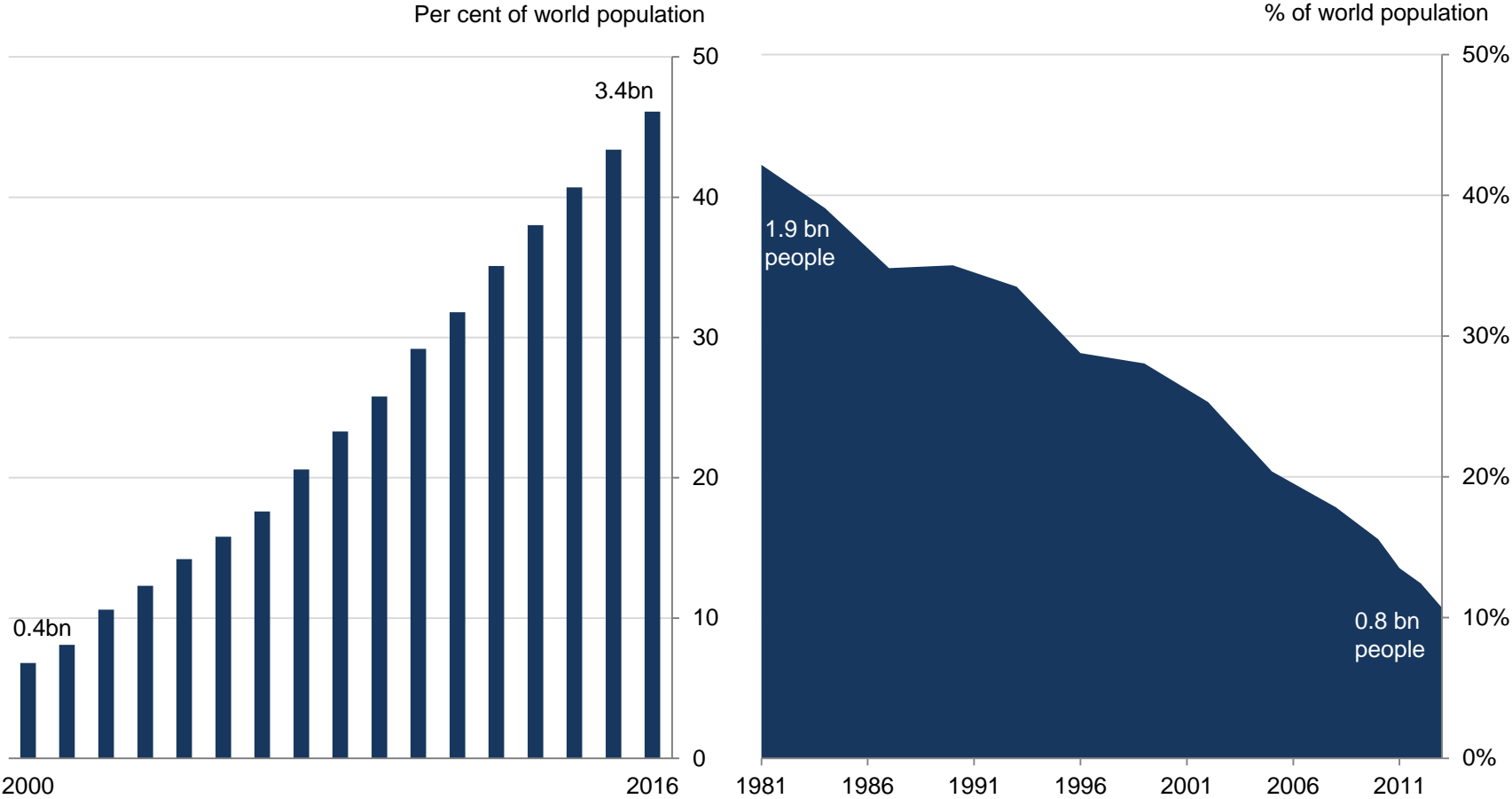
Liverpool Custom House, John Atkinson Grimshaw (1836-1893)



Global internet access has boomed

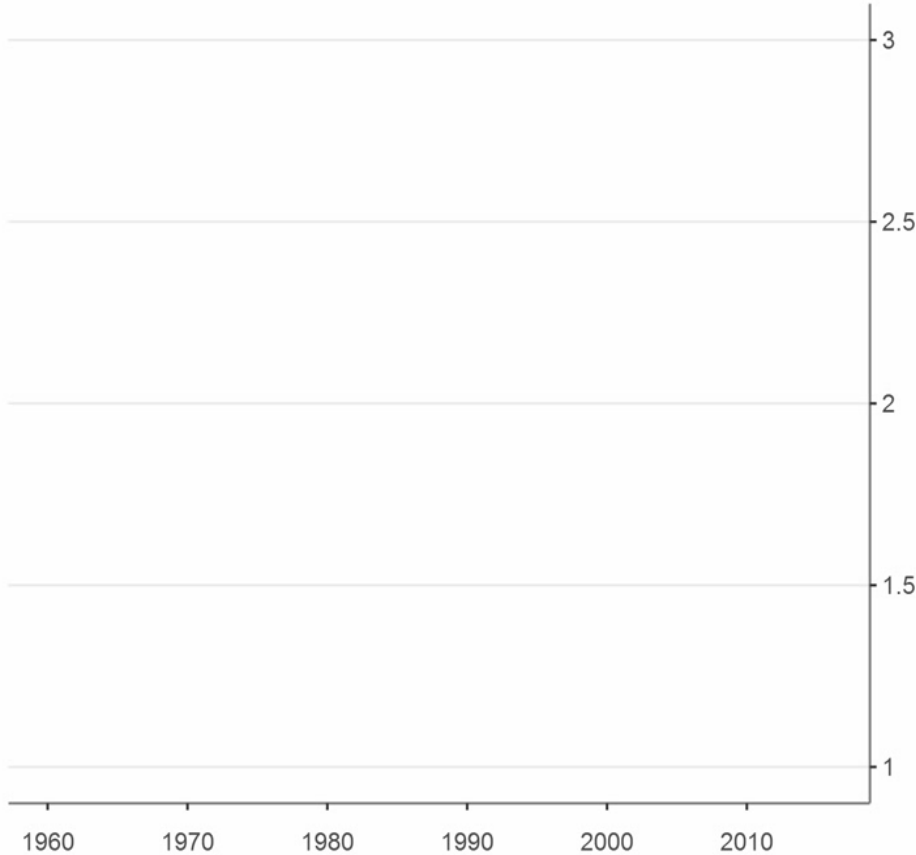


Global internet access has boomed while poverty has fallen sharply

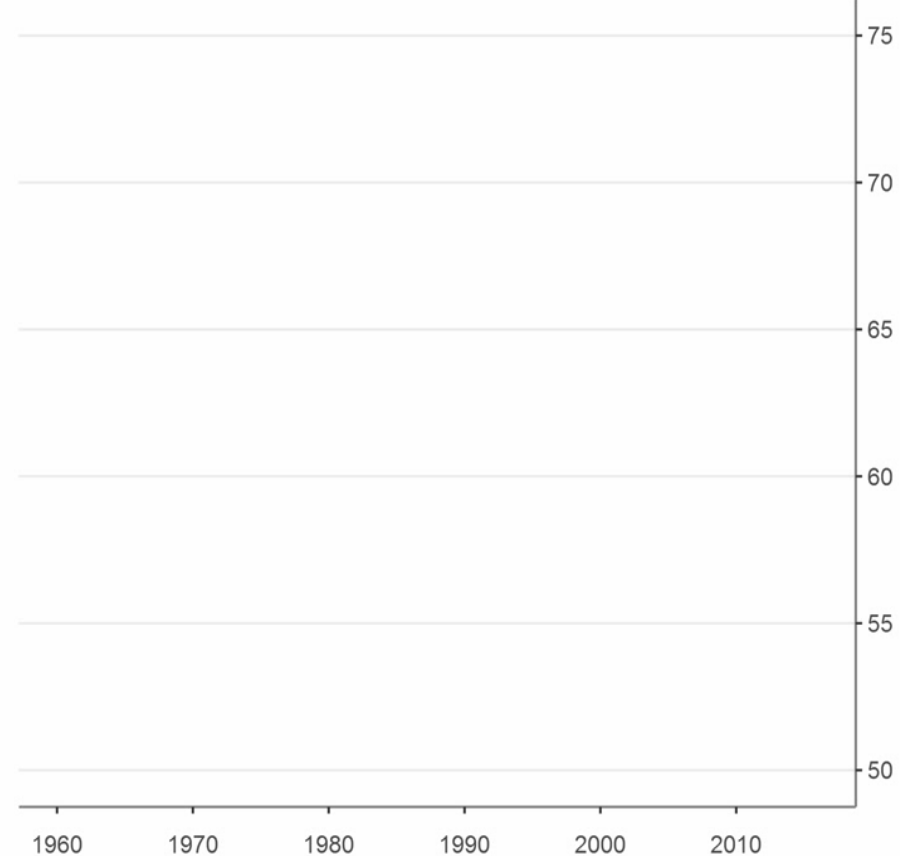


Global income and life expectancy have increased notably

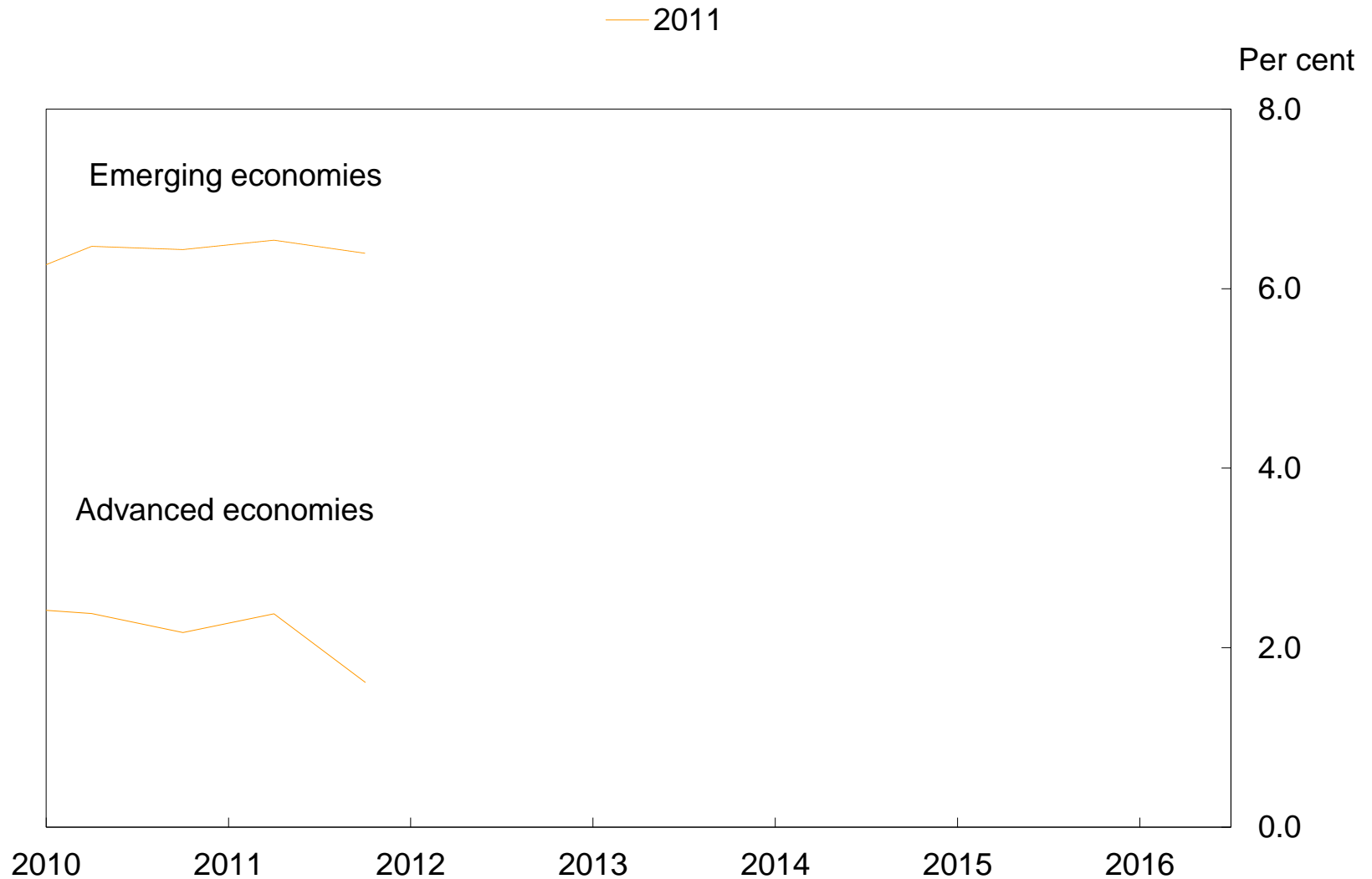
GDP per capita (constant 2010 US\$)
Index 1960 = 1



World life expectancy at birth, total (years)

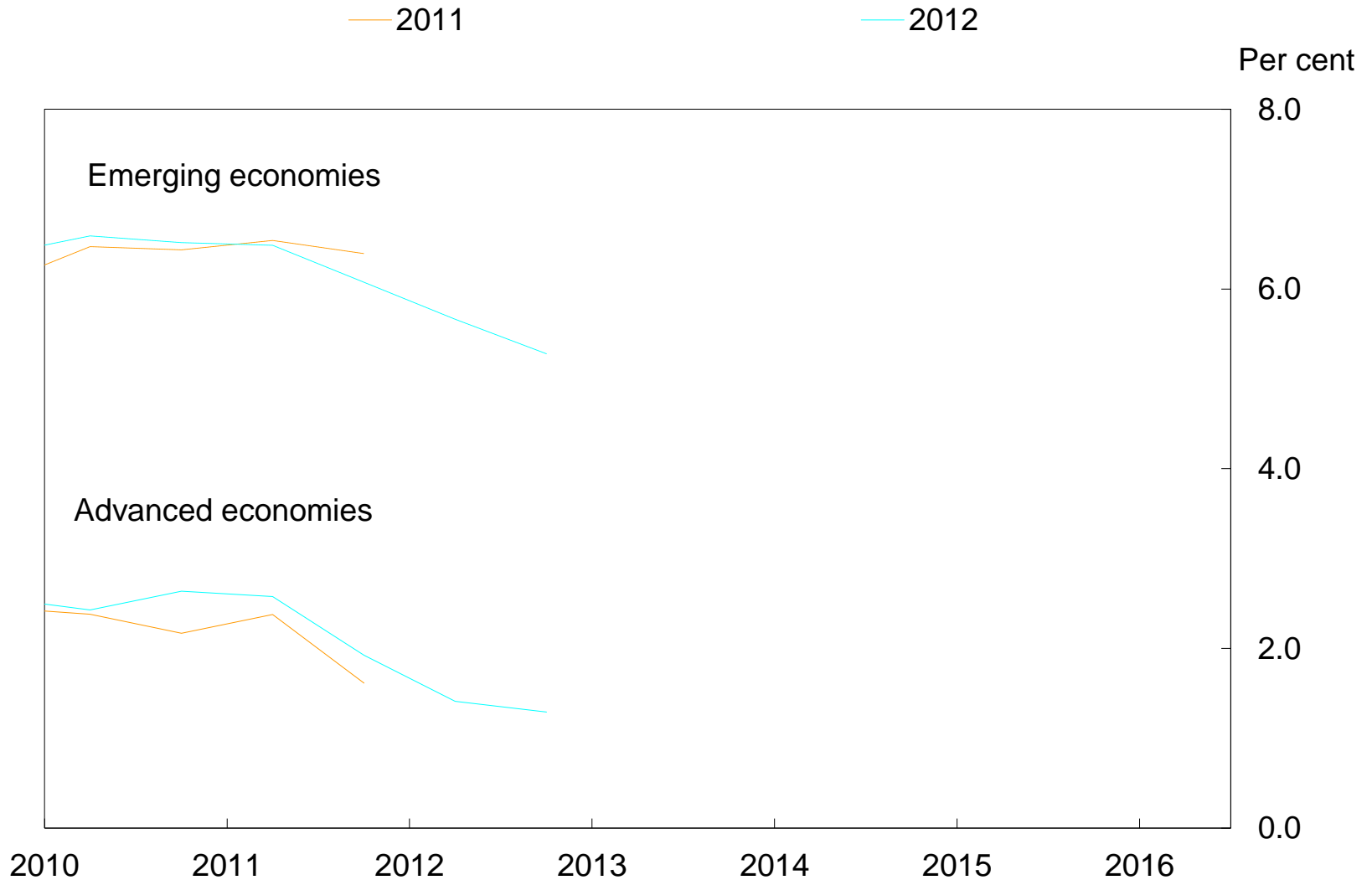


Global growth serially disappointing



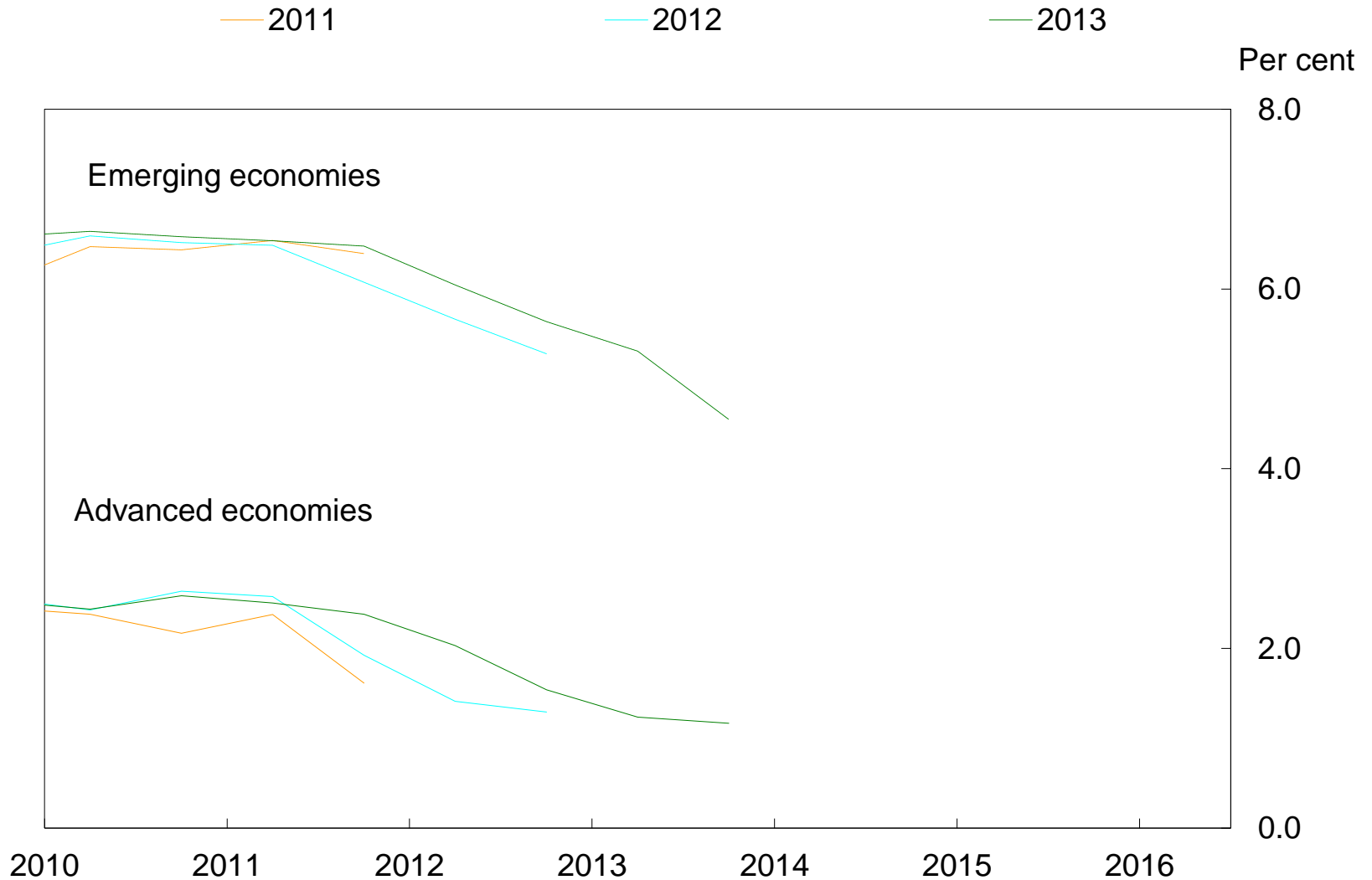
Lines show forecasts over time. Dot shows actual outturns.

Global growth serially disappointing



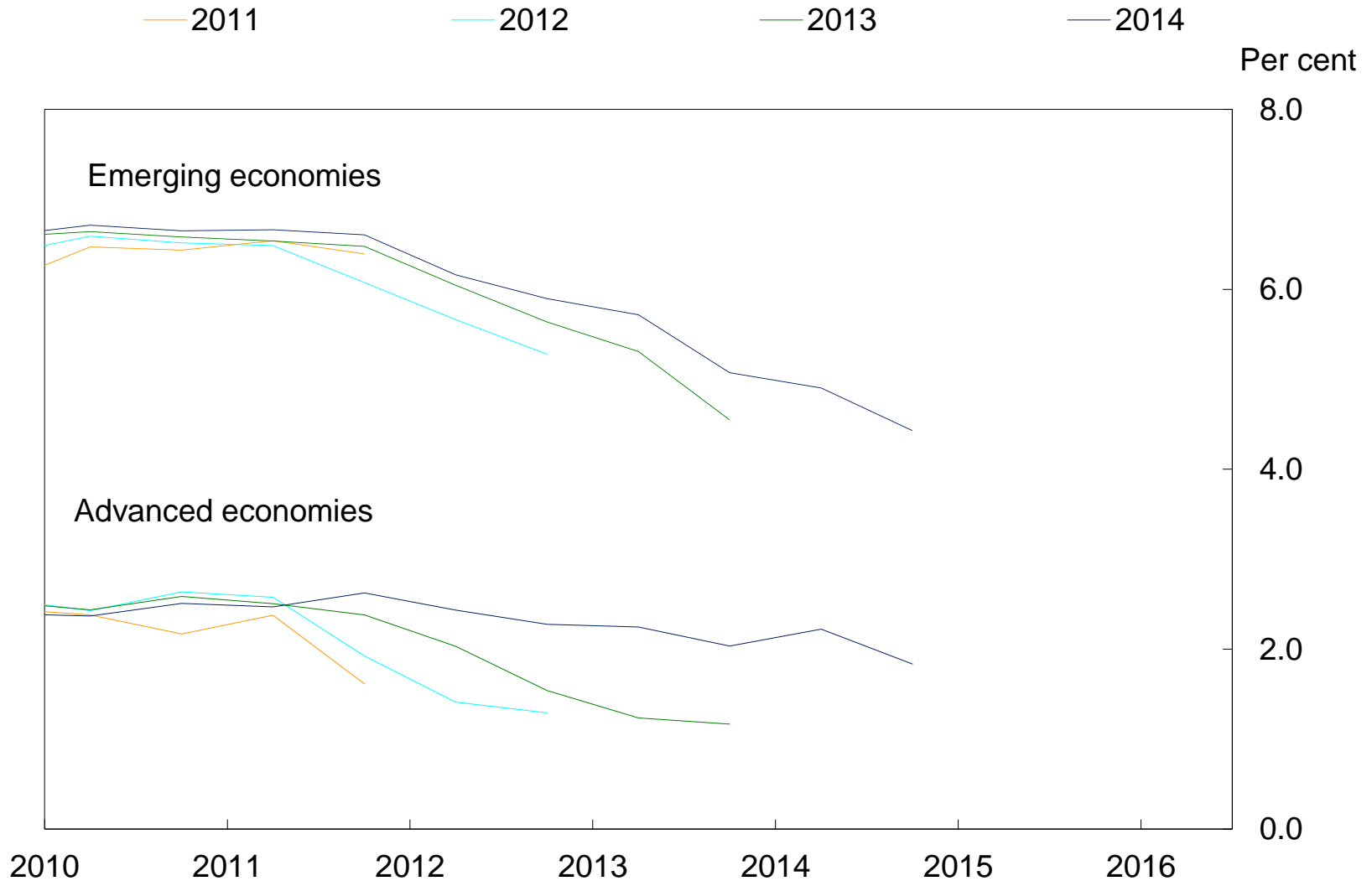
Lines show forecasts over time. Dot shows actual outturns.

Global growth serially disappointing



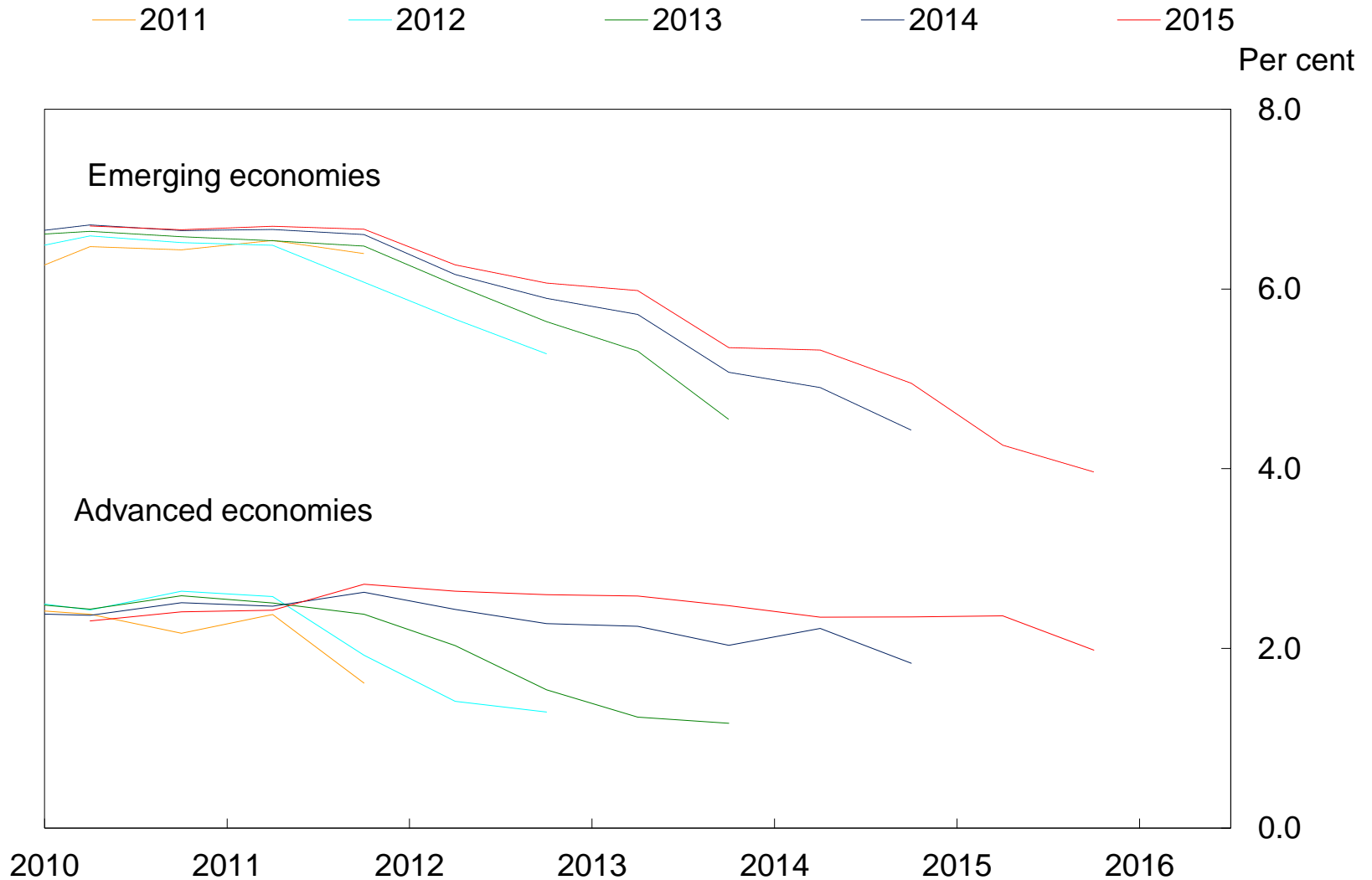
Lines show forecasts over time. Dot shows actual outturns.

Global growth serially disappointing



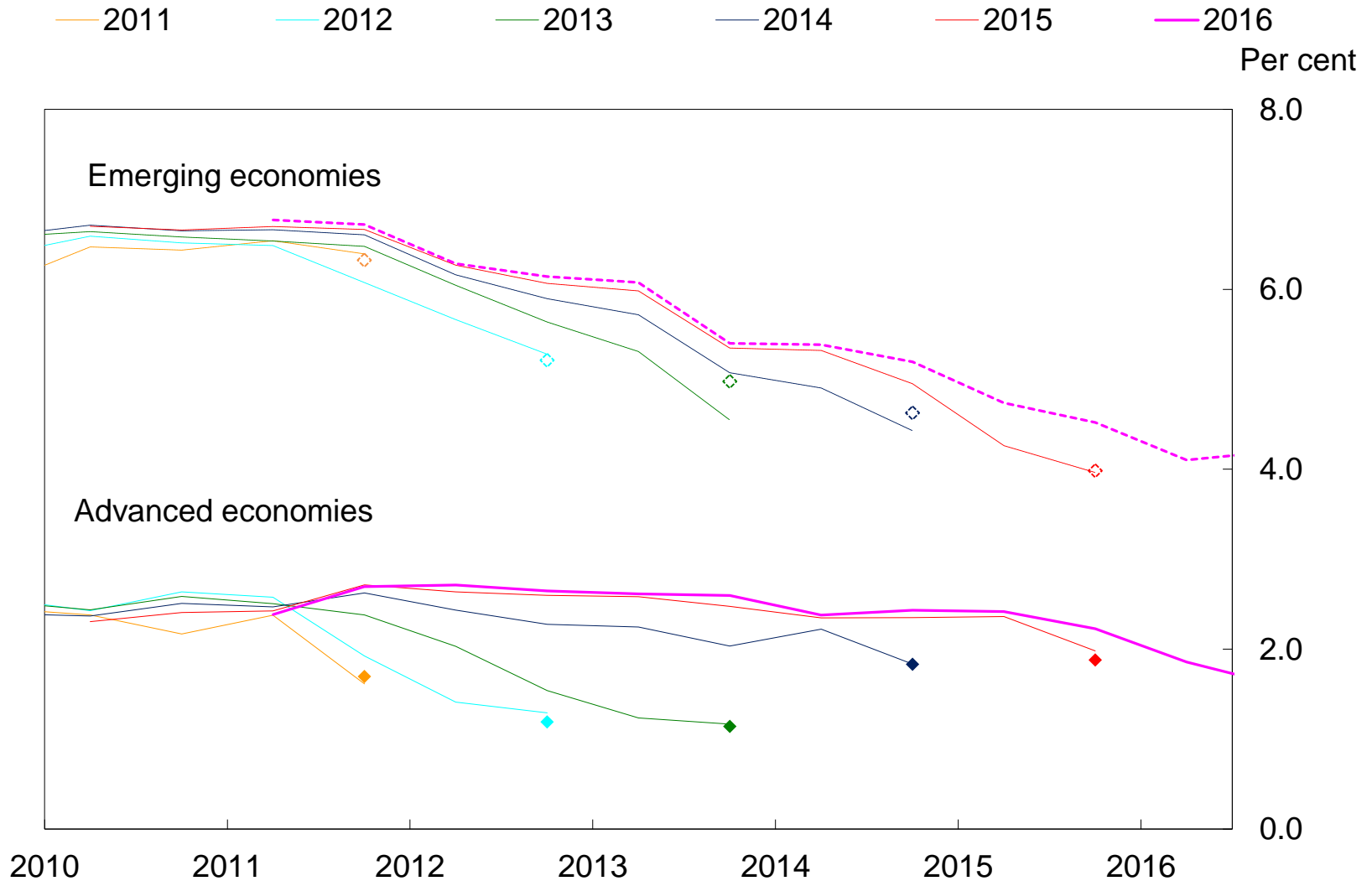
Lines show forecasts over time. Dot shows actual outturns.

Global growth serially disappointing



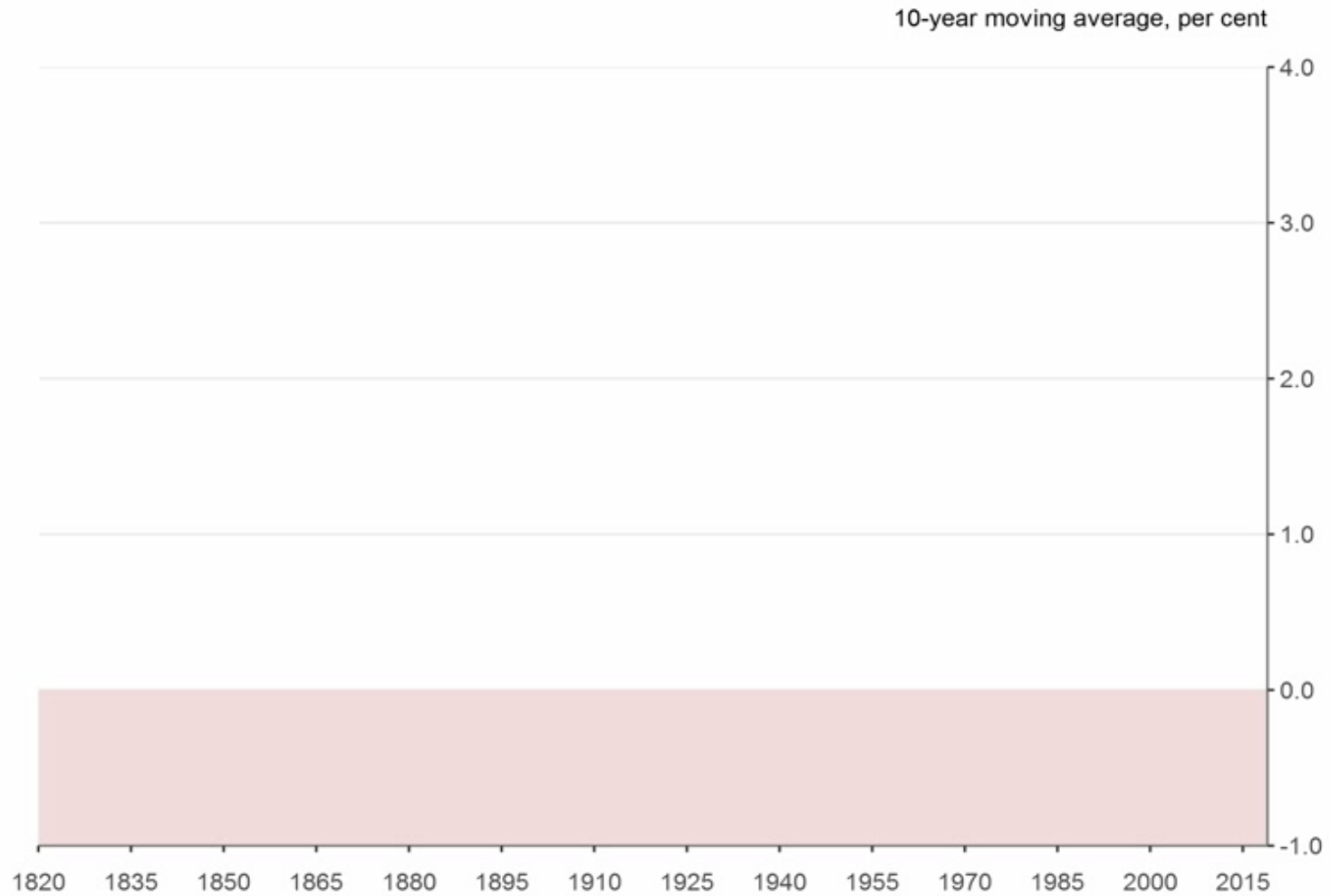
Lines show forecasts over time. Dot shows actual outturns.

Global growth serially disappointing

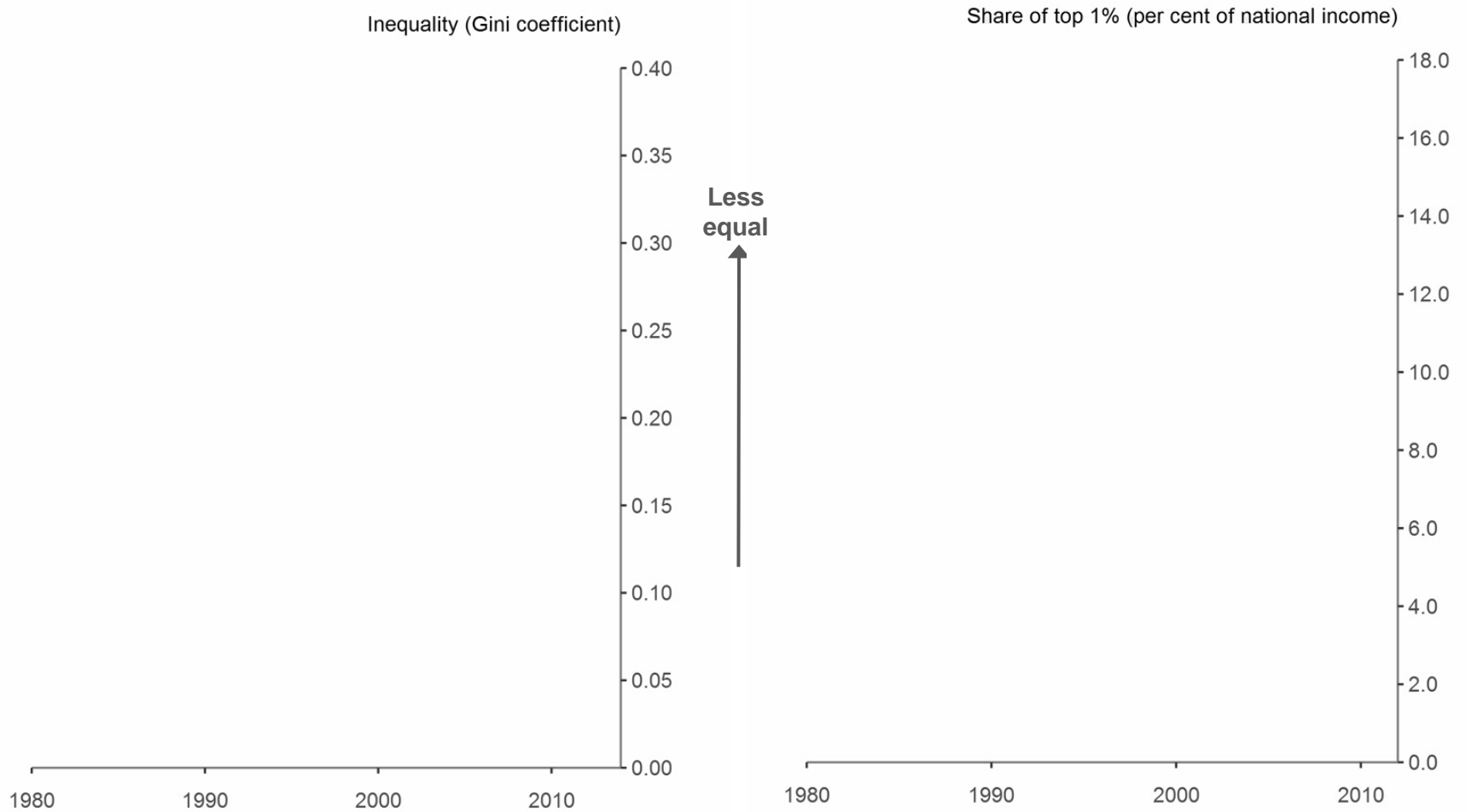


Lines show forecasts over time. Dot shows actual outturns.

Weakest wage growth since 1860s



Income inequality rose sharply during the 1980s...



Increasing disparity between the incomes of lowest 10% and highest 10%

5.4x

1977



Bottom 10%



Top 10%

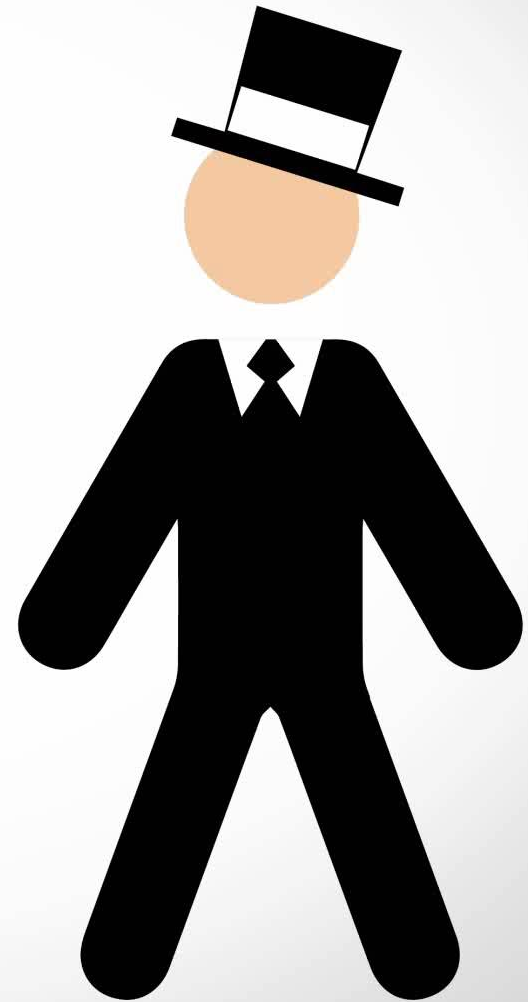
Increasing disparity between the incomes of lowest 10% and highest 10%

7.6x

1987



Bottom 10%



Top 10%

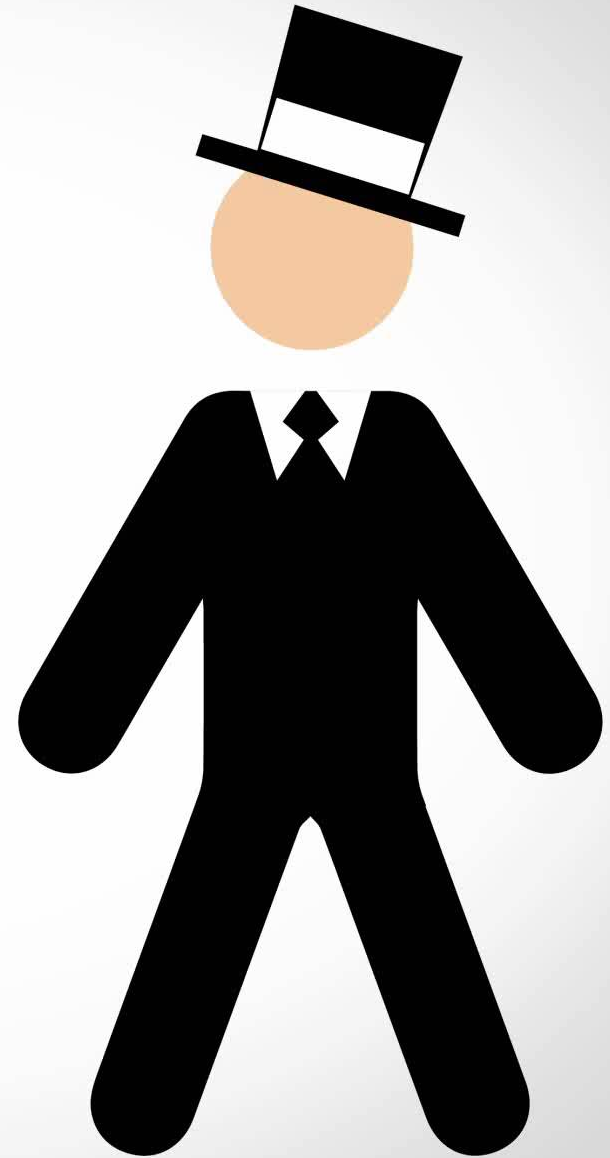
Increasing disparity between the incomes of lowest 10% and highest 10%

8.8x

1997



Bottom 10%



Top 10%

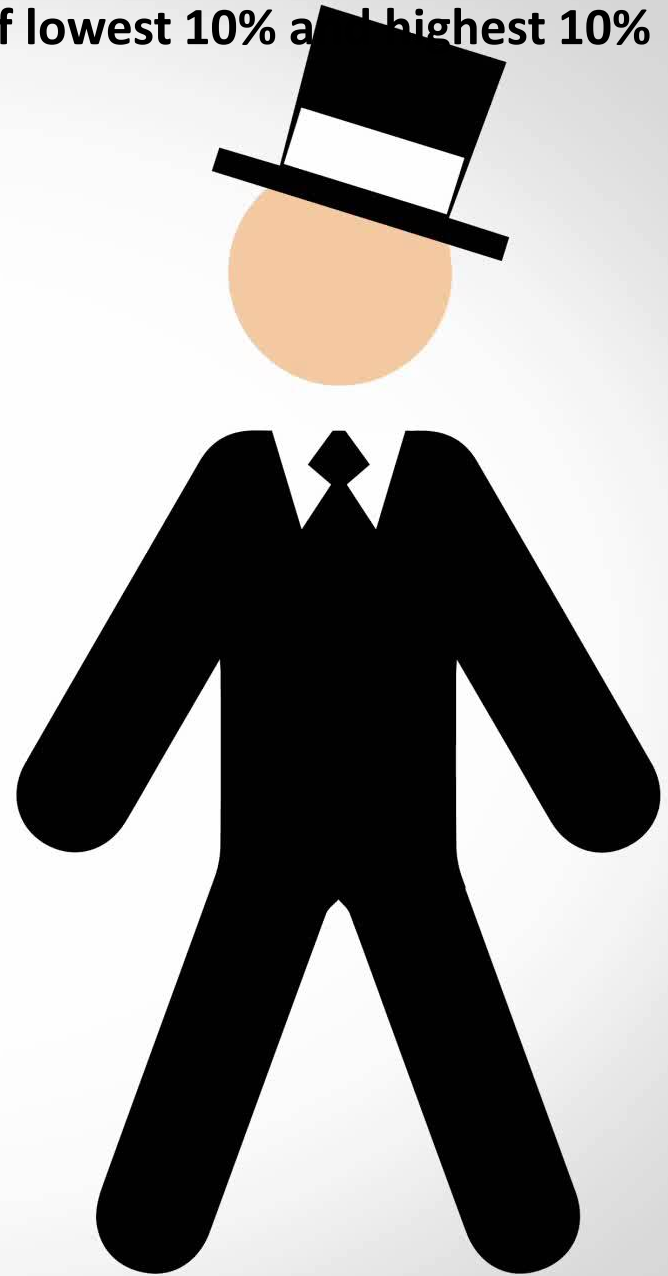
Increasing disparity between the incomes of lowest 10% and highest 10%

9.7x

2007

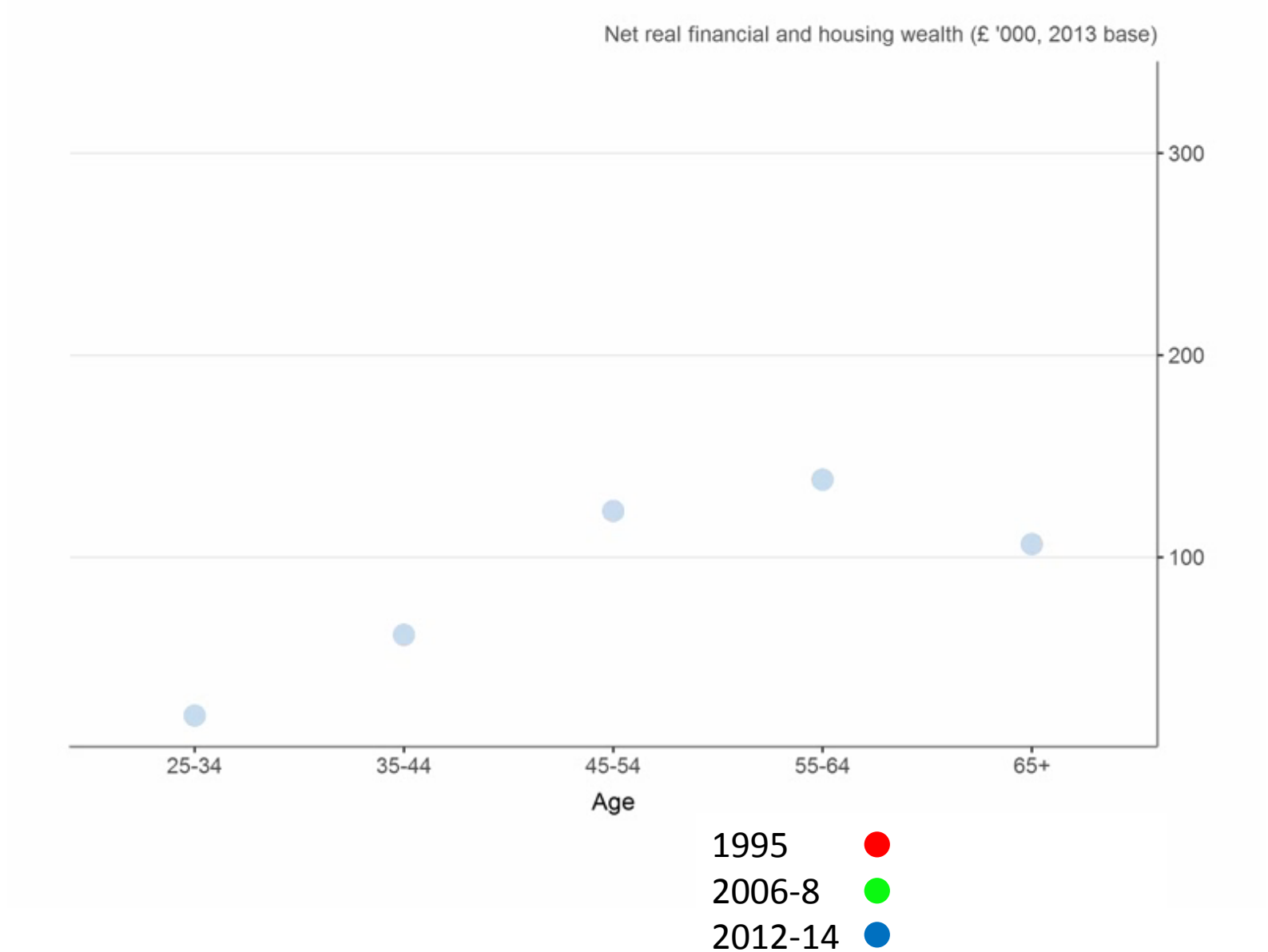


Bottom 10%



Top 10%

Since 1995, wealth has increased most for the oldest



Mid-18th Century



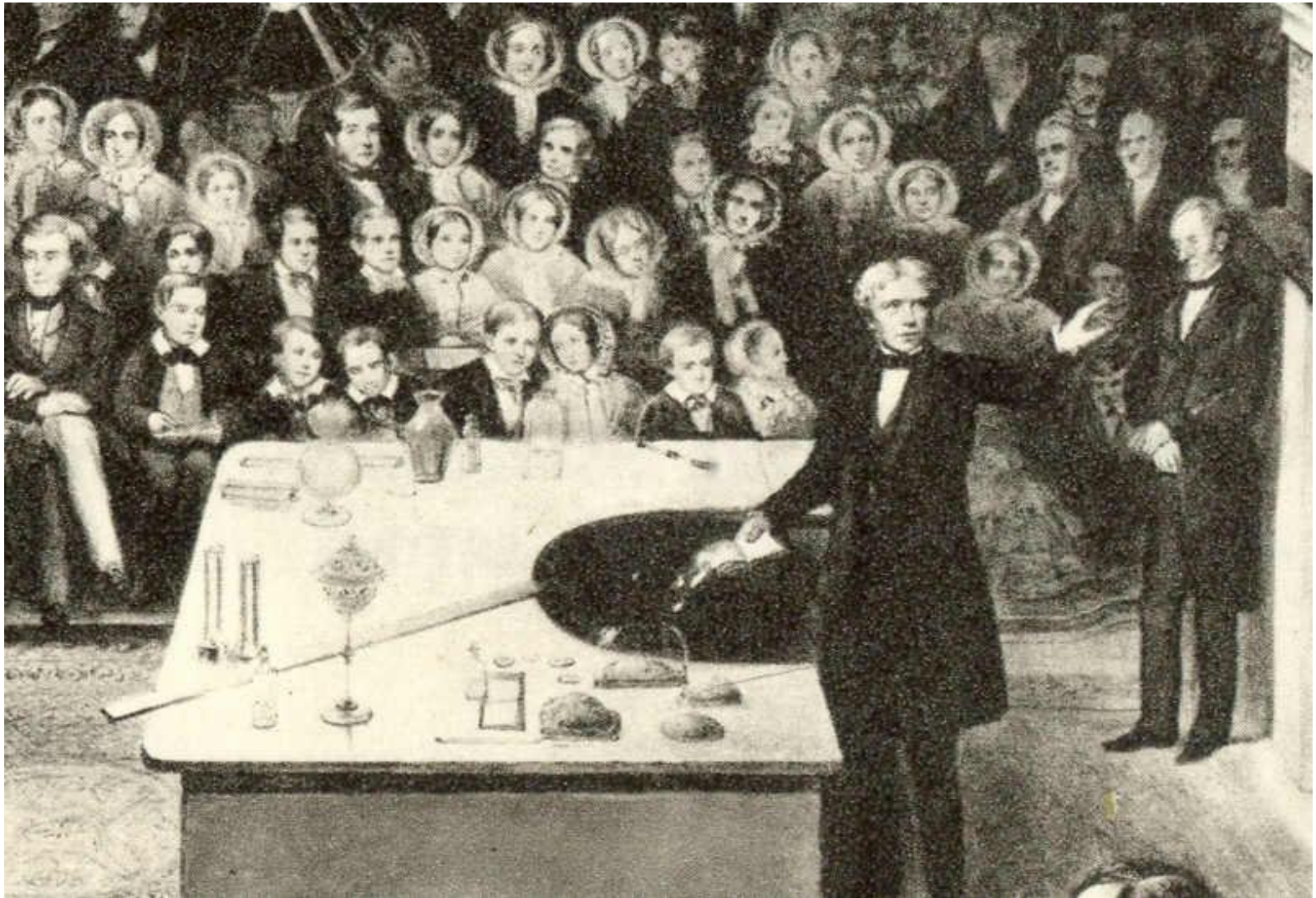
Turn of 19th Century



Mid-19th Century



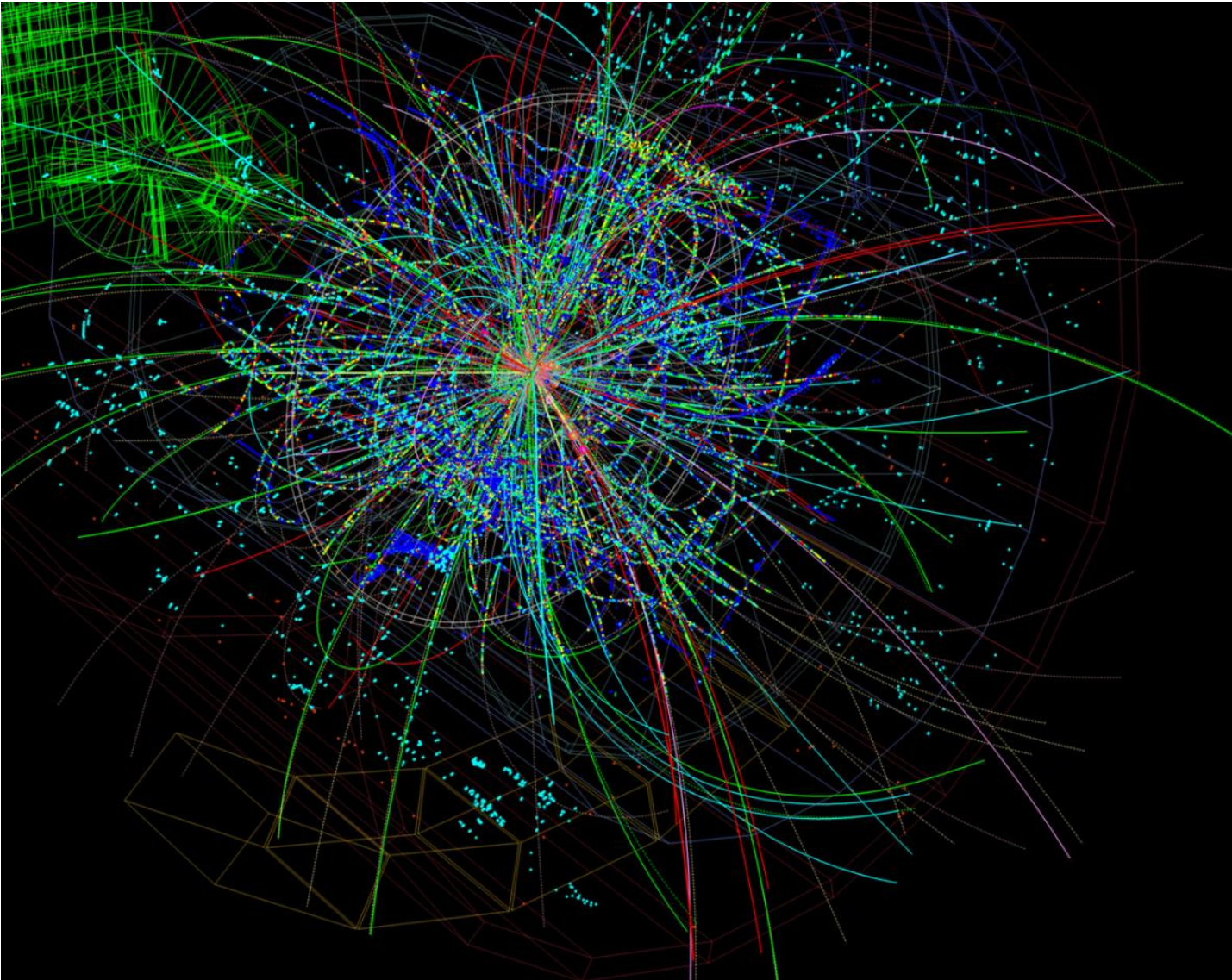
Turn of 20th Century



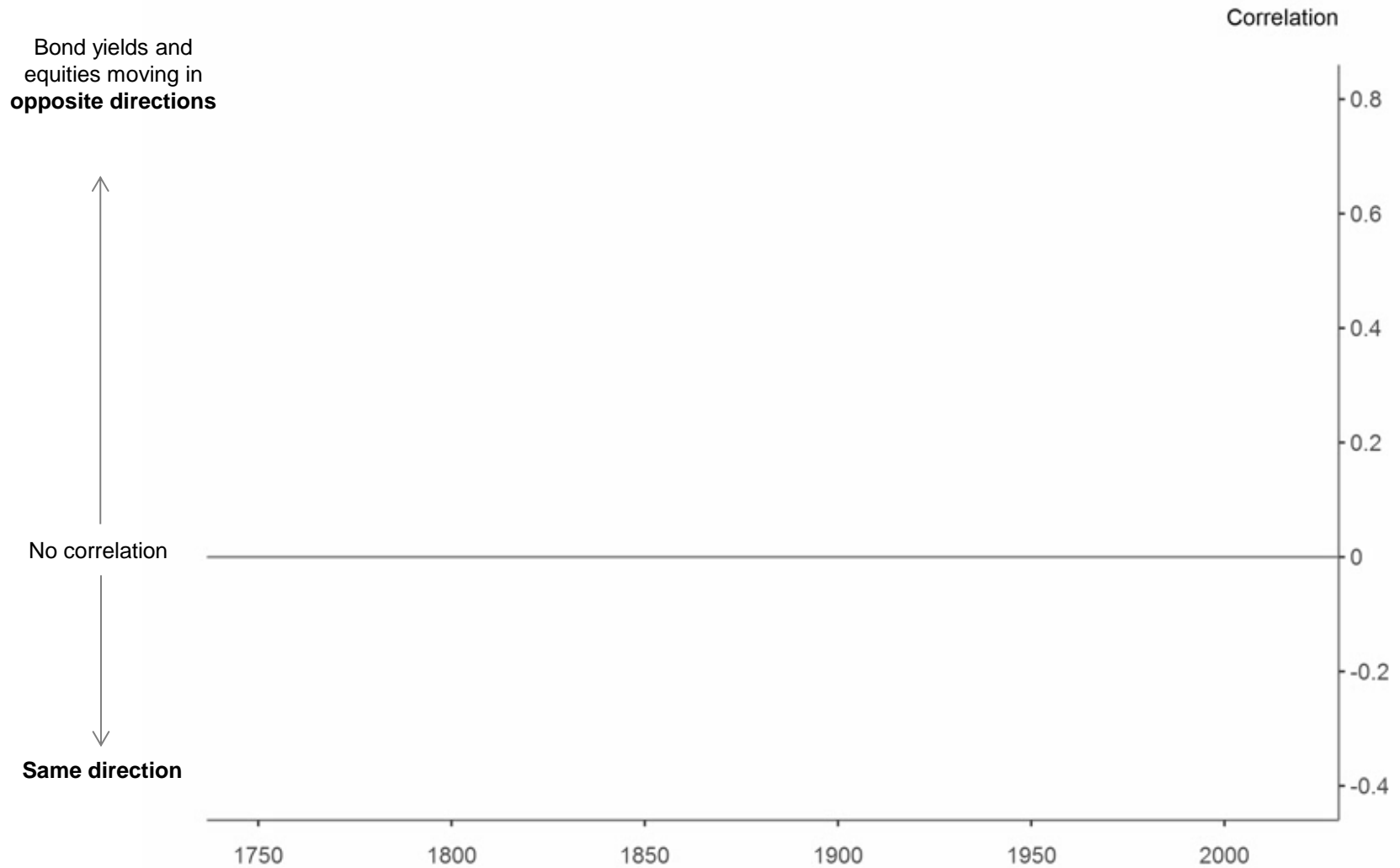
Mid-20th Century



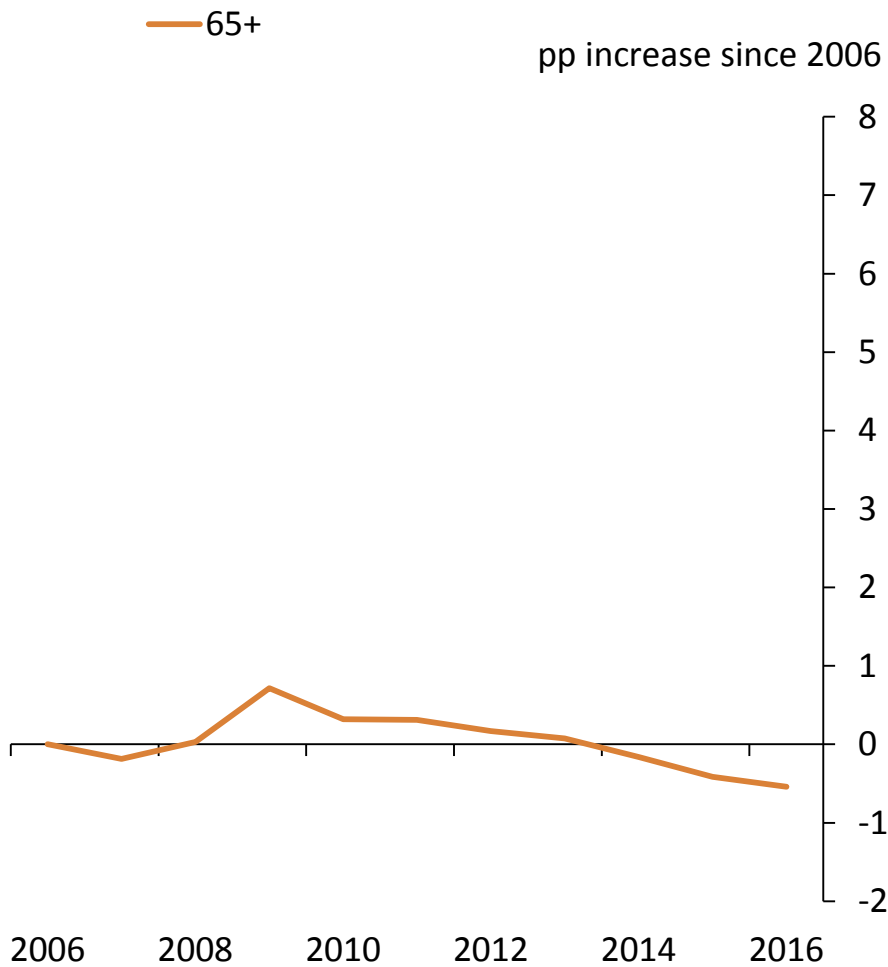
Turn of 21st Century



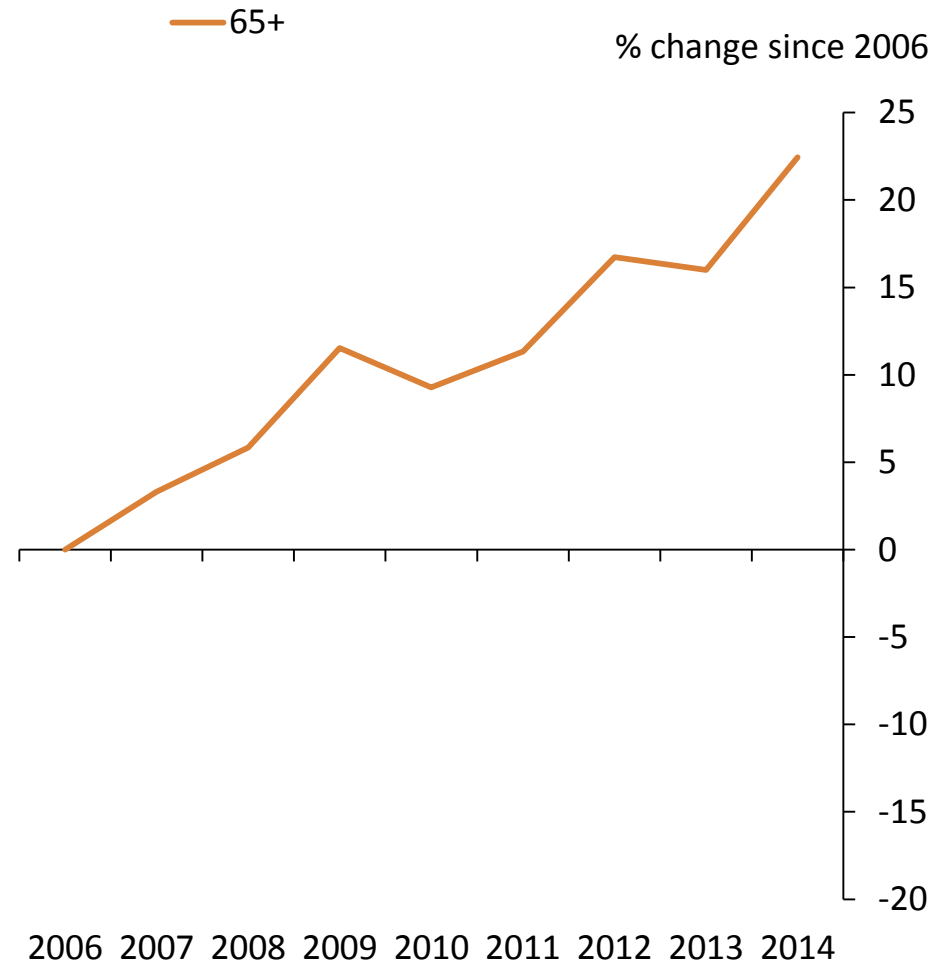
Bond yields used to rise when equities fell... now they fall too



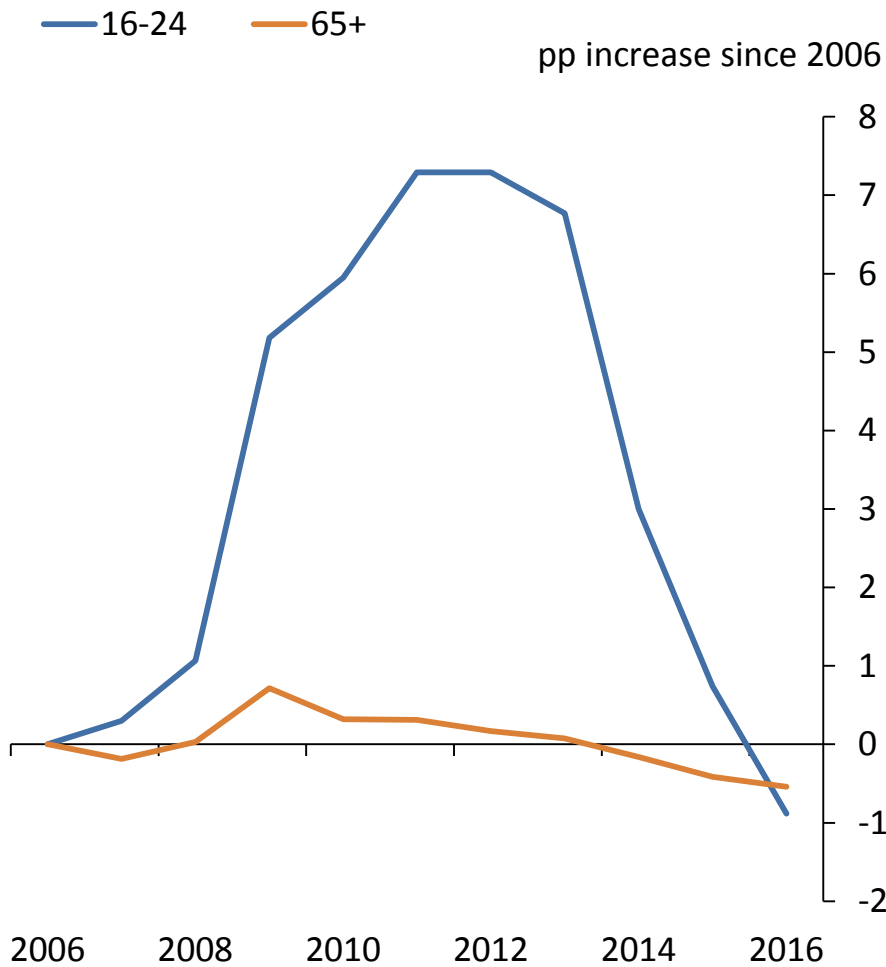
Unemployment rate



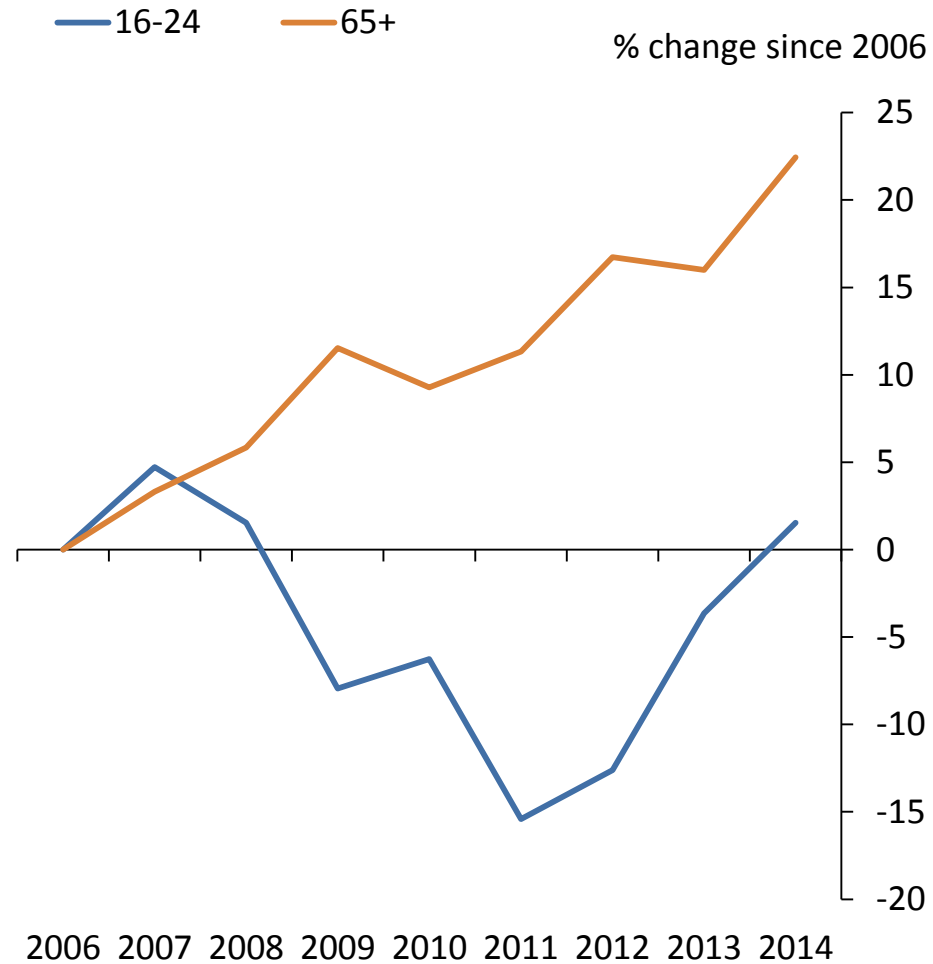
Income



Unemployment rate

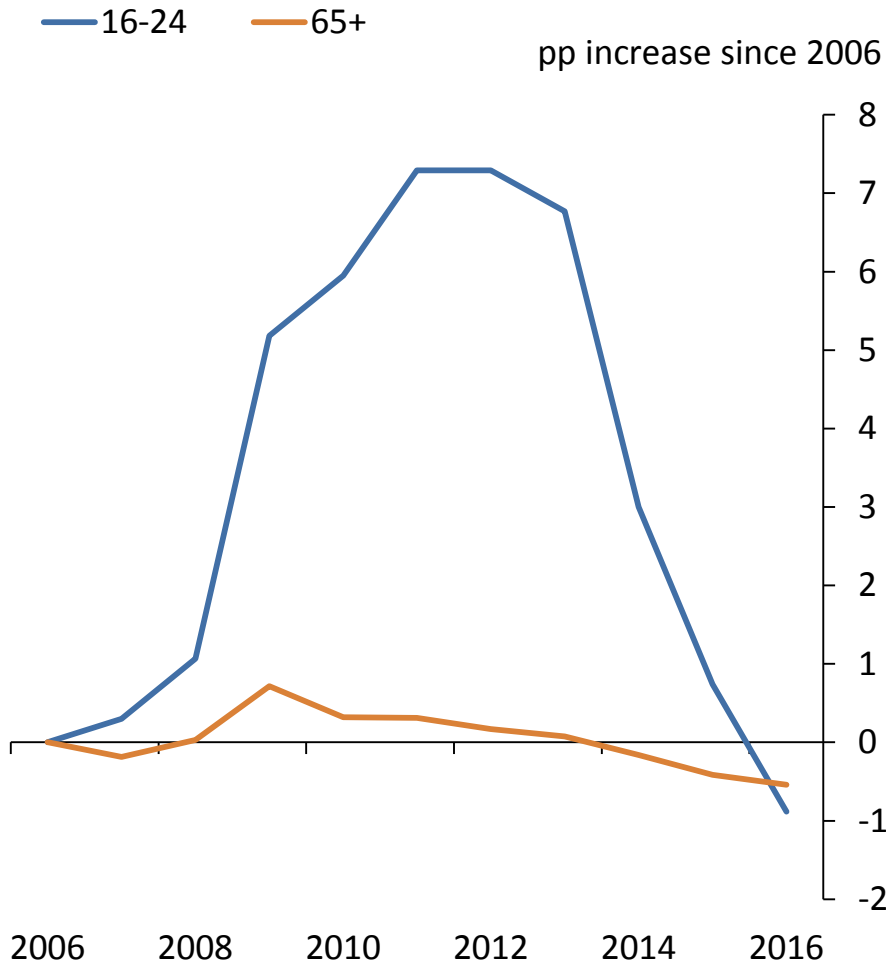


Income

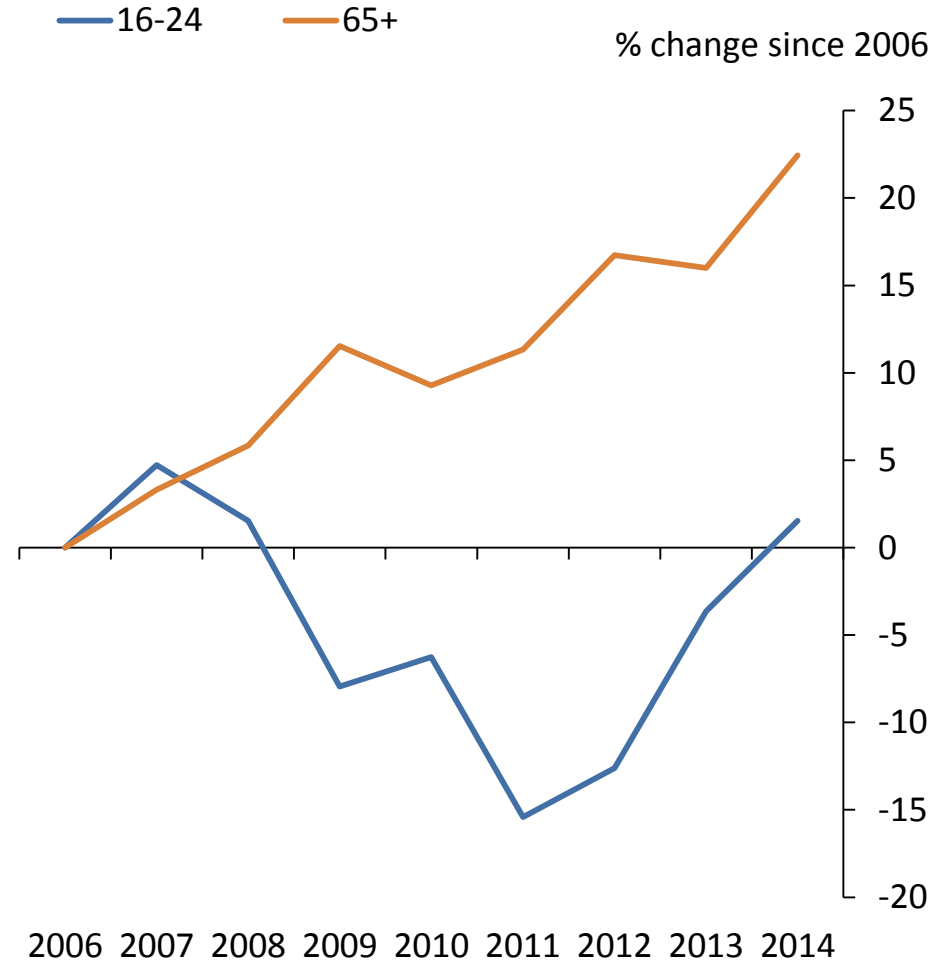


The young were affected disproportionately by the recession

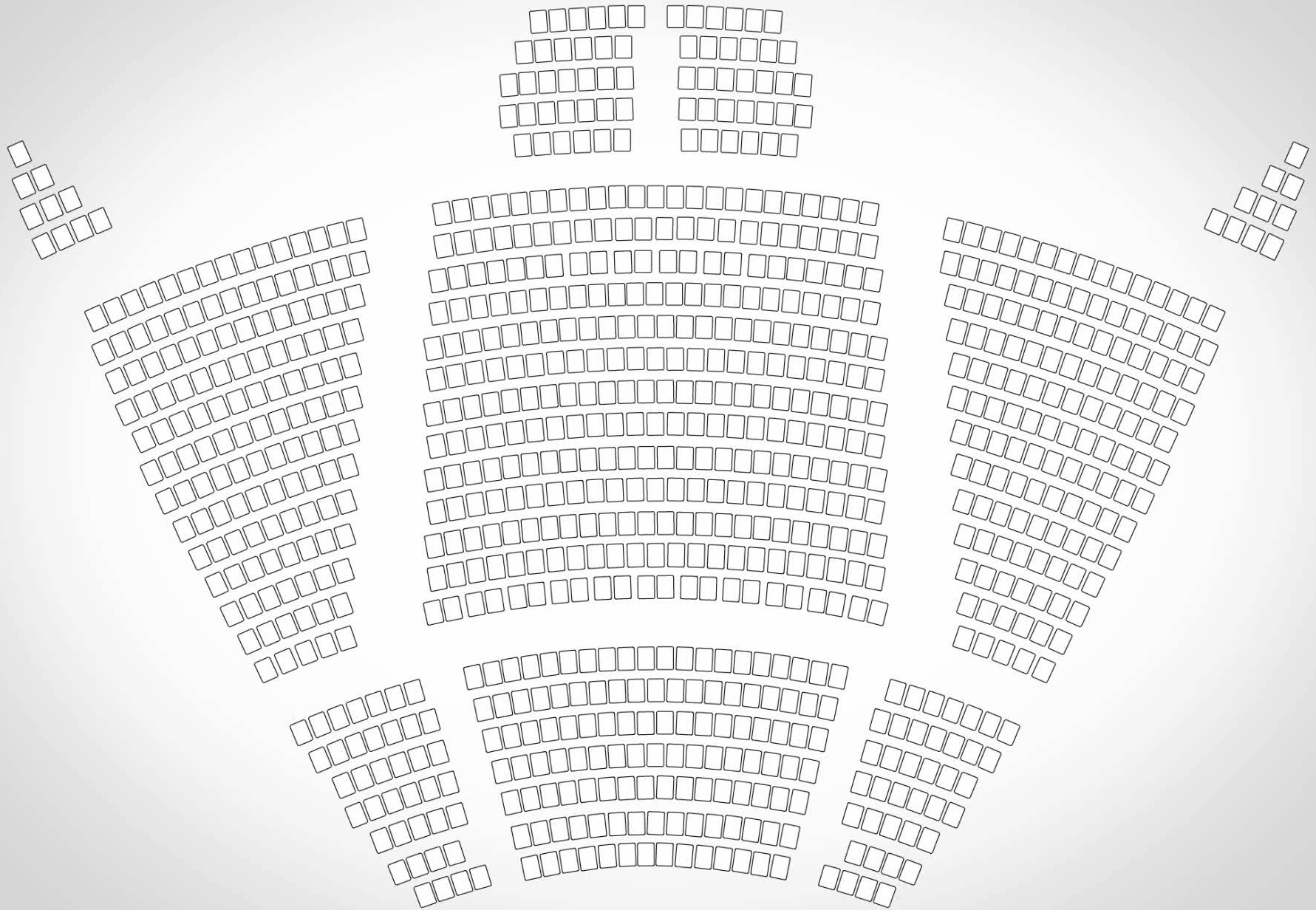
Unemployment rate



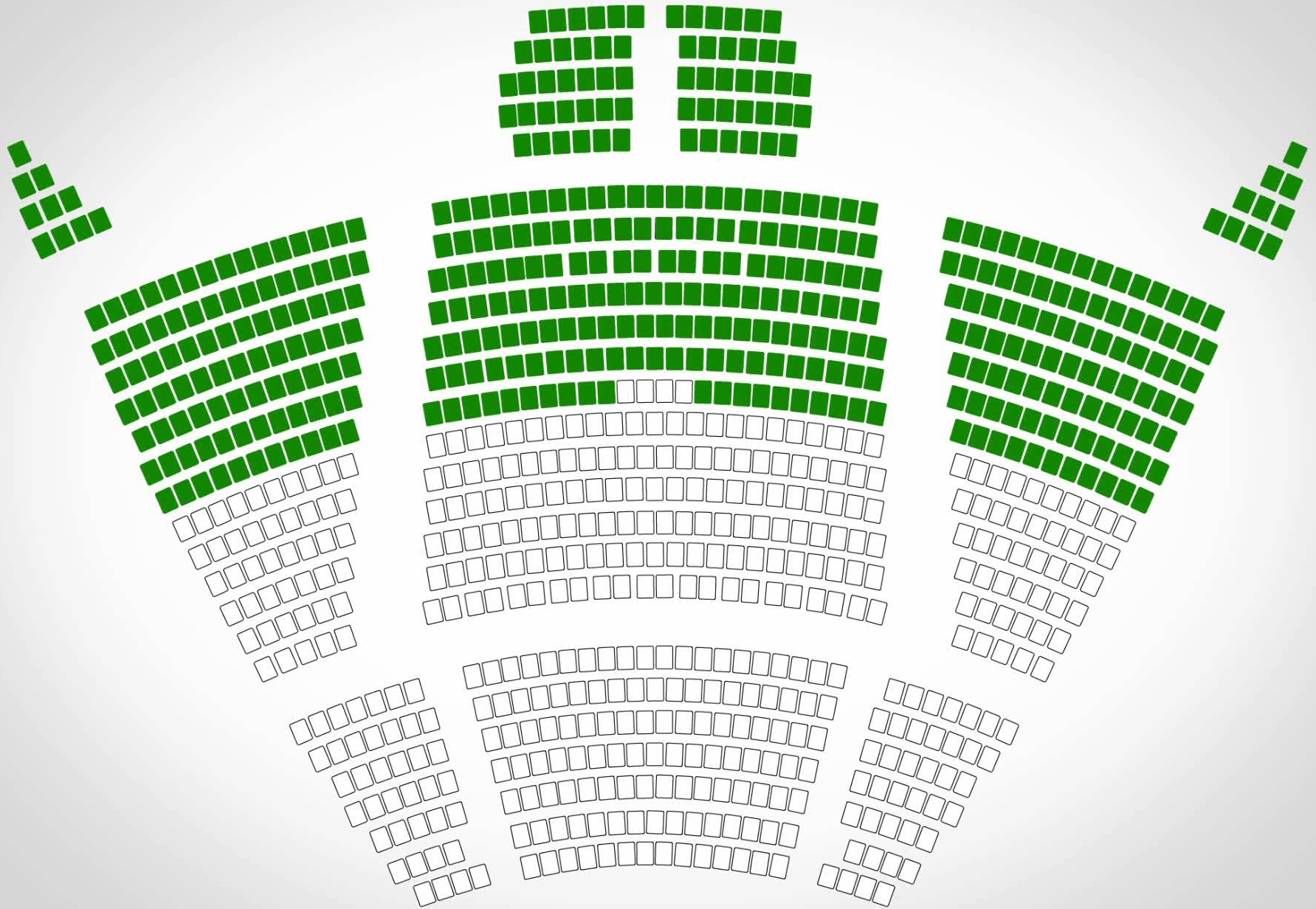
Income



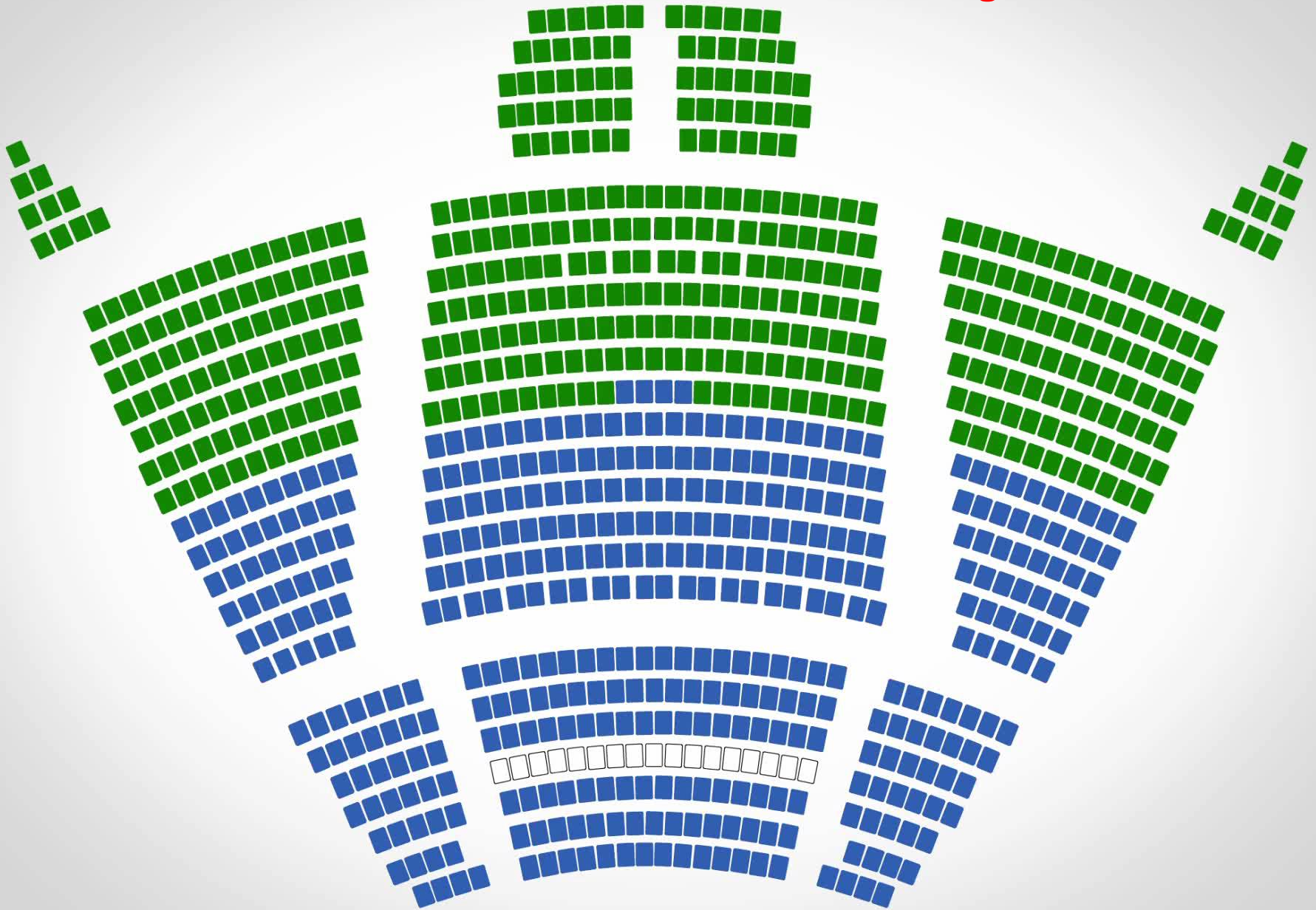
Around half of households are **not savers...**



Around half of households **are** savers...

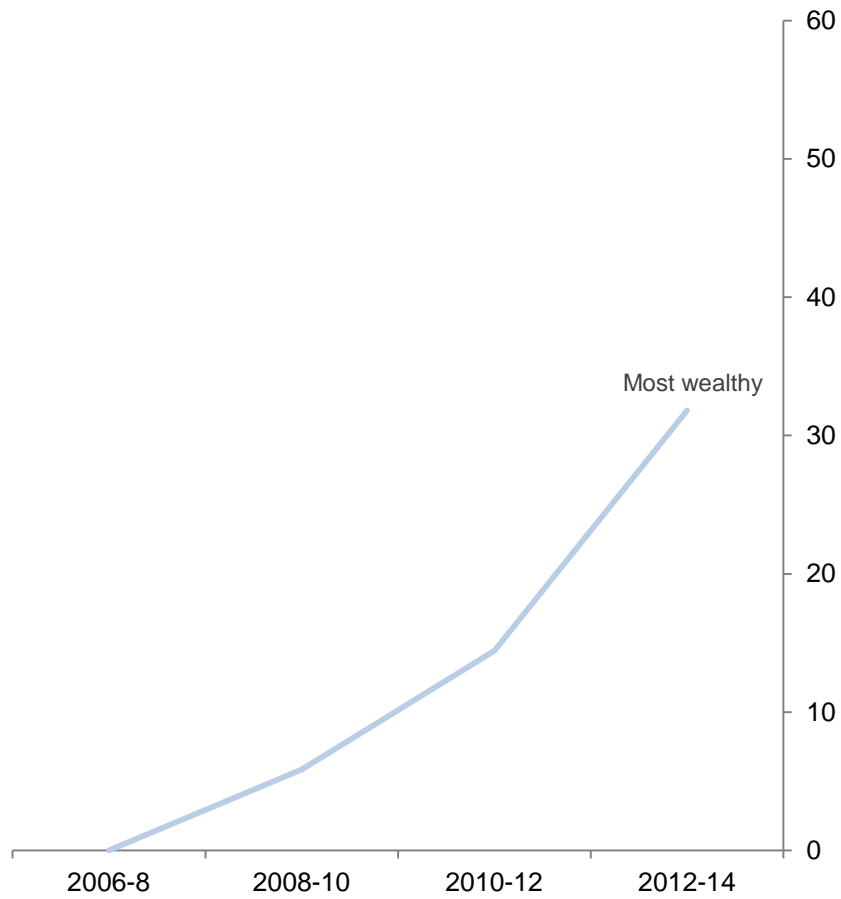


... but few savers do not also have **housing wealth**



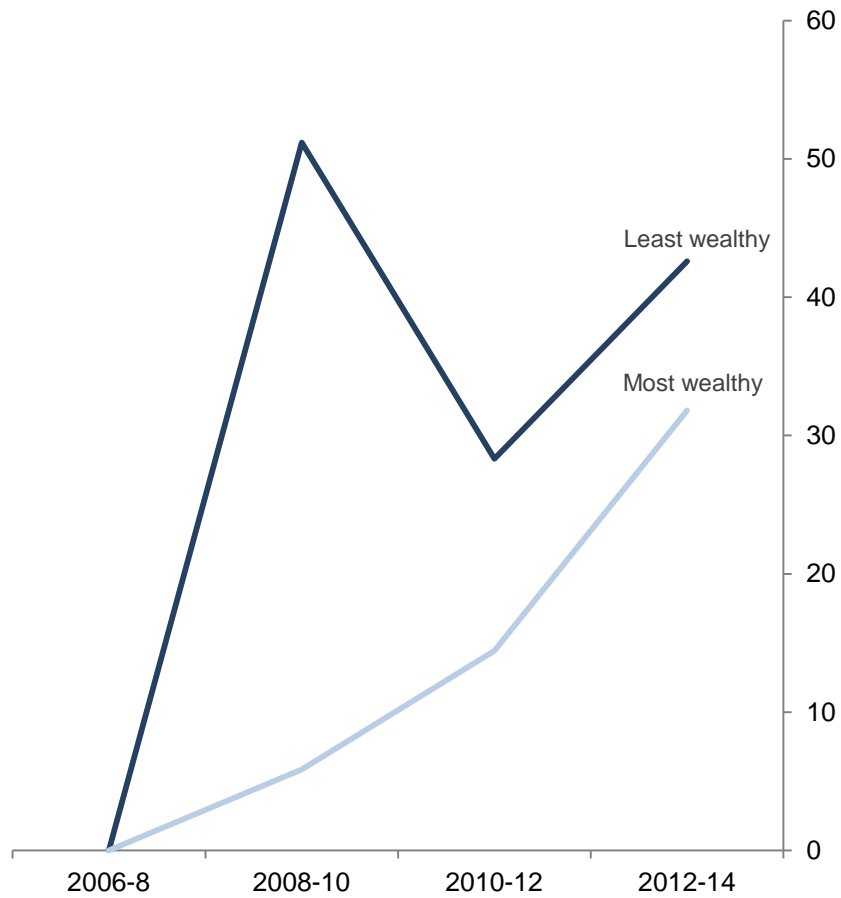
Wealth

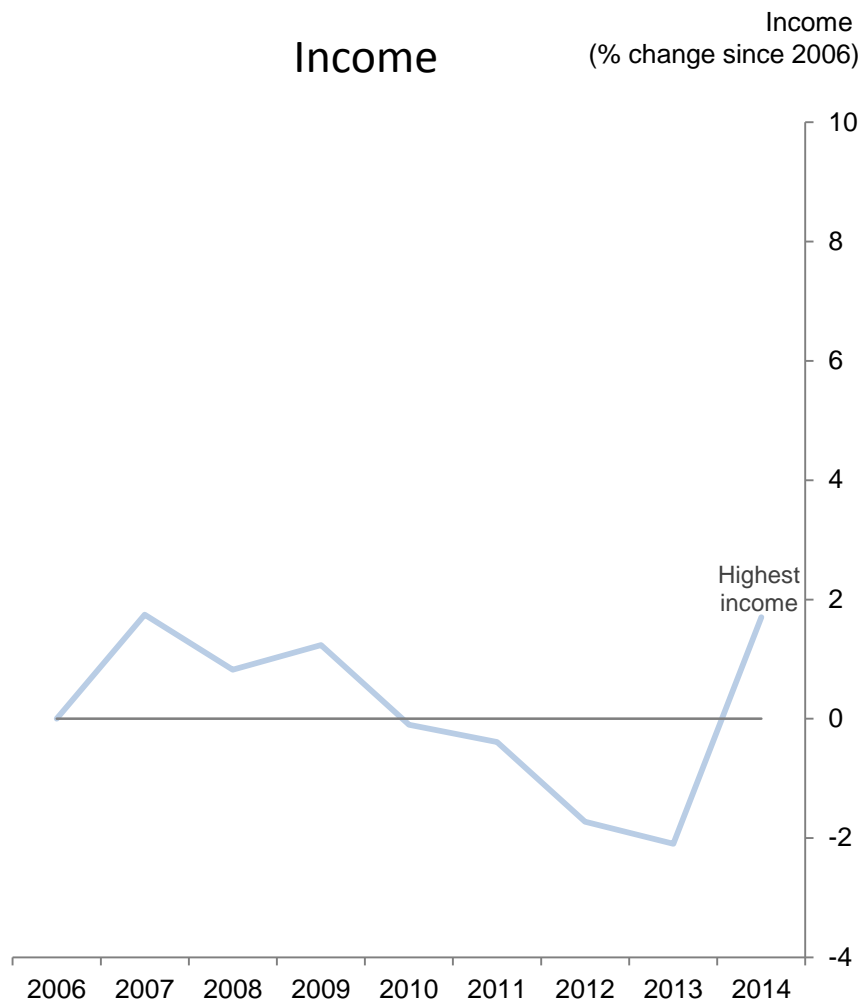
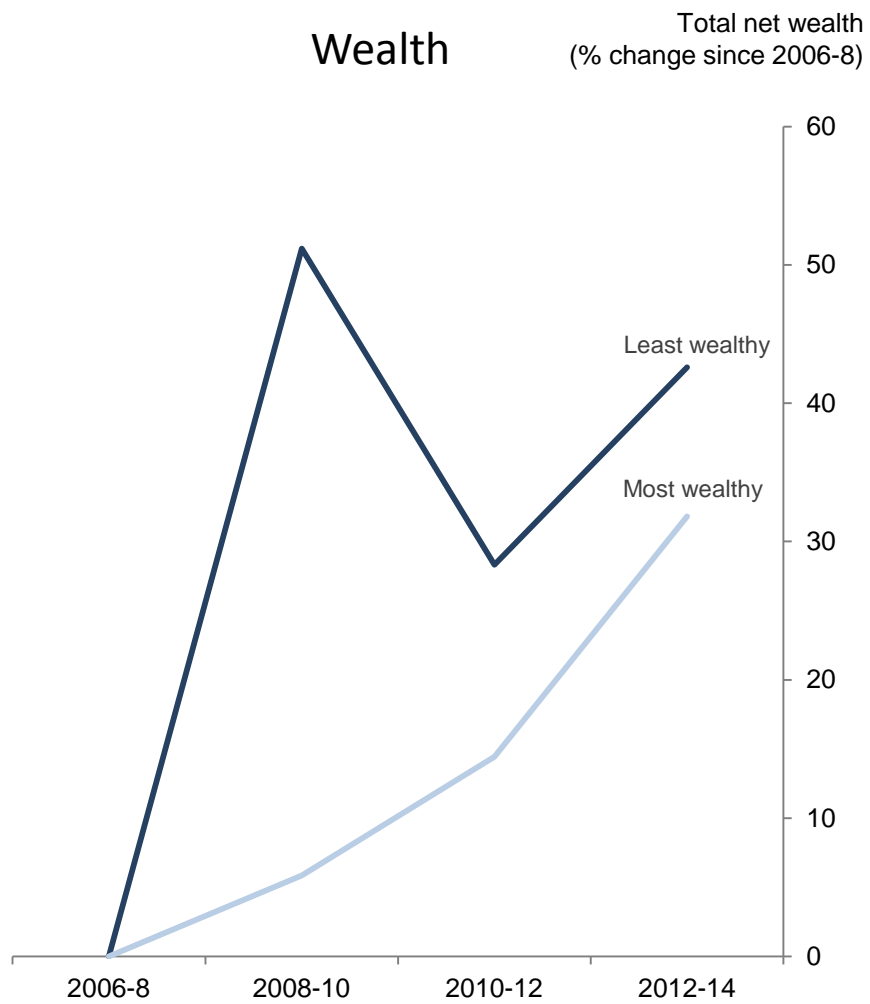
Total net wealth
(% change since 2006-8)



Wealth

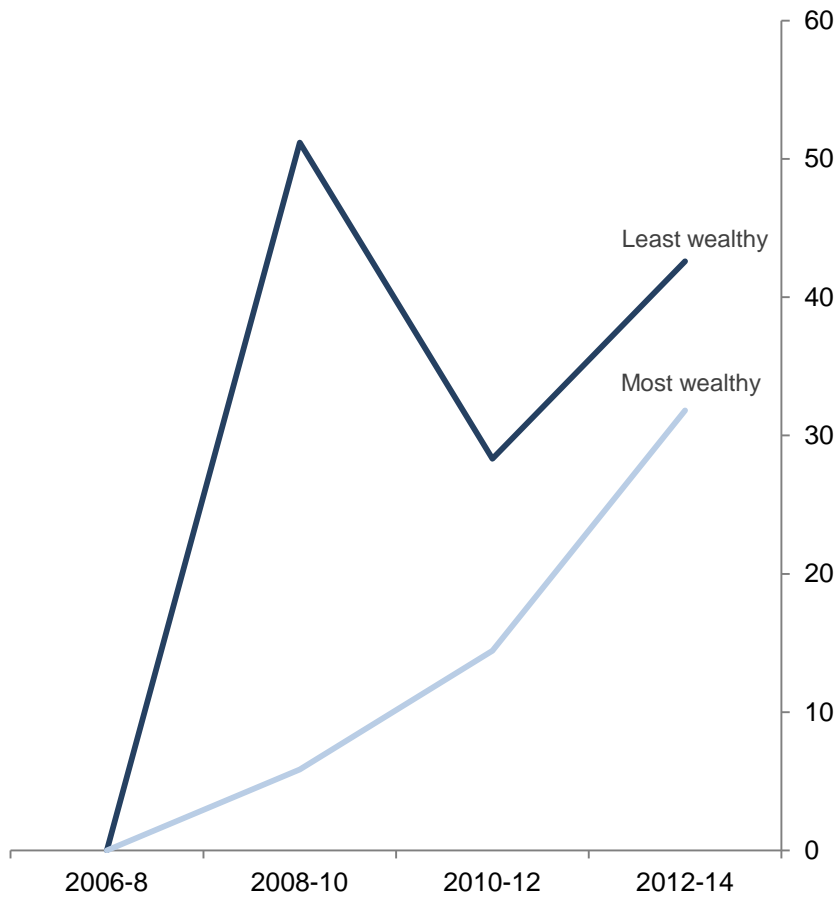
Total net wealth
(% change since 2006-8)





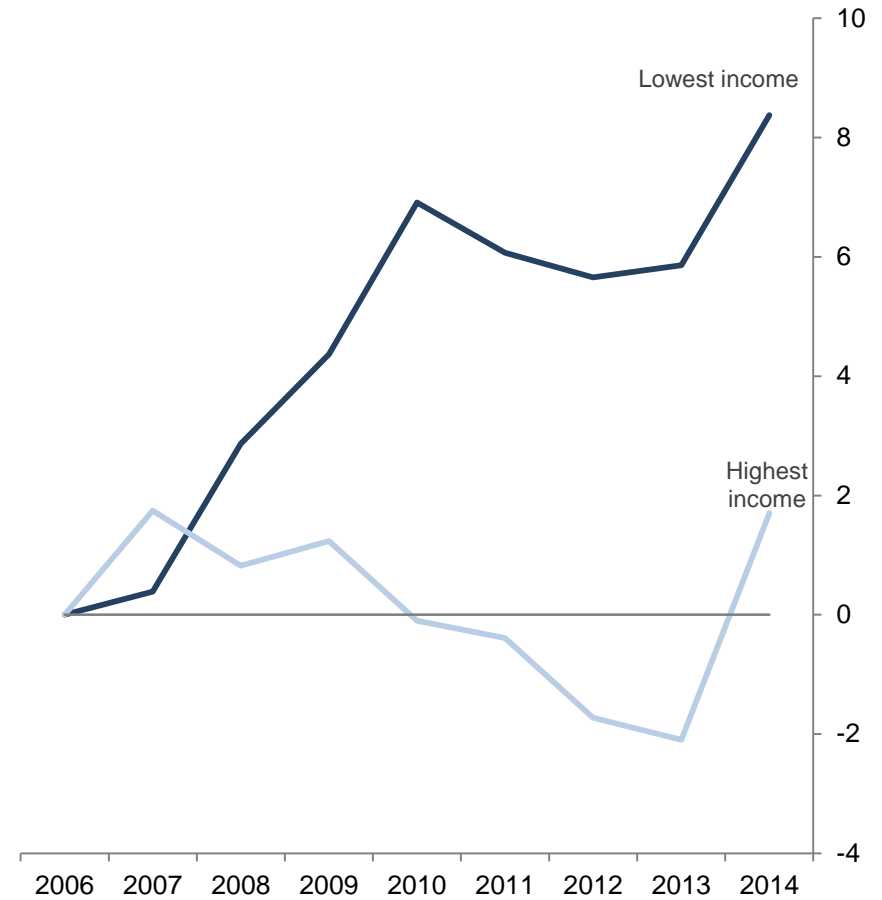
Wealth

Total net wealth
(% change since 2006-8)

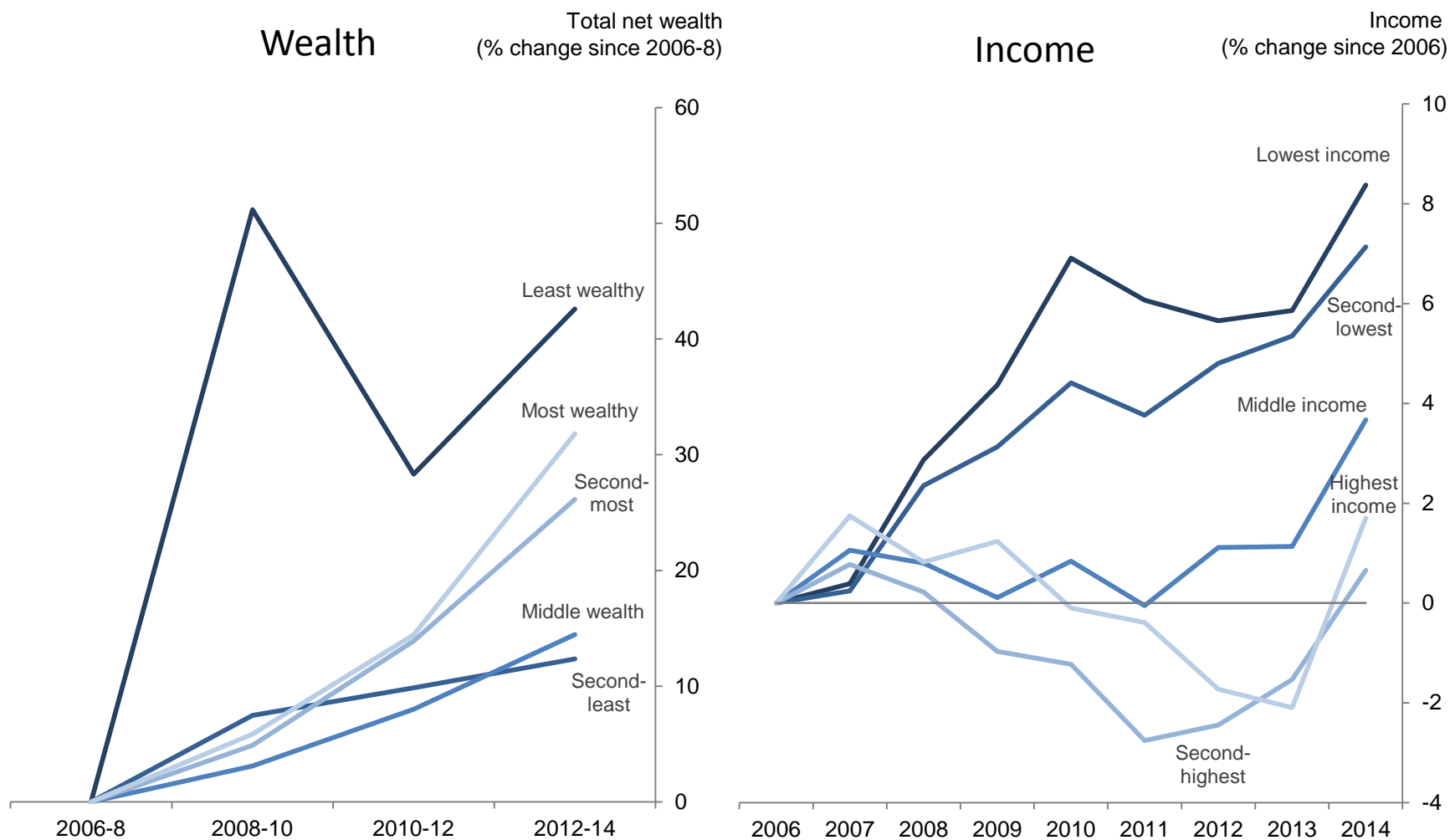


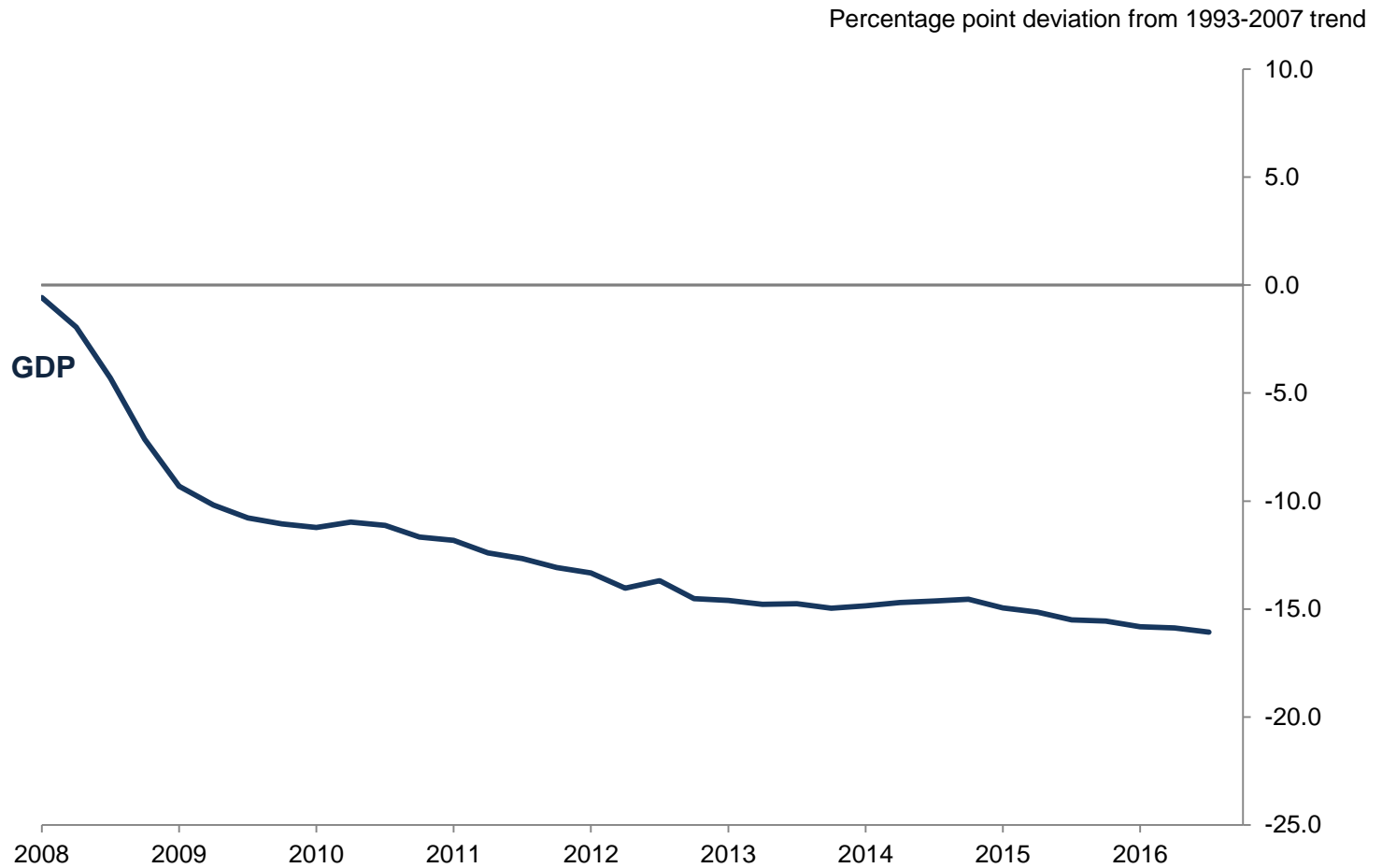
Income

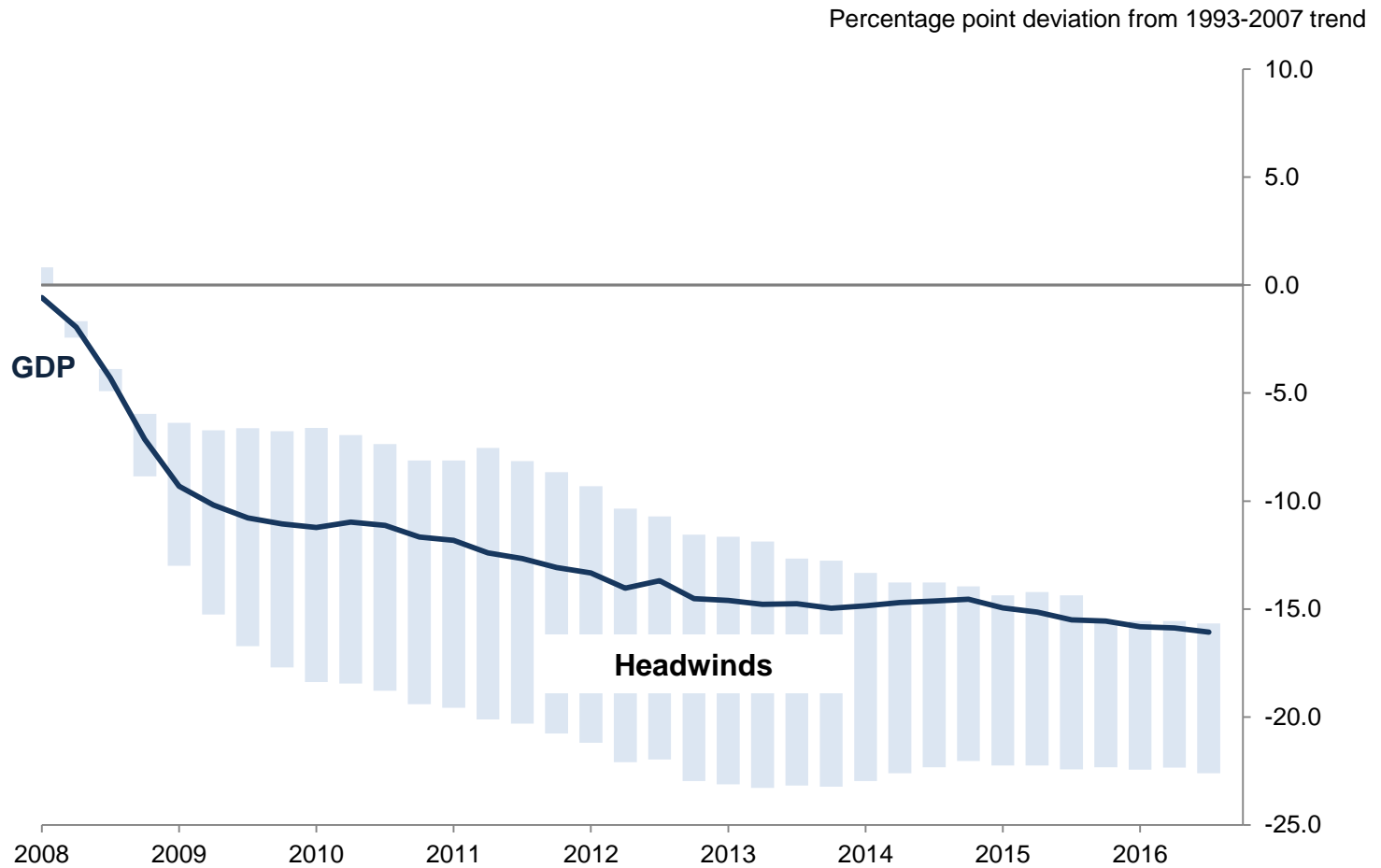
Income
(% change since 2006)

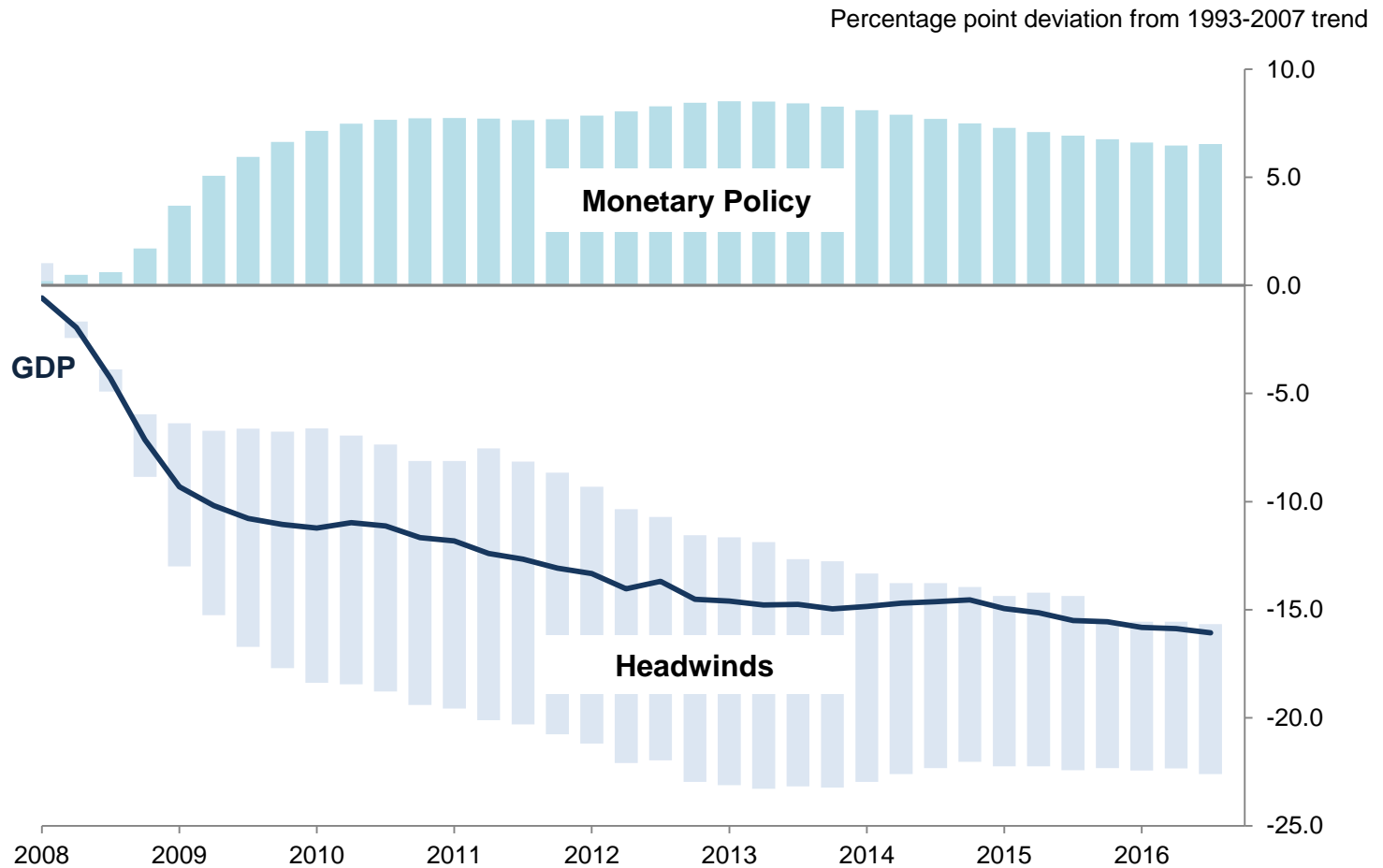


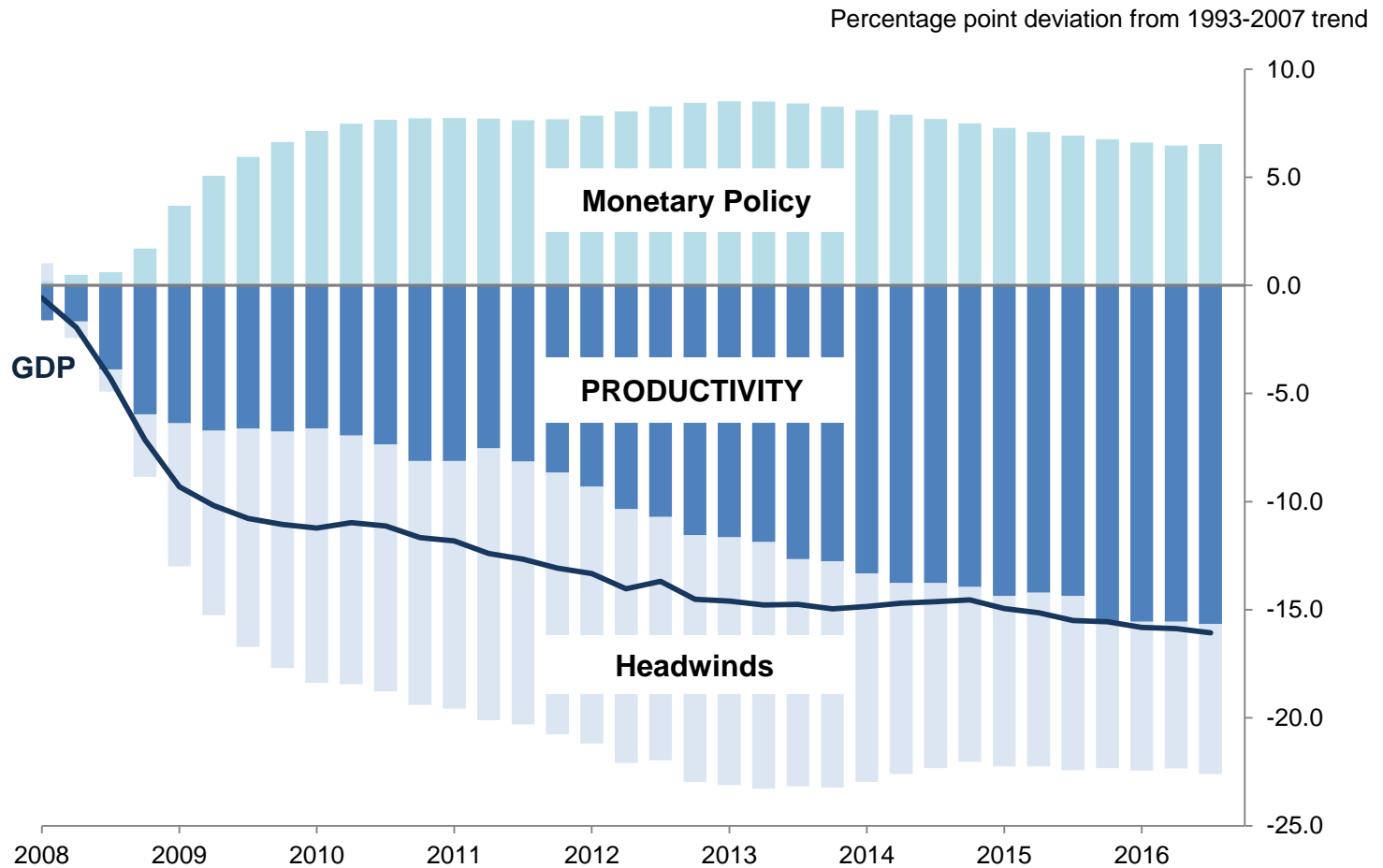
Wealth and income have increased proportionally most for the poorest



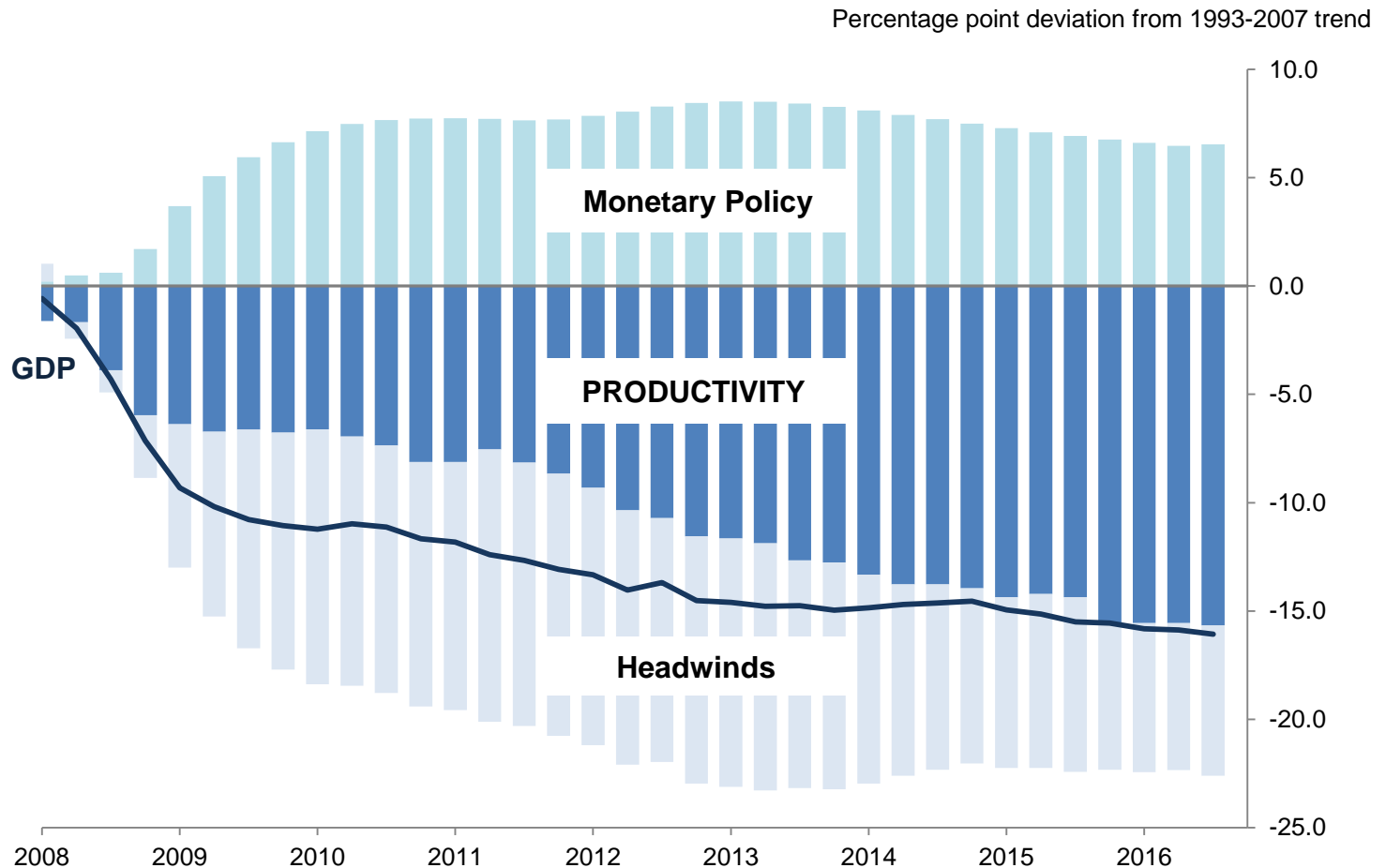




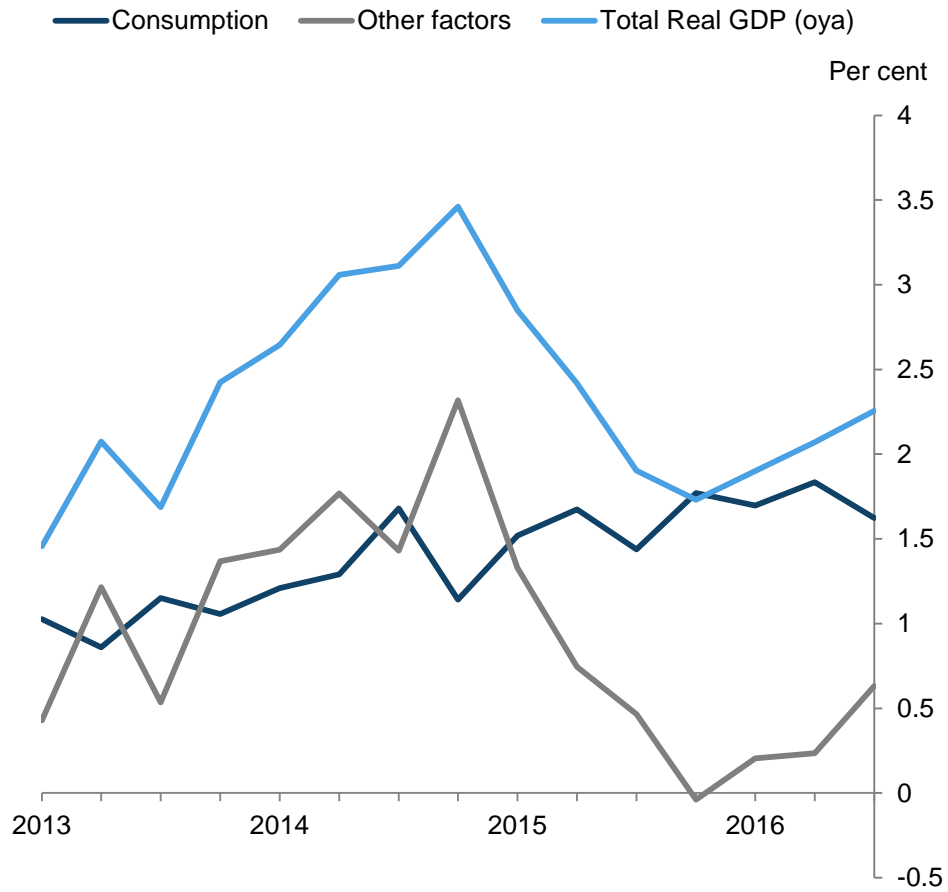




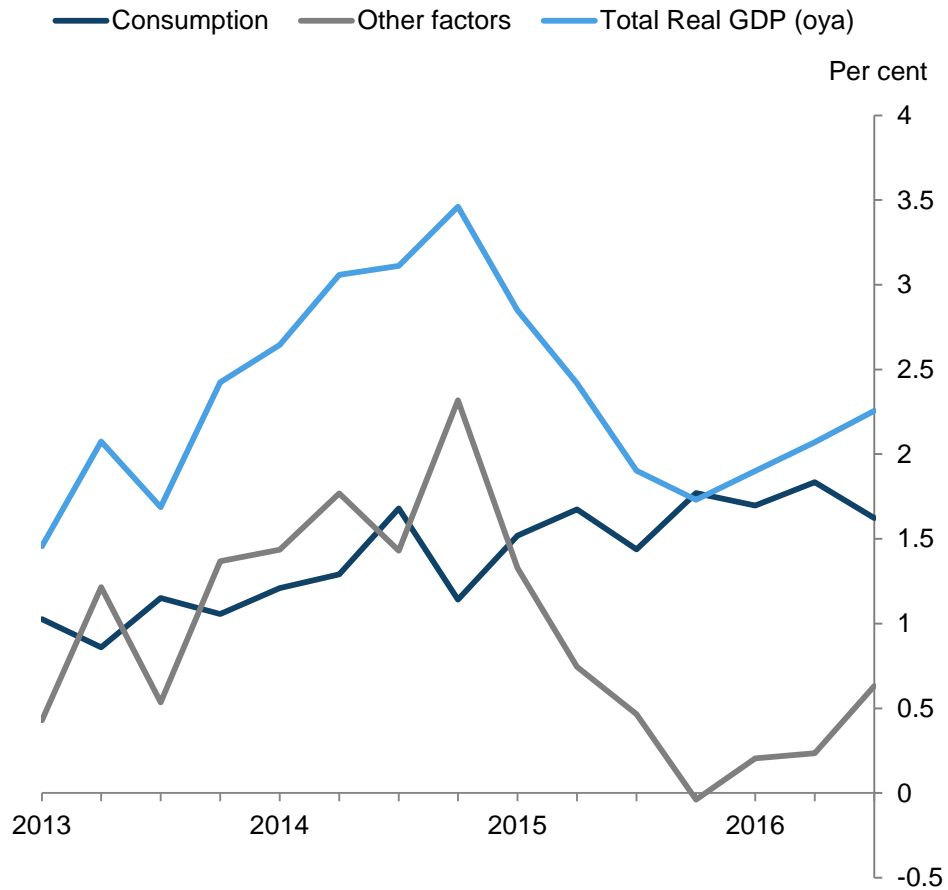
Weak productivity explains weakness in GDP



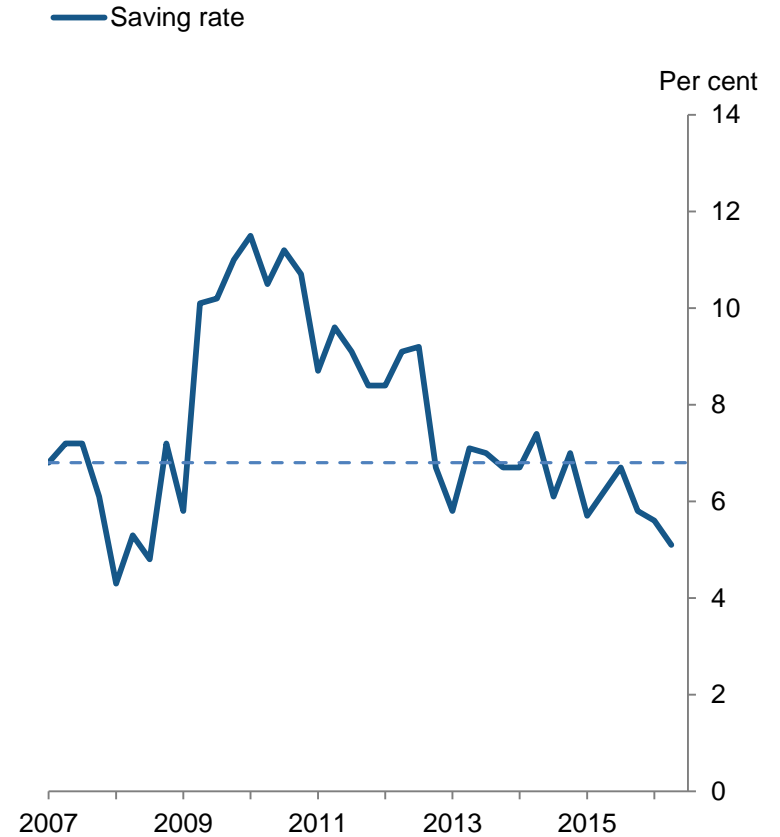
Growth



Growth

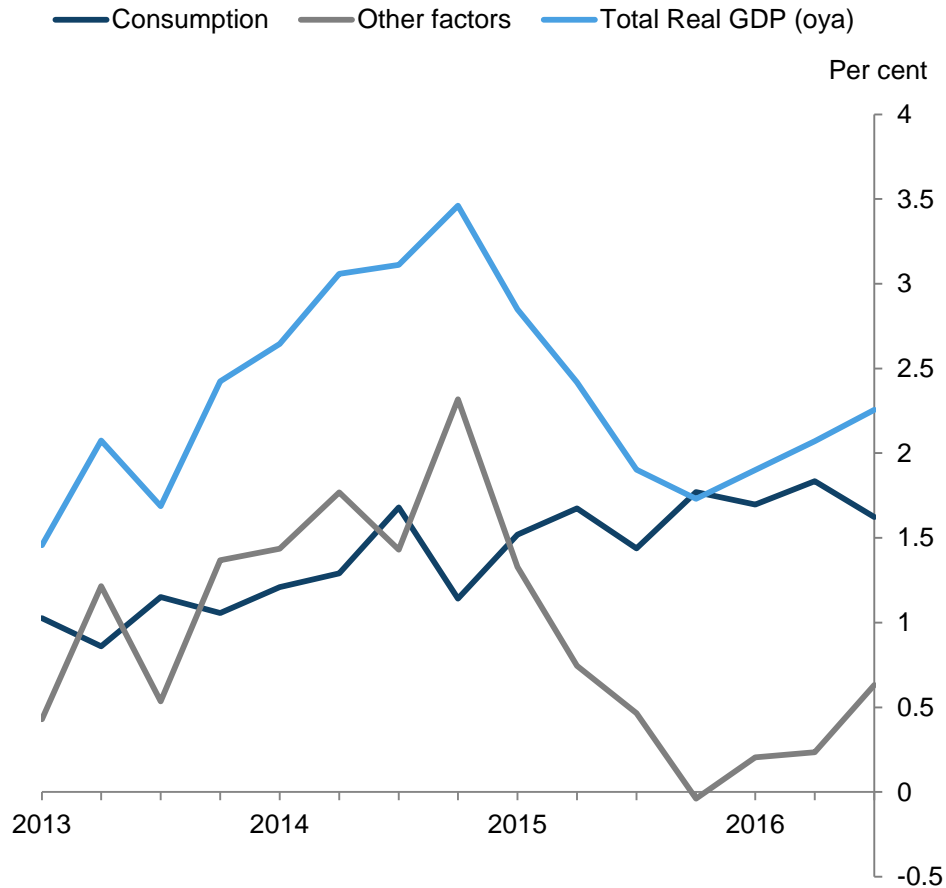


Saving

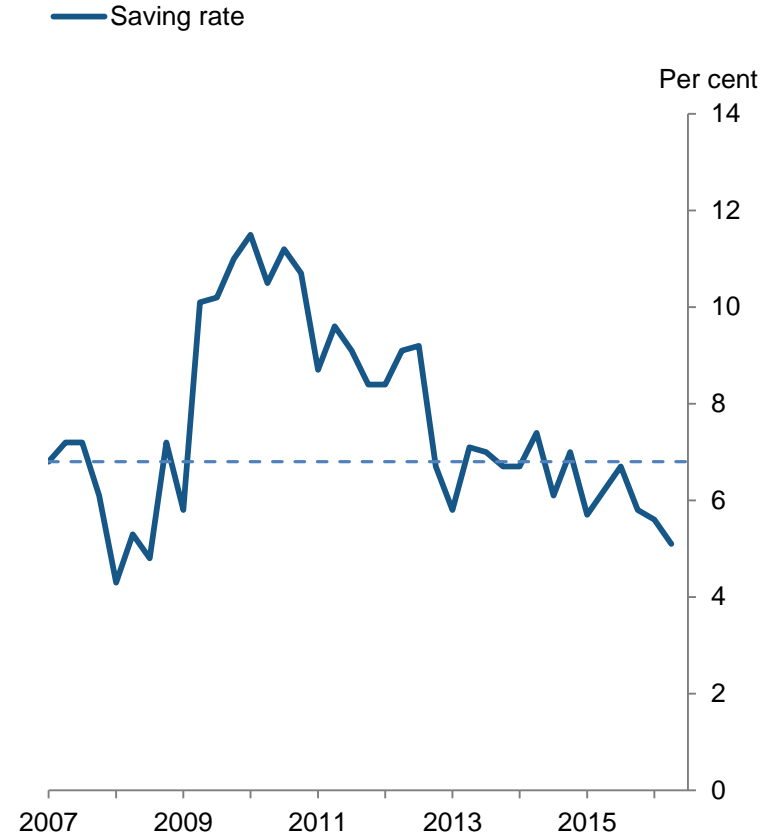


Growth increasingly consumption-led... as saving falls

Growth



Saving



The Spectre of Monetarism?



or the friendly ghost?





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