

Inequality matters for central banks

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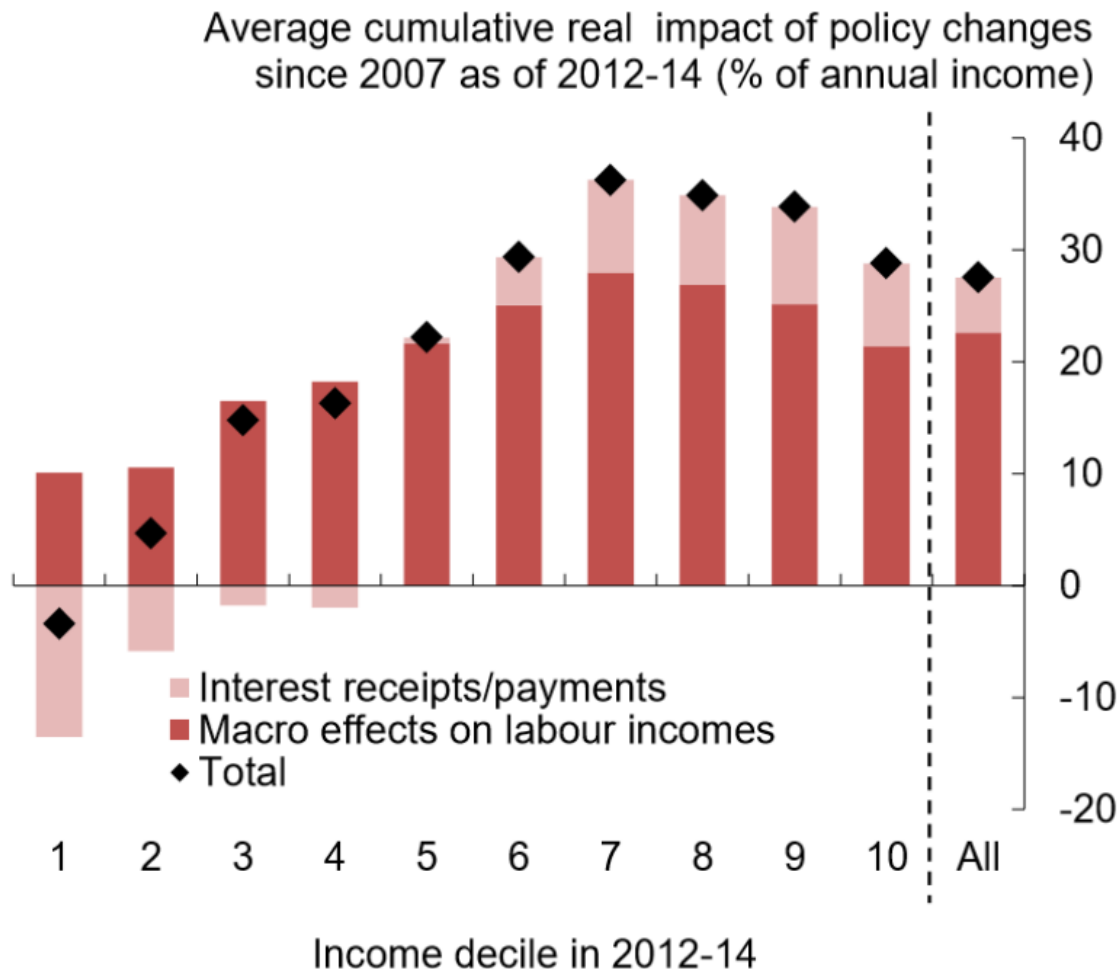
Bank Negara Malaysia Monetary Policy Conference

All monetary policy has distributional effects

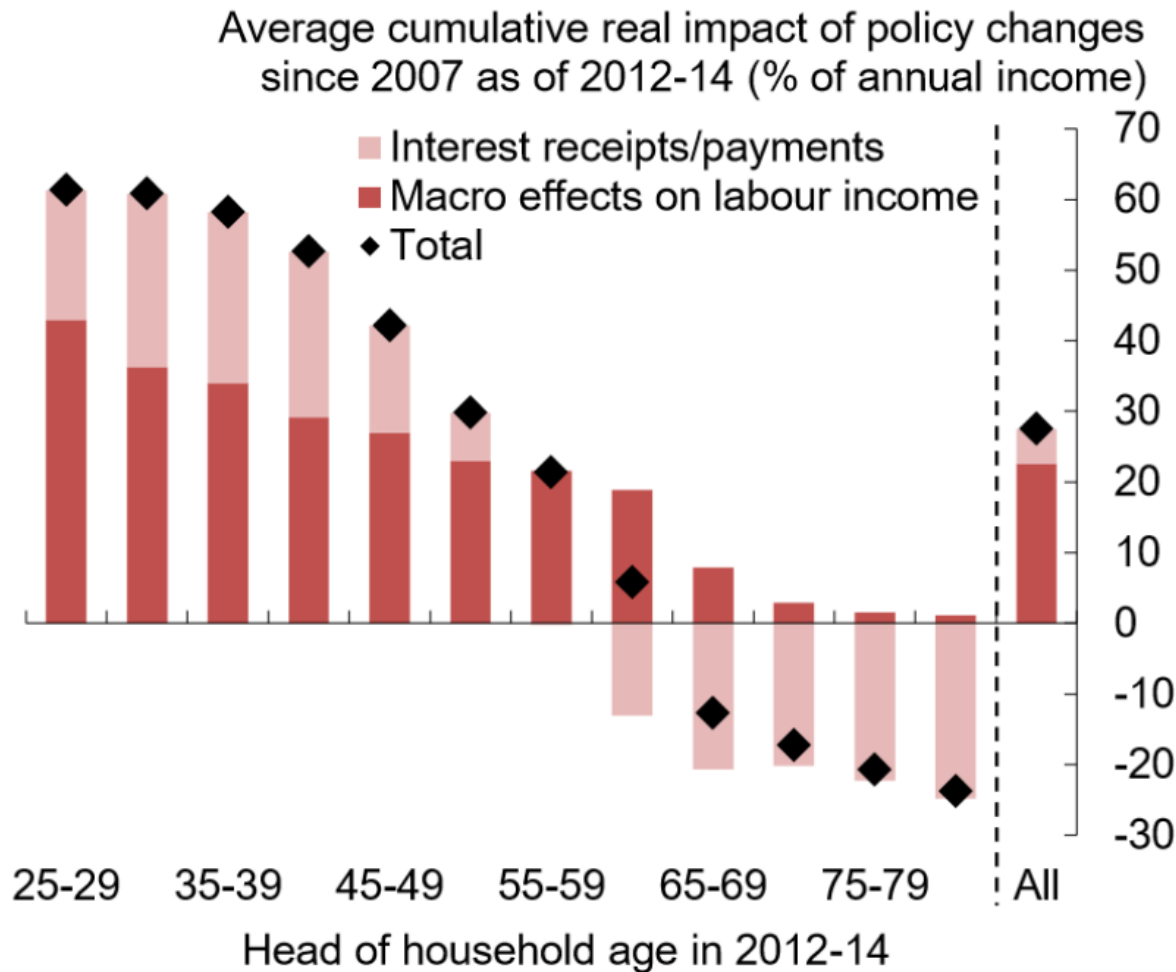
*Distributional effects of monetary policy
are economically significant*

*Different implementations of monetary policy
have different distributional effects*

Distributional effects of monetary policy in the UK since the crisis



Distributional effects of monetary policy in the UK since the crisis



*Income and wealth distributions matter
for the transmission of monetary policy*

*Inequality matters for long-term
economic performance*

Inequality matters for social cohesion

What should central bankers do?

1. Be transparent about the distributional effects of monetary policy
2. Include inequality concerns in their policy decisions
3. Use information about income and wealth distribution to better implement monetary policy