

IARIW Conference on “Financial Markets, Central Banks and Inequality,” March 29-April 1, 2023. (as of April 5, 2022)

Background and Motivation

The International Association for Research in Income and Wealth (IARIW), established in 1947, organizes conferences on topics related to income and wealth throughout the world, generally in partnership with national statistical offices.¹ In addition to its biennial General Conference, the IARIW also organizes two smaller special conferences, with a regional or topic/theme dimension in non-General Conference years.

Interest has been expressed by the IARIW membership for an IARIW special conference on the topic of the impact of central banks and financial markets on inequality. From the IARIW perspective, reasons to accept such a proposal include the following:

- the issue of the measurement and determinants of inequality of both income and wealth is central to the mission of the IARIW. Yet the Association has never had a conference on the impact that financial markets and central banks have on inequality;
- six central banks are IARIW institutional members (Bank of Italy, Bank of Ireland, European Central Bank, National Bank of Belgium, Bank of Korea, and Reserve Bank of India). But the Association has never in its history held a conference related directly to central banks. Such a conference would likely be appreciated by this important group of institutional members;
- in addition to the central banks, other IARIW institutional members, including the IMF and national statistical offices, are interested in issues related to financial markets and inequality; and
- a number of individual IARIW members (e.g. Kavonius and Toermalehto (2021) and Takhtamanova and Sierminska (2013)) have conducted research on the relationship between financial markets, central banks and inequality, so a call for papers on this issue would likely receive a very positive response.

¹ For example, national statistical offices that have co-organized or are organizing special conferences with the IARIW include the National Bureau of Statistics of China (2007), Statistics South Africa (2011), the Brazilian statistical office or IBGE (2013), and the Egyptian statistical office or CAPMAS (2015), the Bank of Korea (2017), and the Tanzania National Bureau of Statistics (2022). The IARIW has also co-organized two special conferences with the OECD (2011 and 2015) and with universities (University of New South Wales, 2013, National Research University Higher School of Economics in Moscow, 2019), one with the World Bank (2019) and two with research institutes (Indian Council for Research on International Economic Relations, 2017, and Economic Statistics Centre of Excellence (ESCoE), 2021). Since 2006, IARIW General Conferences have been co-organized with Statistics Finland (2006), Statistics Slovenia (2008), the Swiss Federal Statistical Office (2010), the US Bureau of Economic Analysis (2012), Statistics Netherlands (2014), the Federal Statistical Office of Germany (2016), Statistics Denmark (2018) and Statistics Norway (2021). In 2022, the General Conference will be co-organized with STATEC in Luxembourg.

Monetary Policy and Income and Wealth Distribution

The distributive impact of monetary policy has emerged today as a leading topic of research in the study of central banking. Indeed, whether it concerns changes in the rate of interest or more recent, unconventional policies such as quantitative easing, central bank policy has been shown to have a definite impact on income and wealth distribution, either through labour markets or through other channels of transmission.

Interest in the distributional implications of central bank policies has been articulated by the heads of central banks. For example, Mark Carney, former Governor of the Bank of England and the Bank of Canada, has stated “the distributional consequences of the response to the financial crisis have been significant” (Carney, 2014). Mario Draghi, former Governor of the European Central Bank has noted “Over the medium-term, it is unambiguous that [expansionary] monetary policy has positive distributional effects through macroeconomic channels. Most importantly, it reduces unemployment, which benefits poorer households the most. And a faster return to full employment should, in turn, contribute to lower future inequality, since we know that if unemployment lasts too long it can lead to permanent income losses through labour market scarring” (Draghi, 2016). Finally, Benoît Cœuré, also of the European Central Bank, echoed those sentiments when he stated, “to the extent that it stabilizes economic activity, monetary policy can help shield from poverty the lowest income classes of society, especially during recessions” (Cœuré, 2012: 1).

In the academic literature, there is growing interest in this theme as well. Studies that have estimated the distributive impacts of monetary policy include the following: Ampudia *et al.*, (2018) and Lenza and Slacalek (2018) on the euro zone; Davtyan (2016) on the United States; Coibion *et al.*, (2017) and Casiraghi *et al.* (2018) on Italy; Saiki and Frost (2014) on Japan; Mumtaz and Theophilopoulou (2017) on the UK; Villarreal (2014) on Mexico, as well as several panel-data exercises (Furceri *et al.*, 2018 and Guerello, 2018). Rochon and Seccareccia (2021) have identified two ways in which changes in the rate of interest may affect income distribution: the income and wealth channels. Kappes (2022) provide a recent survey of the literature.

Despite this research activity, a comprehensive understanding of the distributive impact of central bank activities, and financial markets and financial intermediation more generally, is still a long way off. The objective of the conference is to make a contribution to filling this knowledge gap.

Topics on which proposals are welcome will include the following:

- 1) Channels through which monetary policy can affect the distribution of income and wealth, and its differential impact by gender, age, race, etc.
- 2) The impact on inequality: conventional vs. non-conventional monetary policy instruments
- 3) How income and wealth inequalities affect the transmission of monetary policy
- 4) Monetary policy and the functional distribution of income
- 5) Financial inclusion, financial literacy and inequality
- 6) Indebtedness and financial fragility of households

- 7) Distributional financial and national accounts
- 8) Household wealth microdata: developments, administrative vs. survey data, statistical adjustments, asset and debt coverage to improve distributional analysis

Conference Organization

Program Committee

Andrea Brandolini, Deputy Director General for Economic Statistics and Research at the Bank of Italy, and a past IARIW President who has spearheaded two earlier IARIW special conferences, has agreed to chair the program committee. The Bank of Italy will host the conference and offer its facilities in Rome, Naples or Sicily as a conference venue.

Caroline Willeke, Deputy Director of the Statistics Department at the European Central Bank (and an IARIW member), and Louis-Philippe Rochon, Professor of Economics at Laurentian University in Canada and an expert on central banks and inequality (e.g. Co-Editor of The Elgar Series on Central Banking and Monetary Policy) agreed to serve on the committee and develop the call for papers. In addition, Olympia Bover from the Bank of Spain, Karen Pence from the US Federal Reserve Board, Florin Bilbiie from the University of Lausanne and Francisco Ferreira from the Institute for International Inequalities at the London School of Economics have agreed to serve on the program committee.

The key activities of the program committee are development of the call for papers, solicitation of proposals for the conference and evaluation of proposals submitted for the conference program.

Conference Program

The conference is planned to take place on March 29-April 1, 2023. The opening reception will be held on March 29. Papers will be presented on March 30-31 and the last day will be devoted to an excursion to places of interest to the international delegates.

The conference program will include paper sessions, keynote addresses, panels and a farewell dinner. It is expected that there will be 20-30 papers presented in plenary sessions. If there are a large number of high-quality submissions, parallel sessions or a poster session may be organized.

Conference Size

The number of delegates attending IARIW special conferences in the past has been between 100 and 150. A similar number is expected for this conference.

Conference Venue and Timing

The IARIW has not had a conference in Italy for many years. Many members have indicated that this country is a very desirable location for a conference, particularly in the spring or fall. Andrea Brandolini has indicated that the Bank of Italy office in Rome, or Bank of Italy regional offices in Naples or in Sicily can be a venue for the conference.

The conference is planned for March 29-April 1, 2023 as a second IARIW special conference is planned for the fall of 2023. The conference can however be moved to the fall of 2023 if circumstances warrant.

Organizational Responsibilities

The organization of the conference will be divided between the IARIW secretariat and the local organizer, the Bank of Italy. The IARIW secretariat will assume responsibility for communications with all conference paper givers and maintain the conference program on the IARIW website. The local organizer will assume responsibility for the conference website, conference registration, and local arrangements.

The conferences expenses will be divided between the IARIW and local organizer. The IARIW can cover expenses for paper givers on a needs basis and for keynotes speakers. The Association will also pay for a special issue of the *Review of Income and Wealth* that will contain selected papers from the conference. The local organizer can cover expenses for the conference venue, audio-visual arrangements, coffee breaks, and meals. The two organizers will develop a cost-sharing agreement.

In order to spare the host organization the administrative burden of collecting registration fees, IARIW special conferences normally do not charge such a fee. Conference delegates from all countries other than the host country must be or become a member of the IARIW. Delegates are responsible for their own travel and hotel costs and possibly the cost of the excursion, depending on sponsorships.

The IARIW will provide some financial assistance to paper givers on a needs basis. The IARIW Financial Assistance Committee will consist of the Chair and Treasurer of the Association.

RIW Special Issue

Selected papers from IARIW special conferences are normally published in special issues of the *Review of Income and Wealth*, edited by a sub-set (one or two persons) of the members of the program committee. To be considered for the special issue, paper givers must submit a revised version of their paper by a specified date after the conference, generally within three months of the conference.

Procedures for Proposal Submission

Persons interested in presenting a paper at the conference are asked to submit a proposal of less than 1,000 words through the web tool posted on the IARIW website.

Timelines for a Spring 2023 Conference

January 19, 2022	Announcement of Call for Papers
August 31	Deadline for Receipt of Paper Proposals

October 15	Decisions on Proposals and Release of Preliminary Conference Program
November 1	Deadline for Applications for Financial Assistance
November 15	Decisions on Financial Assistance
March 31, 2023	Deadline for Receipt of Papers for Posting on IARIW Website (subject to change based on conference date)
Spring, 2023	Conference
10 weeks after conference	Deadline for Submission of Papers for RIW Special Issue
Fall 2024	Release of RIW Special Issue

References

Ampudia, M., D. Georgarakos, J. Slacalek, O. Trist, P. Vermeulen, and G. Violante (2018), “Monetary Policy and Household Inequality”, Working Paper Series 2179, European Central Bank. <https://www.ecb.europa.eu/pub/pdf/scpwps/ecb.wp2170.en.pdf>

Carney, M. (2014), “Inclusive Capitalism: Creating a sense of the systemic”, Speech given at the Bank for International Settlement, London, May 27.

Casiraghi, M., E. Gaiotti, L. Rodano and A. Secchi (2018), “A ‘Reverse Robin Hood’ Effect? The distributional implications of non-standard monetary policy for Italian households”, *Journal of International Money and Finance*, 85, pp. 215-235.

Cœuré, B. (2012), “What Can Monetary Policy do about Inequality?”, Speech at ECB, October 17.

Coibion, O., Y. Gorodnichenko, L. Kueng and J. and Silvia (2017), “Innocent Bystanders? Monetary policy and inequality”, *Journal of Monetary Economics*, 88, pp. 70-89.

Davtyan, K. (2016), “Income Inequality and Monetary Policy: An Analysis on the long run Relation”, AQR–Working Papers, n. 16/04.

Draghi, M. (2016), “Stability, Equity and Monetary Policy”, 2nd DIW Europe Lecture, *German Institute for Economic Research (DIW)*, Berlin, October 25.

Furceri, D., P. Loungani, P. A. Zdzienicka (2018), “The Effects of Monetary Policy Shocks on Inequality”, *Journal of International Money and Finance*, 85, pp. 168-186.

Guerello, C. (2018). “Conventional and Unconventional Monetary Policy vs. Households Income Distribution: An empirical analysis for the Euro Area”, *Journal of International Money and Finance*, 85, pp. 187-214.

Jasova, Martina, Caterina Mendicino, Ettore Panetti, Jose-Luis Peydro and Dominik Supera (2022) “Monetary Policy, Labour Income Redistribution and the Credit Channel; Evidence

from Matched Employer-Employee and Credit Registers.” paper presented at ASSA conference, January.

Kappes, S. (2022), "Monetary Policy and Personal Income Distribution: A Survey of the Empirical Literature", *Review of Political Economy*, forthcoming.

Kavonius, Ilja Kristian and Veli-Matti Toermaelehto (2021) “Is the Financial Market driving the Income Distribution? - An Analysis of the Linkage between Income and Wealth in Europe, paper to be presented t 36th IARIW virtual General Conference August 23-26

Lenza, M. and J. Slacalek (2018), “How Does Monetary Policy Affect Income and Wealth Inequality? Evidence from quantitative easing in the euro area”, *European Central Bank*, working paper n. 2190.

Mumtaz, H. and A. Theophilopoulou (2017), “The Impact of Monetary Policy on Inequality in the UK: An empirical analysis”, *European Economic Review*, 98, pp. 410-423.

Rochon, L.-P. and M. Seccareccia (2021), “A Primer on Monetary Policy and Income Distribution”, Central Bank of Argentina, forthcoming.

Saiki, A. and J. Frost (2014), “Does Unconventional Monetary Policy Affect Inequality? Evidence from Japan”, *Applied Economics*, 46(36), pp. 4445-4454.

Takhtamanova, Y. and E. Sierminska (2009), “Gender, Monetary Policy, and Employment: The Case of Nine OECD Countries”, *Feminist Economics*, 15 (3), pp. 323-353.

Villareal, F. G. (2014), “Monetary policy and inequality in Mexico”. <http://www.cemla.org/red/cbrn-xix-papers/cbrn-xix-papers-00013.pdf>>