Feminist perspectives on monetary policy

Paper 2 - 2023

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Executive summary

The gendered dimensions of monetary policy have not received much attention. This report aims to contribute to conceptualising how monetary policy affects gender inequality and setting out an alternative agenda for a feminist central bank.

Understanding how the actions of the monetary authority influence the economic situation of women is of utmost importance, especially given the prominence that central banks acquired in core economies in the last decades and their current role at the forefront of the fight against inflation. While inflation itself is a problem that affects women disproportionately and must be tackled, anti-inflationary policies should not rest on worsening gender inequality.

Feminist economists argue that interest rate increases could affect gender inequality via its effects on:

1. **Employment**: Women could be more likely to be laid off because they are overrepresented in precarious forms of employment and due to the cultural biases of employers. However, some scholars suggest that this mechanism is weak in developed countries as women are concentrated in sectors that are not sensitive to macroeconomic fluctuations.
2. **Wages**: Women's wages could bear most of the burden of the anti-inflationary wage restraint due to structural inequalities in the labour market.
3. **Financial income and costs**: Women's financial costs could increase more than their income due to their characteristics as debtors and financial asset owners.
4. **Fiscal space**: Women are disproportionally affected by austerity measures, which could follow from increases in sovereign borrowing costs.

Moreover, feminist economists argue that Quantitative Easing (QE, also known as asset purchase programs, APPs), which increase the price of financial assets, could increase gender wealth inequality if women are underrepresented among financial asset owners. In contrast, the recently implemented Quantitative Tightening (QT) might reduce the financial wealth gap but could increase inequality via other mechanisms such as increasing sovereign borrowing costs.

The recognition that the same policy might have positive effects via one channel and negative effects through another, suggests that the effects of monetary policy on gender inequality cannot be established a priori, requiring context-specific analysis, considering the relative strength of the different channels for a given place at a particular time.

All of these effects, however, have been to date ignored by central banks in the design of their policies. To transform central banks into agents in the transition to a green and caring economy,

the report proposes the adoption of a feminist mandate or gender strategy and the following policies:

1. **Feminist data reporting**: Ask firms and banks to report their performance on gender equality indicators at institutional and project levels to differentiate banks according to the proportion of their portfolio allocated to firms and projects that contribute to gender equality.
2. **Feminist term lending**: Provide cheaper term funding for banks that lend to firms and projects that contribute to reducing gender inequality.
3. **Feminist collateral frameworks**: Accept as collateral with lower haircuts and interest rates assets considered to contribute to gender equality.
4. **Feminist liquidity, reserve, and capital requirements**: Increase requirements as a penalisation for banks that do not meet stipulated gender equality standards.
5. **Feminist Quantitative Easing (QE)**: Use QE to finance and lower the cost of borrowing for the government and firms' projects that contribute to diminishing gender inequality.
6. **Feminist credit allocation**: a) Ask banks formally or informally to increase their lending to firms and projects that contribute to gender equality. b) Ask banks to charge lower interest rates to firms or projects that contribute to tackling gender inequality or penalise with higher interest rates those that fail to meet certain minimum standards. c) Ask banks to provide credit to firms conditioned on the fulfilment of certain gender equality standards or to prohibit lending to firms or projects that fail to meet minimum requirements.
7. **Direct financing of feminist fiscal policies**: Buy government bonds directly or provide loans to finance fiscal investments, for example, in care infrastructure.
8. **Financing of a feminist development bank**: Support the funding of development banks that apply a gender lens in their operations and finance projects that contribute to tackling gender inequality.

This paper was commissioned by the Women's Budget Group, as a part of its work on feminist economics and macroeconomic policy. The views expressed here are solely those of the author and do not necessarily represent the Women's Budget Group's views. The author is solely responsible for the paper's accuracy and content, and the Women's Budget Group does not endorse or take responsibility for any presented information or interpretations.

1. Introduction[1]

Feminist economists have long argued that the economy is underpinned by unequal gender relations. They have shown the structural sources of gender inequalities and highlighted the key role that unpaid domestic and care work socially assigned to women and typically performed in households plays in the reproduction of the economic system. Thus, macroeconomic policy acts upon a field shaped by gender relations, affecting men and women in different ways based on their characteristics as producers, workers, consumers, and owners of real and financial assets. Macroeconomic policies are not gender-neutral but have significant distributional and structural effects, either reinforcing or challenging gender inequalities.[2]

Macroeconomic policy typically comprises fiscal policy, such as spending and taxation, which is usually the purview of the Treasury, and monetary policy, which includes managing interest rates and purchasing financial assets and is generally a task of the central bank. Despite their significance, the gendered dimensions of monetary policies have not received much attention compared to those of fiscal policies.[3] The reason can be partly attributed to a process of depoliticisation of central banking which is depicted as a technical and apolitical form of economic management that is too hard to understand and better left to so-called experts. This process has been institutionalised in the form of central bank independence to isolate monetary authorities from the pressures of politicians seeking re-election. Moreover, central bankers are not directly elected and are often sheltered from democratic checks and balances. The combination of these factors contributes to hiding and shielding from political contestation the distributive consequences and the gendered implications of central banking.[4]

Furthermore, women are highly underrepresented in central banks. According to the Official Monetary and Financial Institutions Forum (OMFIF), only 29% of central bank employees are women, and the percentage worsens with seniority: merely 27% are deputy governors and just 11% are governors.[5] In a gender equality index made by the same organisation, the Bank of England (BoE) is one of the worst performers, ranking 115 out of 159. The BoE has women in top management positions, but it has never, in its 329 years of existence and 121 governors, had a female governor. The lack of diversity was recognised by the former governor Mark Carney himself, acknowledging that it was only in 1993 that the first female member was appointed to the Court of Directors and only in 1998 that the first member from an ethnic minority was appointed.[6]

Feminist and other heterodox economists argue that contrary to its apparent neutrality, monetary policy always has distributional effects.[7] In other words, some people will benefit, and

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[1] This paper includes a glossary with key definitions, which can be found at the end of the document.

[2] See the seminal contribution Elson, D., & Cagatay, N. (2000). The Social Content of Macroeconomic Policies. World Development, 28(7), 1347–1364. https://doi.org/10.1016/S0305-750X(00)00021-8

[3] Elson, D. (2020). Macroeconomic Policy for a Gender Neutral Economy. Women's budget group. https://wbg.org.uk/wp-content/uploads/2020/06/Briefing-Paper-on-Macroeconomic-Policy.pdf

[4] Clarke, C., & Roberts, A. (2016). Mark Carney and the Gendered Political Economy of British Central Banking. The British Journal of Politics and International Relations, 18(1), 49–71. https://doi.org/10.1111/1467-856X.12062

[5] OMFIF. (2022). Gender Balance Index 2022. https://www.omfif.org/wp-content/uploads/2022/04/GBI-2022.pdf

[6] Carney, M. (2017). Reflecting diversity, choosing inclusion. https://www.bankofengland.co.uk/-/media/boe/files/speech/2017/reflecting-diversity-choosing-the-inclusion.pdf

[7] Ampudia, M., Georgarakos, D., Slacalek, J., Tristani, O., Vermeulen, P., & Violante, G. (2018). Monetary Policy and Household Inequality. ECB Discussion Papers, 2170. https://www.ecb.europa.eu/pub/pdf/scpwps/ecb.wp2170.en.pdf; Dafermos, Y., & Papatheodorou, C. (2018). How does monetary policy affect income and wealth inequality? An agent-based stock-flow consistent analysis. https://www.boeckler.de/pdf/v_2018_10_26_dafermos.pdf; Rochon, L.-P., & Seccareccia, M. (2021). A primer on monetary policy and its effect on income distribution: A heterodox perspective. Ensayos Económicos, 76(1), 5–25.

some people will be worse off as a result of the decisions of the central bank. Understanding what are the mechanisms that lead to this is of utmost importance, especially given the prominence that central banks acquired in core economies in the last decades.[8] Since the Global Financial Crisis of 2007-09, monetary authorities have greatly expanded their size (measured by their balance sheets) and have taken unprecedented measures to stabilise the financial system. They have further expanded their size and influence to respond to the COVID-19 pandemic and are currently at the forefront of the fight against inflation by hiking interest rates.

This report aims to contribute to understanding how monetary policy affects gender inequality and setting out an alternative agenda for a feminist central bank. With that goal in mind, in the second section, I make some introductory remarks to what is the role of central banks and what are their main forms of intervention, with a specific focus on the Bank of England. The section is intended to give the reader who is not familiar with central banking some basic notions to understand the remainder of the report. This is followed by a brief discussion on central banking in the current inflationary context in the third section. The section shows that current inflationary dynamics affect women disproportionately and argues that anti-inflationary (i.e, contractionary) monetary policies should not worsen gender inequality and thus ought to consider how they affect women and men. In the fourth section, I review some of the key contributions of feminist economists to how monetary policies affect men and women differently. They show how interest rate increases could affect gender inequality via its effects on (1) employment, (2) wages, (3) financial income and costs, and (4) fiscal space. Moreover, they argue that asset purchase programs could affect gender inequality via their effects on (1) wealth inequality, (2) bank lending, and (3) sovereign bond yields. The main conclusion is that the effects of monetary policy on gender inequality cannot be established a priori given that the same policy might have positive effects via one channel and negative effects through another, acting across different dimensions of inequality. Because of this, assessing how the situation of women is affected by the decisions of the monetary authority requires a context-specific analysis, considering the relative strength of the different channels for a given place at a particular time. However, central banks have so far been gender-blind, not taking into account how their measures affect gender inequality, least of all designing policies with the explicit goal of reducing gender inequality. This is why the fifth section shows how central banks could be transformed to become agents in the transition to a green and caring economy, proposing the following policies: (1) Feminist data reporting, (2) Feminist term lending, (3) Feminist collateral frameworks, (4) Feminist liquidity, reserve, and capital requirements, (5) Feminist QE, (6) Feminist credit allocation, (7) Direct financing of feminist fiscal policies, and (8) Financing of a feminist development bank.

Central banking needs a profound rethinking to become an actor that can contribute to tackling societal and environmental challenges. As pressure is mounting on the BoE to tackle the ecological crisis,[9] the time is ripe to ask it to 'feminise' its monetary policy as well.

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[8] Wullweber, Joscha. The COVID-19 financial crisis, global instabilities and transformations in the financial system. Berlin: Finanzwende/Heinrich-Böll-Foundation, 2020. https://transformative-responses.org/wp-content/uploads/2020/07/Wullweber-2020-The-Covid-19-financial-crisis_final.pdf

[9] See, for example, Dafermos, Y., Gabor, D., Nikolaidi, M., & Van Lerven, F. (2020). Decarbonising the Bank of England's Pandemic QE. New Economics Foundation. https://neweconomics.org/2020/08/decarbonising-the-bank-of-englands-pandemic-qe; Dafermos, Y., Gabor, D., Nikolaidi, M., & van Lerven, F. (2022). An Environmental Mandate, now what? Alternatives for Greening the Bank of England's Corporate Bond Purchases. https://eprints.soas.ac.uk/36190/1/Dafermos%20et%20al%20%282022%29%20An%20environmental%20mandate.pdf; Gabor, D., Dafermos, Y., Nikolaidi, M., Rice, P., Van Lerven, F., Kerslake, R., Pettifor, A., & Jacobs, M. (2019). Finance and Climate Change: A progressive

2. A brief introduction to central banking

Central banks perform essentially two roles in the economy: they are the banks of the financial system and the banks of the state.[10] They are usually tasked with the issuing of national currency and managing the interest rate complex, overseeing the financial system, handling the government's finances, and administering the country's international reserves and exchange rate. Central banks perform their functions using a series of instruments. To fulfil their first role, central banks intervene in the financial market by providing loans to financial institutions using refinancing operations and repurchase agreements (essentially medium and short-term collateralised loans, respectively), purchasing assets (for example, under Quantitative Easing), selling and buying foreign currencies, among others. Moreover, they also have several financial regulatory tools, such as setting banks' reserve, capital, and liquidity requirements, as well as forms of supervision. To fulfil the second, central banks purchase government bonds, provide overdrafts, and pay dividends to the Treasury, among others. While central banks have several tools that they can deploy, which ones they use and to what extent depends on the institutional and historical context.

Until the mid-seventies, in the so-called Keynesian 'golden age', activist fiscal policy was the main form of macroeconomic intervention of states worldwide. In contrast, monetary policies were subordinated to fiscal ones (what is typically referred to as 'fiscal dominance') as central banks accommodated the financing requirements of their governments. Moreover, central banks in many countries played an active role in the financial realm, guiding credit to prioritised sectors of the economy.[11] Since the late seventies, the growing hegemony of neoliberalism reversed the situation. The Keynesian deficits were blamed for the crisis and a so-called 'New Macroeconomic Consensus' began to emerge, according to which the government should refrain from intervening and the central bank should be the key actor managing macroeconomic fluctuations. Following this approach, central banks in many countries around the world became independent so they could fulfil their role isolated from the pressure of politicians tempted to overspend to get re-elected. Moreover, monetary management became depicted as technical and apolitical which should be carried by experts not directly elected by the people. Finally, the management of interest rates was established as the tool of preference, and price stability was set as the main (or even only) target.[12]

This evolution can also be seen in the history of the Bank of England. The BoE was established in 1694 by a group of lenders to raise a loan to finance William of Orange's war against France. Despite being a private bank, since the beginning, the BoE became a *primus inter pares* among banks as it was given the exclusive right to manage government accounts and was the only joint

green finance strategy for the UK. https://progressiveeconomyforum.com/blog/finance-and-climate-change-a-progressive-green-finance-strategy-for-the-uk/

[10] Lapavitsas, C. (2001). Political economy of central banks: Agents of stability or sources of instability. In P. Arestis & M. Sawyer (Eds.), Money, Finance, and Capitalist Development (pp. 179–219). Edward Elgar;

[11] Bezemer, D., Ryan-Collins, J., van Lerven, F., & Zhang, L. (2018). Credit where it's due: A historical, theoretical and empirical review of credit guidance policies in the 20th century. Working Paper IIPP, 2018–11. https://www.ucl.ac.uk/bartlett/public-purpose/wp2018-11

[12] For the changes in monetary policy between the Keynesian and Neoliberal era see Gabor, D. (2020). Revolution without revolutionaries: Interrogating the return of monetary financing. Finanzwende/Heinrich-Böll-Foundation. https://transformative-responses.org/wp-content/uploads/2021/01/TR_Report_Gabor_FINAL.pdf; Krippner, G. (2007). The making of US monetary policy: Central bank transparency and the neoliberal dilemma. Theory and Society, 36(6), 477–513. https://doi.org/10.1007/s11186-007-9043-z; Saad-Filho, A. (2007). Monetary Policy in the Neoliberal Transition: A Political Economy Review of Keynesianism, Monetarism and Inflation Targeting. In R. Albritton, R. Jessop, & R. Westra (Eds.), Political Economy and Global Capitalism: The 21st Century, Present and Future (pp. 105–138). Anthem Press; Saad-Filho, A. (2018). Monetary Policy and Neoliberalism. In D. Cahill, M. Cooper, & M. Konings (Eds.), The SAGE Handbook of Neoliberalism (pp. 335–346). SAGE.

stock bank allowed to issue notes (eventually getting the monopoly over note issuance). In 1946, the BoE was nationalised by the Labour government when Attlee was prime minister and remains owned by the HM Treasury until this day.[13] Following neoliberal monetary policymaking principles, the BoE adopted an inflation target in 1992. The target, currently at 2% per year, is set by the government. The BoE has instrument independence, meaning that it has the discretionary power to decide how to deploy its instruments to pursue the inflation target. This was announced in 1997 and made effective by the Bank of England Act of 1998, giving the nine-member Monetary Policy Committee the authority to decide on the level of the policy interest rate (called 'Bank Rate').[14] In addition, the Act established the primary mandate of maintaining price stability and a secondary one of supporting the economic policy of the government. Finally, the BoE has a role in guaranteeing financial stability, using for those purposes the Financial Policy Committee and the Prudential Regulation Authority.[15] The BoE answers to Parliament, discussing quarterly with the House of Commons Treasury Committee the Monetary Policy Report and responding to their questions.

3. Central banking in the current inflationary context

According to the mainstream models that guide central bank policymaking, the monetary authority should intervene to tame the economic cycle. Whenever the rate of inflation is above target and/or the level of output above full employment, the monetary policy interest rate should be raised (contractionary monetary policy) to depress investment, and therefore employment and output, reducing at the same time inflationary pressures. In the opposite case, that is, when the rate of inflation is below target and output below full employment, the interest rate should be lowered (expansionary monetary policy) to encourage investment. In this way, central banks should respond to macroeconomic fluctuations primarily by using the short-term interest rate, either by adopting a contractionary stance (that is, increasing the interest rate) in the face of high aggregate demand and inflation, or an expansionary stance (decreasing it) when the economy needs stimulus.

The current situation is often portrayed by politicians and the media as being characterised by an 'overheated' economy, meaning an economy with an excess of aggregate demand due to high government spending facilitated by monetary expansion (particularly as a response to the COVID-19 pandemic), 'too much' employment, and wages growing 'too fast'. From the mainstream framework presented above, it follows that the central bank should raise the interest rate to make borrowing for financing consumption or investment more expensive, cooling aggregate demand and thus controlling price growth. This is, in effect, what central banks around the world began to do as a response to the highest inflation in decades. For example, the BoE increased the Bank Rate from 0.1% in mid-December 2021 to 4.5% in May 2023.

Heterodox economists criticise the causality implied by the mainstream and argue that increasing the interest rate might not be effective.[16] This is the case even when inflationary pressures result from aggregate demand, but it is more clearly so when it does not. In particular,

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[13] https://www.bankofengland.co.uk/explainers/who-owns-the-bank-of-england

[14] Haldane, A. (2000). Targeting Inflation: The United Kingdom in Retrospect. In M. Bléjer, A. Ize, A. Leone, & S. Ribeiro da Costa Werlang (Eds.), Inflation Targeting in Practice Strategic and Operational Issues and Application to Emerging Market Economies (pp. 52–59). International Monetary Fund.

[15] https://www.bankofengland.co.uk/financial-stability

[16] Rochon, L.-P., & Seccareccia, M. (2021). A primer on monetary policy and its effect on income distribution: A heterodox perspective. Ensayos Económicos, 76(1), 5–25.

they argue that current inflation in core economies and especially in the UK has fundamentally supply-side causes such as production and transport bottlenecks following more than a decade of weak investment and low productivity growth, aggravated by events like the COVID-19 pandemic, Brexit, and the Russian invasion of Ukraine. Moreover, they show that inflation in the current context is explained by increased profits (including those of the UK's biggest companies, such as Shell and BP) and cannot be attributed to rising wages. Therefore, critical scholars question the use of the interest rate as an anti-inflationary tool, claiming that it would not tackle the causes of price increases and might cause substantial disruption in both 'real' and financial markets.[17]

To be sure, inflation itself is a problem that hits people in low-income households disproportionately and should be tackled. The UK's Office for Budget Responsibility estimates that the period between the springs of 2022 and 2024 will have the sharpest decline in real disposable incomes since records began.[18] This is even more pronounced for women, as their wages have risen at a slower pace compared to men's, thus worsening gender pay gaps.[19]

Women more often live in households that spend a higher proportion of their income on food and have therefore a greater probability of facing food insecurity.[20] Additionally, women are often disproportionally affected by price increases as they are more often tasked with managing the household budget and shopping for household essentials. Inflation increases their load of domestic work by having to spend more time finding cheaper products to cope with the crisis. Furthermore, in the UK the price of goods purchased by women has increased more than the price of goods purchased by men. As a result, a high share of young women struggled or were unable to afford menstrual hygiene products.[21] Higher child and other care costs could make it no longer possible for low-income households to afford them. Hence, households have to take care of those activities, and are typically women the ones who do so, generally in an unpaid manner. In some cases, this could require them to exit the labour market. Higher childcare costs affect disproportionally single-parent households, where the parent is mostly a woman, as they have fewer options to deal with the situation.[22] This might have repercussions for women's future career prospects, financial autonomy, and intra-household power.[23]

Thus, from a feminist economics perspective, it can be argued that inflation must be addressed. However, anti-inflationary policies cannot rest on worsening gender inequality. This requires first of all an assessment of how monetary policy affects women and men.

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[17] Lapavitsas, C., Meadway, J., & Nicholls, D. (2022). The True Causes of Inflation: Weak Production and High Profits. https://gftu.org.uk/wp-content/uploads/2022/09/The-Real-Causes-of-inflation.pdf; Unite (2022). Unite Investigates: Corporate profiteering and the cost of living crisis. https://www.unitetheunion.org/media/4757/unite-investigates-corporate-profiteering-and-the-col-crisis.pdf; Weber, I. M., Jauregui, J. L., Teixeira, L., & Nassif Pires, L. (2022). Inflation in Times of Overlapping Emergencies: Systematically Significant Prices from an Input-output Perspective. UMass Amherst Economics Department Working Paper Series, 340. https://doi.org/10.7275/0C5B-6A92; Weber, I. M., & Wasner, E. (2023). Sellers' Inflation, Profits and Conflict: Why Can Large Firms Hike Prices in an Emergency. PERI Working Paper Series, 571. https://peri.umass.edu/economists/isabella/item/1701-sellers-inflation-profits-and-conflict-why-can-large-firms-hike-prices-in-an-emergency

[18] https://www.ft.com/content/784156df-ca03-4d5b-a61f-62ea57c3b911

[19] https://www.weforum.org/agenda/2022/10/inflation-crisis-hits-women-harder/

[20] https://www.atlanticcouncil.org/blogs/new-atlanticist/inflation-comes-with-a-big-gender-gap-here-are-five-ways-to-narrow-it/

[21] https://www.newstatesman.com/business/economics/2022/08/uk-inflation-rate-higher-for-women

[22] https://www.newstatesman.com/business/economics/2022/08/uk-inflation-rate-higher-for-women

[23] E. Clery, L. Dewar and C. Edney (2023) The single parent employment challenge. Gingerbread.

4. Gender dimensions of monetary policy

To date, most debates about inflation and the role of monetary policy have been oblivious to how they affect gender inequality. Feminist economists seek to challenge this disregard. They have focused mostly on two of the most important central bank instruments: interest rate management and asset purchase programs. In what follows, I review the channels through which these two instruments affect gender inequality. However, it is worth mentioning that other dimensions of central banking (the collateral framework, last resort interventions, and banking regulation, among others) might also have a gendered impact, calling for further research.

4.1. Interest rate management

There are four main channels through which interest rate increases could affect gender inequality: employment, wages, financial income and costs, and fiscal policy space.

4.1.1. Effects on employment

Some feminist economists argue that interest rate increases hurt women disproportionately because of their disadvantaged position in the labour market. In particular, due to the higher proportion of women in precarious forms of employment and cultural norms and stereotypes such as the 'male breadwinner' bias of employers, they are more likely to be laid off.[24] As a result, interest rate increases to fight inflation in developing countries have been found to be associated with higher employment losses for women compared to men, and black women more than white women.[25] However, in their empirical assessment of the impact of contractionary monetary policy on women's and men's employment in nine OECD countries including the UK, Takhtamanova and Sierminska find only weak evidence that contractionary monetary policy affects women disproportionally.[26] According to them, this might be due to the fact that, in developed countries, women might be more concentrated in sectors that are not sensitive to macroeconomic fluctuations.

Thus, the consequences of interest rate increases on women's and men's employment are not determined a priori but must be assessed in a given institutional context at a particular time. In the British labour market, despite a narrowing of the gender employment gap since 1971, important differences remain.[27] By the end of 2021, men between 16 and 64 years old had a significantly higher employment rate and a much lower inactivity rate,[28] although a slightly higher rate of unemployment, than women of the same age group.

Table 1. Employment, unemployment, and inactivity. UK, Sep-Nov 2021 and Sep-Nov 2022.

	Employment		Unemployment		Inactivity	
	Men	Women	Men	Women	Men	Women

[24] Braunstein, E. (2013). Central bank policy and gender. In D. M. Figart & T. L. Warnecke (Eds.), Handbook of Research on Gender and economic Life. Edward Elgar.

[25] Braunstein, E., & Heintz, J. (2008). Gender bias and central bank policy: Employment and inflation reduction. International Review of Applied Economics, 22(2), 173–186. https://doi.org/10.1080/02692170801889643; Seguino, S., & Heintz, J. (2012). Monetary Tightening and the Dynamics of US Race and Gender Stratification: Monetary Policy and Race/Gender Stratification. American Journal of Economics and Sociology, 71(3), 603–638. https://doi.org/10.1111/j.1536-7150.2012.00826.x

[26] Takhtamanova, Y., & Sierminska, E. (2009). Gender, Monetary Policy, and Employment: The Case of Nine OECD Countries. Feminist Economics, 15(3), 323–353. https://doi.org/10.1080/13545700902893122

[27] Razzu, G., & Singleton, C. (2018). Segregation and Gender Gaps in the United Kingdom's Great Recession and Recovery. Feminist Economics, 24(4), 31–55. https://doi.org/10.1080/13545701.2018.1451907

[28] Inactivity refers to people who are out of employment and are not seeking paid work. It includes students, retirees, sick people, discouraged workers, people providing unpaid and domestic care work for their families, and others.

Sep-Nov 2021	78.8%	72.1%	4.3%	4.0%	17.7%	24.9%
Sep-Nov 2022	79.0%	72.2%	3.9%	3.5%	17.8%	25.2%

Source: author's elaboration based on Office for National Statistics (ONS) Dataset A05 SA: Employment, unemployment and economic inactivity by age group (seasonally adjusted).

Since the BoE began to increase interest rates in December 2021, both male and female unemployment levels have fallen. Female unemployment fell faster at the beginning, but later male unemployment continued a sharp downward trend as female unemployment reduced its rate of decline. Thus, by mid-2022 male unemployment had fallen more than female. However, since then, both male and female unemployment began to increase, but the former faster than the latter, so by the end of 2022 female unemployment had fallen slightly more than men. The dynamics of employment were very similar for both men and women, with a slight improvement in early 2022, which was later reversed. In terms of inactivity, both men and women faced a small decline in the first semester of 2022, which was later reversed so the levels of female and male inactivity were slightly higher at the end of 2022 compared to the beginning of rate hikes.

Based on this preliminary information, it seems that interest rate increases have so far not led to an increase in unemployment or decrease in employment and that the evolution of these variables is not showing significant differences for men and women. However, this could soon change, especially as the BoE continues to increase interest rates. It is worth noting that monetary policy operates with a time lag, so the effects of rising interest rates take time to materialise.

4.1.2. Effects on wages

While interest rate increases do not directly affect wages, the success of monetary contraction in terms of its ability to reduce inflation relies on constraining wage growth. It is argued that when labour markets are 'hot', workers have more bargaining power and thus the capacity to ask for higher wage increases. As firms translate their higher labour costs into prices, inflation follows. Therefore, workers see their real income diminished and ask for further wage increases, leading to price increases, and so on. Consequently, mainstream economists argue that workers should moderate their wage increases to prevent the so-called 'wage-price spiral' from going out of control. The fact that current inflation has been shown to respond to increasing profits, not wages,[29] did not prevent BoE Governor Bailey from claiming that his policy required a moderation of wage rises, which was going to be 'painful' for workers.[30] More recently, BoE Chief Economist Huw Pill controversially said that British households needed to accept that they were poorer.[31]

While their statements have the merit of transparently expressing the class interests behind contractionary monetary policy, they fail to recognise its gendered dimension. In particular, due to structural inequalities in the labour market, which, among other things, give women less

[29] Lapavitsas, C., Meadway, J., & Nicholls, D. (2022). The True Causes of Inflation: Weak Production and High Profits. https://gftu.org.uk/wp-content/uploads/2022/09/The-Real-Causes-of-inflation.pdf; Weber, I. M., Jauregui, J. L., Teixeira, L., & Nassif Pires, L. (2022). Inflation in Times of Overlapping Emergencies: Systematically Significant Prices from an Input-output Perspective. UMass Amherst Economics Department Working Paper Series, 340. https://doi.org/10.7275/0C5B-6A92; Weber, I. M., & Wasner, E. (2023). Sellers' Inflation, Profits and Conflict: Why Can Large Firms Hike Prices in an Emergency. PERI Working Paper Series, 571. https://peri.umass.edu/economists/isabella/item/1701-sellers-inflation-profits-and-conflict-why-can-large-firms-hike-prices-in-an-emergency
[30] https://www.bbc.com/news/business-60252340
[31] https://www.theguardian.com/business/2023/apr/25/britons-need-to-accept-theyre-poorer-says-bank-of-england-economist

bargaining power than men, the wages of female workers could rise at a slower pace than those of male workers, thus worsening gender pay gaps.[32] For example, in the US, men's wages are 33.3% more likely than women's to match price increases.[33]

According to the Office for National Statistics (ONS), the gender pay gap in the UK has narrowed from 27.5% in 1997 to 14.9% in 2022 but remains very high.[34] Moreover, women are overrepresented among those whose income is below the national minimum wage.[35] As a result, they are disproportionally affected by price increases. In the UK, it has been shown that between 1969 and 2012 a contractionary monetary policy shock increases wage, income, consumption inequality,[36] and the gender pay gap. Concretely, a 100 base point (1%) increase in interest rates, increases the gender pay gap by 0.8 points.[37]

Thus, fighting inflation based on keeping wage growth below inflation growth will worsen gender wage inequality in the UK. Instead, a feminist response requires bringing inflation under control while improving the purchasing power of low-income individuals. Heterodox scholars have proposed short-term measures like strategic price controls, particularly for energy and food prices, and windfall taxes for companies with high profitability, coupled with longer-term measures such as public investment to tackle the weakness of supply and improve the public availability of care services in the face of a transition to a green and caring economy.[38]

4.1.3. Effects on financial income and costs

Additionally, interest rate increases have a direct distributional outcome as they lead to higher interest payments from borrowers and higher interest income to lenders and owners of financial assets such as deposits, bonds, and others. In this regard, if women make more financial payments than what they earn in financial income, an interest rate increase would worsen their situation. Moreover, this could also have class implications as low-income individuals are overrepresented among borrowers while high-income ones are overrepresented among lenders. In this way, it might be possible that a group of high-income women benefit from increased financial income at the expense of a group of low-income women who are worse off as a result of higher financial payments.

Data on borrowing and lending is generally not disaggregated by sex. Moreover, as what matters is the net position, showing the impact of interest rate increases via this channel would require data at the individual level, which is not available. Based on aggregate data, Table 2 shows that 63.8% of women in the UK are borrowers, compared to 59.8% of men. Both men

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[32] https://www.weforum.org/agenda/2022/10/inflation-crisis-hits-women-harder/

[33] https://sophisticatedinvestor.com/july-2022-national-survey-54-7-of-americans-falling-behind-due-to-inflation-men-33-3-more-likely-to-have-their-salary-keep-pace-than-women/

[34] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2022

[35] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/jobspaidbelowminimumwagebycategory

[36] Mumtaz, H., & Theophilopoulou, A. (2017). The impact of monetary policy on inequality in the UK. An empirical analysis. European Economic Review, 98, 410–423. https://doi.org/10.1016/j.euroecorev.2017.07.008

[37] Apergis, N., Hayat, T., & Kadasah, N. A. (2019). Monetary policy and the gender pay gap: Evidence from UK households. Applied Economics Letters, 26(21), 1807–1810. https://doi.org/10.1080/13504851.2019.1602702

[38] Lapavitsas, C., Meadway, J., & Nicholls, D. (2022). The True Causes of Inflation: Weak Production and High Profits. https://gftu.org.uk/wp-content/uploads/2022/09/The-Real-Causes-of-inflation.pdf; Weber, I. M., Jauregui, J. L., Teixeira, L., & Nassif Pires, L. (2022). Inflation in Times of Overlapping Emergencies: Systematically Significant Prices from an Input-output Perspective. UMass Amherst Economics Department Working Paper Series, 340. https://doi.org/10.7275/0C5B-6A92; Weber, I. M., & Wasner, E. (2023). Sellers' Inflation, Profits and Conflict: Why Can Large Firms Hike Prices in an Emergency. PERI Working Paper Series, 571. https://peri.umass.edu/economists/isabella/item/1701-sellers-inflation-profits-and-conflict-why-can-large-firms-hike-prices-in-an-emergency

and women borrowed mostly from formal financial institutions and, to a lower extent, from stores or family and friends.

Table 2. Borrowing by gender. UK, latest available year.

	Borrowed any money, 2021	Borrowed from a formal financial institution, 2021	Borrowed from a store by buying on credit, 2014	Borrowed from family or friends, 2021
Female (age 15+)	63.8%	56.58%	12.86%	5.51%
Male (age 15+)	59.79%	53.51%	11.59%	4.95%

Source: Own elaboration based on World Bank Global Findex Database

It would seem that women are slightly more disadvantaged by increases in the interest rate as they are overrepresented among borrowers. However, the data on savings in Table 3 shows that women are also slightly overrepresented as savers: 82.5% of women save compared to 81% of men, and both women and men save mostly on financial institutions.

As a higher percentage of women save compared to the percentage that borrows, there is some plausibility to the hypothesis that women could have benefited from interest rate increases via this channel. However, it is necessary to know also how much they save and borrow, and at what rates are they remunerated compared to the rates they pay. It is likely that even if more women save, they have lower levels of saving on average than men.[39] Moreover, even if women save more than men, they could still pay more financial costs than what they earn in income. Thus, proving this would require data on the net position at the individual level.

Table 3. Savings by gender. UK, 2021.

	Saved any money	Saved at a financial institution
Female (age 15+)	82.51%	61.38%
Male (age 15+)	80.99%	60.56%

Source: Own elaboration based on World Bank Global Findex Database

4.1.4. Effects on fiscal policy space

Finally, contractionary monetary policies could also reduce fiscal policy space.[40] Interest rate increases and Quantitative Tightening (QT, see section 4.2) increase borrowing costs for the government, which for financial and ideological reasons, can lead to the adoption of austerity measures, such as budget cuts in education and health, with negative consequences for the whole population. This is especially the case for women who not only lose access to decent education and healthcare and might face unemployment or wage cuts as the majority of public sector workers, but also because the unpaid care and domestic work that increases to

[39] Round 7, Wealth and Assets Survey, ONS, (2022). Average value of current accounts and savings

[40] Clarke, C., & Roberts, A. (2016). Mark Carney and the Gendered Political Economy of British Central Banking. The British Journal of Politics and International Relations, 18(1), 49–71. https://doi.org/10.1111/1467-856X.12062

compensate for cuts in the provision of formerly publicly provided services tend to fall on women (for example, taking care of children, the elderly, or disabled people).

4.2. Quantitative Easing

As a response to the 2007-9 Global Financial Crisis, central banks in core economies like the Federal Reserve, the BoE, the European Central Bank, and even before them the Bank of Japan (which began these operations in 2001) deployed unconventional monetary policies to stabilise the financial system.[41] In particular, many of them engaged in Quantitative Easing (QE). These policies became part of the standard monetary policy toolkit and were quickly and greatly expanded as a response to the COVID-19 pandemic. Under these programs, central banks bought government bonds in secondary markets (that is, not directly from the government, but from a financial institution that bought government bonds) and in some cases corporate bonds, equity, and mortgage-backed securities (MBS) from banks and in some cases other financial actors as well. The main idea behind APPs is to stabilise the price of financial assets and increase the reserves of banks in order to encourage them to lend to businesses and people. The BoE began this policy in March 2009, initially buying £200 billion of mostly government securities up to January 2010. The program continued with various rounds until peaking at £895 billion in November 2020, of which £875bn was on government bonds (gilts) and only £20bn on corporate bonds.[42]

As asset purchase programs increase the price of financial assets, they could contribute to inequality as they increase the wealth of only those who hold those assets. In particular, it has been shown that this was the case with the BoE QE in the UK.[43] As asset ownership is concentrated in the hands of men,[44] these policies would increase their wealth proportionally more, thus contributing to gender inequality as well.[45] The lack of data on asset ownership, use, and control by sex makes the hypothesis hard to test. However, in the UK, there is evidence that wealth between April 2018 and March 2020 was highly unequally distributed: the median average total individual wealth was £131,500 for men and £117,200 pounds for women.[46]

Complementarily, research by the BoE has shown that its asset purchase program did not lead to increased bank lending.[47] In this way, the negative impact of QE on inequality was not compensated by a potentially positive impact of QE increasing bank lending leading to higher investment and employment. However, the inequality-increasing effect of QE might have been compensated by its significant influence in lowering government bond yields.[48] This makes it

[41] Coppola, F. (2019). The Case for People's Quantitative Easing. Polity Press.
[42] https://www.bankofengland.co.uk/monetary-policy/quantitative-easing
[43] Mumtaz, H., & Theophilopoulou, A. (2017). The impact of monetary policy on inequality in the UK. An empirical analysis. European Economic Review, 98, 410–423. https://doi.org/10.1016/j.euroecorev.2017.07.008
[44] Round 7, Wealth and Assets Survey, ONS, (2022). Average value net financial wealth, average value of "other financial assets", average UK shares.
[45] Metzger, M., & Young, B. (2020). No gender please, we're central bankers: Distributional impacts of quantitative easing. Working Paper Hochschule Für Wirtschaft Und Recht Berlin, 136.; Young, B. (2018). Financialization, unconventional monetary policy and gender inequality. In J. Elias & A. Roberts (Eds.), Handbook on the International Political Economy of Gender (pp. 241–251). Edward Elgar.
[46] https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/individualwealthwealthingreatbritain
[47] Giasante, S., Fatouh, M., & Ongena, S. (2020). Does quantitative easing boost bank lending to the real economy or cause other bank asset reallocation? The case of the UK. Bank of England Staff Working Paper, 883.
[48] Churm, R., Joyce, M., Kapetanios, G., & Theodoridis, K. (2015). Unconventional Monetary Policies and the Macroeconomy: The Impact of the United Kingdom's QE2 and Funding for Lending Scheme. Bank of England Staff Working Paper, 542. https://www.bankofengland.co.uk/-/media/boe/files/working-paper/2015/unconventional-monetary-policies-and-the-macroeconomy-the-impact-of-the-uk-qe2.pdf?la=en&hash=A4F64ECC7E33E5181C59CAD1B81471DCCF9C8401

cheaper for the government to borrow to finance fiscal policies, for example, to invest in care infrastructure. As the UK government was committed to austerity during the period, the potential positive consequences did not materialise. Moreover, austerity has had a disproportionate impact on women, and especially ethnic-minority women, due to its effect on public sector employment (where women are overrepresented) and reduced benefit payments (like the benefit cap, the new Universal Credit system) plus cuts in the provision of public services (like in the NHS, in education spending, care for older people) which increase the burden of unpaid domestic and care work, typically performed by women.[49]

All things considered, QE could have increased gender inequality via its effects on financial wealth but could have reduced it through a potential increase in bank lending and a reduction in sovereign bond yields. As with interest rates, the effects of QE on gender inequality cannot be determined a priori and require research in a specific place at a given moment in time.

In the current context, central banks in core economies, including the BoE, are in the process of reversing APPs, a policy called Quantitative Tightening (QT). In February 2022, the BoE started by not reinvesting the proceeds of the maturing bonds it held, and in November 2022 it began selling bonds.[50] The BoE hoped to reduce its £895bn portfolio by £80bn over a year.[51] As QT is a recent policy in the UK and other countries, its consequences are not yet fully understood. From a feminist economics perspective, it could be hypothesised that QT could affect gender inequality by the net effect of a potential positive impacts given by a reduction in wealth inequality, combined with the potential negative results of reduced bank lending and increased sovereign bond yields which increase borrowing costs for the government and could thus be used as an argument to reduce government spending.

5. Policy proposals

From the previous sections, it can be concluded that monetary policy is not gender-neutral but has different effects for men and women. These consequences cannot be known a priori and must be assessed for specific places at given moments in time. What is clear, however, is that monetary policy has so far not contributed directly to improving the structural situation of women in the economy. The remainder of the report sets out an alternative set of policies that the BoE could pursue to actively contribute to moving towards a green and caring economy.

Nevertheless, the central bank should not be the only agent in this transformation and one should be careful not to overemphasise the powers of the monetary authority. The transition towards a green and caring economy requires strong levels of public investment, a virtuous combination of industrial and credit guidance policies, and high levels of coordination between different public organisations including fiscal and monetary authorities. It is worth highlighting

[49] There is a vast and rich literature documenting the negative consequences of austerity on women in the UK. See, for example, Annesley, C. (2014). UK Austerity Policy – a Feminist Perspective. https://library.fes.de/pdf-files/id/10526.pdf; Pearson, R. (2019). A Feminist Analysis of Neoliberalism and Austerity Policies in the UK. Soundings: A Journal of Politics and Culture, 71, 28–39. https://doi.org/10.3898/SOUN.71.02.2019; Pearson, R., & Elson, D. (2015). Transcending the Impact of the Financial Crisis in the United Kingdom: Towards Plan F—a Feminist Economic Strategy. Feminist Review, 109(1), 8–30. https://doi.org/10.1057/fr.2014.42; Women's Budget Group & Runnymede Trust. (2017). Intersecting Inequalities. The impact of austerity on Black and Minority Ethnic Women in the UK. https://wbg.org.uk/wp-content/uploads/2018/08/Intersecting-Inequalities-October-2017-Full-Report.pdf

[50] Stubbington (2022) 'Bank of England begins selling bonds as it unwinds QE programme', https://www.ft.com/content/64e5dcdd-42a8-4013-a3bd-75a62cf8e6dc

[51] Aldrick (2023) 'Bank of England Will Review Pace of QT Asset Sales This Summer', https://www.bloomberg.com/news/articles/2023-02-03/bank-of-england-will-review-pace-of-qt-asset-sales-this-summer?leadSource=uverify%20wall

that such a transformation would require a different institutional setting, possibly including changes in the mandates, dismissing independence and the principle of market neutrality, and increasing control over financial markets.[52]

In particular, a feminist mandate would grant the BoE institutional competencies to directly intervene to tackle gender inequality. In March 2021, the UK government updated the remit of the Monetary Policy Committee to include growth that "…is also environmentally sustainable and consistent with the transition to a net zero economy".[53] This led the bank to green its Corporate Bond Purchase Scheme (CBPS). While this approach has been criticised as insufficient,[54] it nevertheless shows that it would be possible to change the mandate of the BoE to include gender equality objectives.

Moreover, unlike other central banks like the ECB, the BoE does not have a gender strategy. The ECB gender strategy pertains only to the gender balance of its staff and does not aim to feminise its monetary policies.[55] However, the BoE could draft a gender strategy adopting formal commitments, which should be arrived at through a democratic process involving civil society participation, and become accountable for them.

5.1. Feminist data reporting

One first barrier to overcome is the lack of information regarding banks' allocation of funds towards firms and projects that contribute to improving the situation of women. This makes it currently difficult for the central bank to differentiate between banks that direct a high proportion of their lending to these firms and projects and those that do not. While one should be careful not to lend support to the position that nothing can be done until more data is available, a frequently used argument to deter greening central bank operations, improving data collection and availability is also necessary.

What counts as a firm that contributes to improving the situation of women should be democratically discussed and decided by political authorities, and cannot be left to firms, banks, or the central bank to determine. Once a decision has been made, the government could establish certain homogeneous standards associated with minimum requirements in terms of employment shares, wages, policies on sexual harassment and against gender violence, and care policies (e.g. length of parental licenses, provision of care facilities), among others, and ask firms to mandatorily disclose information on them. In this way, it would be possible to differentiate between firms that have a positive gender impact from those that do not. Just to illustrate how this could look like but without supporting these particular metrics as they present several shortcomings (including that they do not require big firms to take responsibility for their supply chains or address the problem of production of products that are harmful to women), the UN Global Compact and UN Women developed the Women's Empowerment Principles (WEPs) to which firms can become signatories. When they do so, they have to report indicators such as the percentage of women and men employees, the percentage of women and men in senior

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[52] For more details, see "Feminist perspectives on Monetary Policy" by Jeff Powell.

[53] https://www.bankofengland.co.uk/-/media/boe/files/letter/2021/march/2021-mpc-remit-letter.pdf

[54] Dafermos, Y., Gabor, D., Nikolaidi, M., & van Lerven, F. (2022). An Environmental Mandate, now what? Alternatives for Greening the Bank of England's Corporate Bond Purchases.
https://eprints.soas.ac.uk/36190/1/Dafermos%20et%20al%20%282022%29%20An%20environmental%20mandate.pdf

[55] https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200514~94dbb7c109.en.html

management positions and on boards, the ratio of women's salary to men's salary, mechanisms to address violence and harassment, among others.[56]

As a complement to indicators at firm level, there should be indicators at project level. A firm with high gender equality standards could seek financing to invest in a project that worsens the position of women in society, whereas one with poor standards could seek to invest in a project with a positive gender equality impact. In this way, banks could be mandated to ask firms how their investment projects affect gender equality. Moreover, banks could be asked to integrate these indicators into their screening and scoring processes, assigning a higher credit score to firms with high performance in gender equality metrics.

Banks could then be asked to mandatorily disclose information based on homogeneous reporting standards. This information would allow the monetary authority to know what percentage of banks' portfolios are currently destined to finance firms or investment projects with a positive contribution to gender equality. With this data, central banks could differentiate financial institutions as required under the policies discussed in the remainder of the report.

Finally, as an important part of firm financing happens through capital markets, in addition to indicators to be reported and used by banks, there must be indicators for financial investors, including non-bank financial institutions (also known as shadow banks). Financial investors often guide their decisions on which assets to buy according to the rating assigned to financial assets by credit rating agencies. The central bank could ask these agencies to include the previously mentioned gender equality indicators in their ratings and increase their regulation to avoid the risk of pinkwashing or calculate them in-house and make them publicly available. Once it is possible to determine which financial assets contribute to tackling gender inequality and which ones do not, it can be assessed what proportion of their portfolios different financial investors devote to those ends. Moreover, the central bank could have a stronger intervention to prevent practices of pinkwashing. For instance, there are currently some private gender equality financial indexes in which investors can put their money,[57] and regulation must ensure that these instruments are actually contributing to improving the situation of women in society.

5.2. Feminist term lending

In August 2016, the BoE created a Term Funding Scheme (TFS) to provide collateralised loans for banks and building societies at a rate of interest close to the Bank Rate for up to four years. The aim was to provide cheap lending for these financial institutions so they in turn lend to businesses and households at lower interest rates.[58] The programme lasted until 2018 and was reintroduced with the COVID-19 crisis in March 2020 as the Term Funding Scheme with additional incentives for small and medium enterprises (TFSME). The new programme was similar to the previous one but provided additional funding for banks that increased lending to SMEs. It was originally planned to last for one year but was later extended until October 2021.[59]

[56] https://www.weps.org/about

[57] For example, the Bloomberg Gender Equality Index, Equileap has several gender equality indexes, or Impax Global Women's Leadership Index. There are also gender equality Exchange Traded Funds (ETFs). See https://www.ft.com/content/957c8255-f2a9-4a9c-8c40-7c0fe42af26e

[58] Ginelli Nardi & Nwankwo. (2018). The Term Funding Scheme: design, operation and impact. https://www.bankofengland.co.uk/-/media/boe/files/quarterly-bulletin/2018/term-funding-scheme-web-version.pdf

[59] https://www.bankofengland.co.uk/markets/market-notices/2020/extension-of-the-tfs-with-additional-incentives-for-smes-tfsme#:~:text=for%20SMEs%20(TFSME)-,Extension%20of%20the%20Term%20Funding%20Scheme%20with%20additional%20incentives%20for,month%20extension%20of%20the%20scheme.&text=The%20TFSME%20was%20launched%20in,economic%20shock%20from%20Covid%2D19.

The BoE could reopen the TFS and make it permanent, granting cheaper funding for banks that lend to firms and projects that contribute to reducing gender inequality.[60] As the TFSME was already designed to provide credit to banks based on their plans regarding the expected usage of the funds, it could be easily adapted and implemented.

5.3. Feminist collateral frameworks

One of the main forms of central bank intervention is through granting collateralised loans to financial institutions. In addition to the Term Funding Scheme referred to above, the BoE deploys other forms of collateralised lending. Particularly relevant are its Short Term Repo and Operational Standing Facilities through which the BoE implements monetary policy.

The BoE could 'feminise' its collateral framework for secured lending. This could take several forms, including accepting as collateral only assets considered to contribute to gender equality, such as care or gender bonds, imposing lower haircuts to such assets, and lending at lower interest rates when such assets are pledged. Symmetrically, it could not accept as collateral assets that fail to meet certain standards, or accept them but with higher haircuts or higher interest rates. By feminising collateral frameworks, central banks would be lending in more favourable terms to those that hold gender assets, reducing the cost of financing such securities. Moreover, the central bank's acceptance of these assets as collateral would increase their demand from financial institutions. Moving towards a more feminist collateral framework offers the added advantage of serving not only traditional banks but also shadow banks which fund a large part of their operations in the money market.

5.4. Feminist liquidity, reserve, and capital requirements

Central banks have in general also competencies in the realm of financial regulation. The BoE supervises financial institutions via the Financial Policy Committee and the Prudential Regulation Authority. Among the many tools that it could deploy, particularly relevant are the liquidity, reserve, and capital requirements of banks. One possibility would be to loosen them for banks that have a good performance in terms of gender equality. However, this might have negative consequences in terms of financial stability. Thus, it might be better to increase the requirements as penalisation for banks that do not meet stipulated gender equality standards.[61]

5.5. Feminist QE

The central bank could use its asset purchase program to finance and lower the cost of borrowing for firms and the government aimed at financing projects that contribute to diminishing gender inequality. For example, the BoE could purchase 'care bonds' issued by the government to build care infrastructure, 'gender bonds' issued by private financial institutions to fund projects with a positive gender impact or public organisms to finance their national gender strategies, or sustainable bonds that include gender targets like equality of the workforce.[62]

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[60] A similar proposal was made for greening the TFS. See Krebel, L., & Van Lerven, F. (2022). Green Credit Guidance. A green term funding scheme for a cooler future. New Economics Foundation. https://neweconomics.org/uploads/files/NEF_GCG.pdf

[61] Elson, D. (2020). Macroeconomic Policy for a Gender Neutral Economy. Women's budget group. https://wbg.org.uk/wp-content/uploads/2020/06/Briefing-Paper-on-Macroeconomic-Policy.pdf; Nikolaidi, M. (2022). Macrofinancial policies for a green and caring economy. https://wbg.org.uk/wp-content/uploads/2022/10/Macrofinancial-policies-FINAL.pdf

[62] Elson, D. (2020). Macroeconomic Policy for a Gender Neutral Economy. Women's budget group. https://wbg.org.uk/wp-content/uploads/2020/06/Briefing-Paper-on-Macroeconomic-Policy.pdf; ICMA, UN Women, & IFC. (2021). Bonds to Bridge the Gender Gap A

However, the impact of these policies could be limited as their market is still small and possibly subject to pinkwashing.[63] An alternative would be to buy regular bonds from firms with high-performing standards in gender equality financial indexes, but these could also be subject to pinkwashing.

In addition to buying bonds, the central bank could finance companies via other mechanisms. For example, as a response to the COVID-19 pandemic, the BoE together with the HM Treasury implemented the Covid Corporate Financing Facility (CCFF) providing funding to businesses by purchasing commercial paper of up to one-year maturity.[64] A similar program could be implemented where the central bank lends to firms or projects that improve the situation of women. By the same token, monetary authorities can purchase equity to capitalise firms that contribute to gender equality. They can also exert shareholder rights in companies in which they own stock, voting on firms' directories in favour of measures that improve gender equality or against those that diminish it.

A hurdle in this regard is that central banks are currently guided by the idea of 'market neutrality' meaning that their operations cannot distort the market by choosing winners and losers but should reflect the market. For instance, the BoE's Corporate Bond Purchase Scheme (CBPS) has been criticised for being biased towards carbon-intensive sectors, thus financing them and lowering their borrowing costs.[65] The authorities argued that BoE purchases were merely reflecting the market structure and they did not have the mandate to discriminate against certain sectors and favour others. Thus, QE that seeks to improve the situation of women should abandon the market neutrality principle in favour of a gender equality one.

5.6. Feminist credit allocation

The BoE could formally or informally (a practice known as 'window guidance') ask banks to increase their lending to firms and projects that contribute to gender equality. For example, it could introduce the requirement that a certain minimum percentage of banks' portfolios be destined towards them. Many countries used to have these credit quotas for priority sectors like manufacturing or agriculture and some central banks like the Bangladesh Bank or the Reserve Bank of India are today deploying this tool to increase lending to green sectors.[66]

Additionally, the BoE could ask banks to charge lower interest rates to firms or projects that contribute to tackling gender inequality or penalise with higher interest rates those that fail to meet certain minimum standards. A more intrusive approach would be to ask banks to provide

Practitioner's Guide to Using Sustainable Debt for Gender Equality; Gender Smart, IISD, & UK Aid. (2022). Integrating Gender Considerations into Sustainable Bonds. A How-to-Guide. https://static1.squarespace.com/static/6089294d7cb43b4cffb93591/t/621cbb297e85c74fcd29147a/1646050111342/Integrating+Gender+Considerations+into+Sustainable+Bonds+%281%29.pdf

[63] https://www.bloomberg.com/news/articles/2021-11-16/rare-gender-bonds-get-rulebook-to-spur-sales-lagging-in-esg-boom?leadSource=uverify%20wall

[64] https://www.bankofengland.co.uk/news/2020/march/hmt-and-boe-launch-a-covid-corporate-financing-facility

[65] See, for example, Dafermos, Y., Gabor, D., Nikolaidi, M., & Van Lerven, F. (2020). Decarbonising the Bank of England's Pandemic QE. New Economics Foundation. https://neweconomics.org/2020/08/decarbonising-the-bank-of-englands-pandemic-qe

[66] Bezemer, D., Ryan-Collins, J., van Lerven, F., & Zhang, L. (2018). Credit where it's due: A historical, theoretical and empirical review of credit guidance policies in the 20th century. Working Paper IIPP, 2018–11. https://www.ucl.ac.uk/bartlett/public-purpose/wp2018-11; Dikau, S., & Ryan-Collins, J. (2017). Green Central Banking in emerging market and developing country economies. New Economics Foundation; Campiglio, E., Dafermos, Y., Monnin, P., Ryan-Collins, J., Schotten, G., & Tanaka, M. (2018). Climate change challenges for central banks and financial regulators. Nature Climate Change, 8(6), 462–468. https://doi.org/10.1038/s41558-018-0175-0.

credit to firms conditioned on the fulfilment of certain gender equality standards or to prohibit lending to firms or projects that fail to meet minimum requirements.

5.7. Direct financing of feminist fiscal policies

As mentioned under QE above, the BoE could buy government bonds. It could do this following current practice in secondary markets, but it could also buy them directly from the HM Treasury. The advantage of the latter is that it avoids the profit-seeking intermediation of primary and other dealers and provides certain flexibility for the central bank to manage its portfolio, eventually having the possibility of selling the bonds without being forced to hold them to maturity. Additionally, the BoE could provide overdrafts to the government via its Ways and Means facility. However, this only provides short-term financing, so it is not the best instrument to finance long-term investments in care infrastructure, for example.[67]

5.8. Financing of a feminist development bank

The BoE could support the funding of development banks that apply a gender lens in their operations and finance projects that contribute to tackling gender inequality, such as public investment in care infrastructure or private investments that improve women's well-being and support gender equality. In 2021, the UK government established the UK Infrastructure Bank. Currently, its goals do not include gender equality, and is focused instead on tackling climate change and regional growth.[68] However, the government could include gender targets in the bank management as well as in its lending.[69]

However, there could be an issue because the UK Investment Bank, like many other development finance institutions, focuses on projects that deliver a positive financial return, meaning firms that can profitably produce and repay the loans.[70] The UK Investment Bank could, in addition to its lending, provide technical assistance, including recommendations regarding gender equality, such as paid parental leave and provision of child and other care facilities.

6. Conclusion

Despite their significance, the gendered dimensions of monetary policy have not received much attention compared to those of fiscal policies. While current inflationary dynamics affect women disproportionately, anti-inflationary monetary policies should not worsen gender inequality and thus ought to consider how they affect women and men differently.

Feminist economists contribute to understanding the consequences of monetary policy on gender inequality. In particular, they argue that interest rate increases could affect gender inequality via its effects on: (1) Employment, (2) Wages, (3) Financial income and costs, and (4) Fiscal space. Moreover, they argue that Quantitative Easing could affect gender inequality through its consequences on wealth inequality, bank lending, and sovereign bond yields. Given that the same policy might have positive effects via one channel and negative effects through

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[67] Coppola, F. (2019). The Case for People's Quantitative Easing. Polity Press.

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[69] Nikolaidi, M. (2022). Macrofinancial policies for a green and caring economy. https://wbg.org.uk/wp-content/uploads/2022/10/Macrofinancial-policies-FINAL.pdf

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another, the effects of monetary policy on gender inequality cannot be established a priori, requiring analysis for a given place at a particular time, considering the relative strength of the different channels.

To date, central banks have been gender-blind, ignoring these consequences in the design of their policies. However, central banks could be transformed to become agents in a feminist transformation of society. In addition to adopting a feminist mandate or gender strategy, the report proposes the following policies: (1) Feminist data reporting, (2) Feminist term lending, (3) Feminist collateral frameworks, (4) Feminist liquidity, reserve, and capital requirements, (5) Feminist QE, (6) Feminist credit allocation, (7) Direct financing of feminist fiscal policies, and (8) Financing of a feminist development bank.

Glossary

By Nicolas Aguila and Jeff Powell

1. Asset Purchase Programmes: Asset Purchase Programmes (APPs) are a form of central bank operation that was adopted by many central banks, predominantly in the OECD, after the Global Financial Crisis of 2007-09 (though it should be noted that Japan was the first central bank to experiment with APPs from 2001). Unable to lower interest rates any further once they had reached the so-called ‘zero lower bound’ (see above), central banks were forced to consider other means by which they could stimulate the economy and reach their inflation targets. APPs involve the purchase of financial assets such as government bonds, corporate bonds, asset-backed securities, and, less commonly, equities. The stated goal of these programmes has changed over time: initially, it was hoped that the ensuing increase in the liquidity of the banking sector would encourage greater lending and therefore investment; when this effect proved disappointing, emphasis subsequently shifted to the role of APPs in propping up the price (thereby lowering the yield) of certain financial assets, lowering the cost of government long-term borrowing, and encouraging investors to shift their portfolios into higher-risk private securities.

2. Bank for International Settlements (BIS): Often referred to as the ‘central bankers’ bank,’ the BIS, located in Basel, Switzerland, and formed in 1930, has the ostensible goal of coordinating the world’s central banks to ensure monetary and financial cooperation and global financial stability. It has played an important, often criticized, role in setting the global regulatory framework for both bank and non-bank financial institutions.

3. Bank rate (of interest): The Bank Rate is the policy interest rate set by the Monetary Policy Committee (MPC) of the Bank of England (sometimes referred to as the ‘base rate’). It is the interest rate that the BoE pays to commercial banks that hold money (reserves) with it and is the foundation from which the BoE attempts to influence a whole range of market interest rates.

4. Capital requirements: Capital requirements are a form of banking regulation consisting of establishing a minimum proportion of capital (the highest quality capital is the banks’ own equity, that is common and preferred stock, as well as reserve/cash holdings and retained earnings) that banks have to keep in relation to their (risk-weighted) total assets (dominated by the loan

portfolio). Higher capital requirements mean a bank is better able to absorb potential losses on its loan portfolio but are argued to raise bank costs and therefore reduce the availability of credit.

5. Collateral framework: The collateral framework refers to the rules guiding the uses of collateral (the asset pledged as security for a loan). It includes regulations on the eligibility and pricing of certain assets accepted as collateral.

6. Conventional monetary policy: Conventional monetary policy (sometimes shortened to CMP) refers to the manipulation of the short-term (1-day) interest rate charged by the central bank to borrowing financial institutions, in its attempts to stimulate/depress the economy. The dominance of this strategy emerged in the 1990s, and only became broadly referred to as 'conventional' monetary policy, once central banks (mostly in OECD countries) were forced by the events of the Global Financial Crisis of 2007-09 to adopt - in contrast - 'unconventional' monetary policies (see below).

7. Cyclical – pro-cyclical and counter-cyclical: Capitalist economies tend to grow in cycles (periods of growth, stagnation, recession). Macroeconomic policy is considered pro-cyclical if it serves to stimulate (/weaken) the economy in a period of growth (/contraction), or counter-cyclical if it serves to stimulate (/weaken) the economy in a period of contraction (/growth).

8. Fiscal policy: Fiscal policy is a form of macroeconomic policy, which is usually the purview of the Treasury or Ministry of Economy/Finance. It includes spending and taxation, and has significant distributional implications.

9. Forward guidance: Central banks' public announcements of their intentions for monetary policy over a given timeframe ('we will buy £20 million worth of long-term government bonds each month for the next 6 months') and/or states of the economy ('we will maintain interest rates at the current level until unemployment falls below 5%'). It is argued that where central banks are judged to be more credible by the public, forward guidance will be more effective, and lower the 'sacrifice ratio' of monetary policy.

10. Gini coefficient: Named after Italian statistician Corrado Gini, the Gini coefficient is a measure of statistical dispersion often used to represent income, consumption, or wealth inequality.

11. Heterodox Economics: In a crude sense, heterodox economics is anything that is not orthodox economics. According to that understanding, it is a moving target; if the orthodoxy today is New Keynesian economics, then heterodoxy is anything which is not New Keynesian (or neoclassical economics). However, many heterodox economists argue that there is more to heterodoxy than simply what it is not. It has been argued that there are common ontological and epistemological threads running through the different schools of thought which are generally considered to be a part of heterodox economics (such as Post-Keynesian, Institutional, Evolutionary, Social, Ecological, or Marxist).

12. Inflation targeting: Inflation targeting (sometimes shortened to IT) regimes are those in which price stability is the main (or even only) goal of the central bank. They involve explicitly (and publicly) selecting a rate or a range of rates of inflation that the central bank should aim to achieve. IT became the dominant central bank operational regime from the early 1990s and is associated with the New Keynesian school of economic thought (see below).

13. Keynesian economics: Keynesian economics (sometimes referred to as 'Old Keynesianism' or 'Classical Keynesianism') dominated in academia and policy circles from the period post-Great Depression up until the 1970s. Based around the ideas of John Maynard Keynes and his followers at Cambridge University, Keynesian economics emphasizes the importance of managing aggregate demand in the macroeconomy; it is argued that the economy does not automatically return to its long-run equilibrium output growth path. Maintaining aggregate demand and full employment requires state intervention in the form of both fiscal and monetary policy.

14. Liquidity requirements: Liquidity requirements are a form of banking regulation consisting of establishing a minimum proportion of highly liquid assets (those that can easily be converted into cash) that banks have to keep in order to meet potential outflows over a particular period of time. Higher liquidity requirements are intended to ensure greater financial stability in the event of a crisis but come with greater costs to the holder. Examples of liquidity requirements are the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

15. Macroeconomic policy: Macroeconomic policy refers to the economic policies taken by the government with the aim to influence economic aggregates (such as GDP growth, unemployment, inflation). It typically comprises fiscal policy and monetary policy. Importantly, while often underemphasized, all macroeconomic policies have important implications for distribution and gendered roles/power.

16. Market rate (of interest): The market rate of interest can refer to a whole range of interest rates that are charged by commercial banks to private agents (financial and non-financial firms and households) over a range of lending maturities (from overnight to multiple-year loans). The market rate of loans to large corporations at short maturities will be close to the bank rate, while loans to households over longer maturities will be much higher.

17. Monetary policy (expansionary/contractionary): Monetary policy is a form of macroeconomic policy, which is generally a task of the central bank. It typically involves responsibility for ensuring price stability, liquidity management (ensuring that firms and households have access to credit when they need it), and financial stability, as well as, in some cases, supporting broader macroeconomic goals. Monetary policy can be expansionary if it aims to stimulate economic activity (for instance, by lowering interest rates) or contractionary if it seeks to depress it.

18. Natural interest rate: The natural interest rate is a theoretical concept from mainstream economics. It refers to a hypothetical interest rate that would bring equilibrium in savings and investment and would be consistent with non-inflationary long-run equilibrium output growth. Its level is usually argued to be affected by so-called 'real factors' such as changes in demography (more elderly people saving) or technology (change in AI spurring more investment). Importantly, it cannot be empirically measured; economists attempt to estimate it using a number of controversial techniques.

19. New Keynesian economics: New Keynesian economics (sometimes referred to as 'New Consensus macro' or 'Neoclassical synthesis') represents a mix of some aspects of Keynesian ideas on macroeconomic dynamics in the short-run with a long-run neoclassical foundation. It has constituted economic 'orthodoxy' within central banks (and more broadly in policy and academia) since the 1990s. State intervention is seen as necessary to address unemployment, justified by short-run market failures, with emphasis placed on monetary policy in addressing falling output growth and/or rising unemployment/inflation. Post-Keynesian economics criticizes the New

Keynesian camp for abandoning many of the ideas that they believe were core to Keynes' framework, including the importance of animal spirits to investment and growth in a capitalist economy, and the role of fundamental uncertainty (as contrasted to 'calculable risk').

20. Nominal and real interest rates: The nominal interest rate is the rate actually quoted. The real interest rate is the nominal rate minus the rate of inflation.

21. Open Market Operations: Open market operations (often shortened to OMOs) refer to the purchase and sale of securities (usually government-issued bonds of varying maturities, often referred to as 'gilts' in the UK) by the central bank in the financial market, typically with the goal of influencing interest rates and the levels of liquidity.

22. Quantitative Easing / Tightening: Quantitative Easing, or QE, is the name that APPs were given in several countries, and thus the two terms are usually used as synonyms. Quantitative Tightening, or QT, refers to the reversal of Quantitative Easing, including not reinvesting the proceeds from maturing assets purchased during QE or going further and selling the same assets so as to reduce the overall size of the central bank balance sheet. To date, QT has only been implemented on a limited scale, predominantly by the US Federal Reserve.

23. Refinancing operations: Refinancing operations are a form of monetary policy in which the central bank gives collateralized loans (that is, loans that are given in return for the borrower pledging an underlying asset, usually a financial asset) to banks for a short or medium period.

24. Repurchase agreements: Repurchase agreements (repos) are a transaction in which one of the parties sells an asset under the promise of repurchasing it at an agreed higher price at an established future date (overnight, in seven days, etc). It is basically a form of secured lending, as price differences carry an implicit interest rate. If the borrower defaults, the lender keeps the asset which acts as collateral. Because of this, a haircut is applied to collateral in repo transactions to avoid loss in case of default, given that the price of collateral can drop. Central banks typically intervene using repos to control short-term interest rates. The BoE has the Short-Term Repo (STR) facility.

25. Reserve requirements: Reserve requirements are a form of banking regulation consisting of establishing a minimum proportion of cash and/or reserves that banks have to keep in relation to their liabilities (deposits) in order to meet potential withdrawals. Raising reserve requirements limits the credit creation capacity of the banking sector (and vice-versa). While still common in low- and middle-income countries, their use (either in law or in fact) has become uncommon in OECD countries where authorities have taken the view that banks will self-regulate their level of reserve holdings.

26. Unconventional monetary policy: Unconventional monetary policy (sometimes shortened to UMP) refers to the tools that central banks began to deploy in response to the Global Financial Crisis of 2007-09. As interest rates reached zero, it became impossible to stimulate the economy through further interest rate reductions. Central banks turned, instead, to asset purchase programs (such as quantitative easing, QE - see above). While most commentators use UMP as a way to refer to QE/QT, the term is also sometimes used to cover other monetary policy tools such as forward guidance, yield curve control, or tiered reserve requirements.

27. Yield curve: A yield curve is a graph that shows how the yield (that is, the interest rate paid) on debt instruments such as bonds changes over the period of time until their maturity (that is,

when the outstanding principle comes up for repayment). Typically yield curves are rising, related to both expectations of higher future inflation (and therefore interest rates) and rising uncertainty and risk over time about the ability of the borrower to repay the principal.