Review of 'Central Banking, Monetary Policy and Gender', edited by Louis-Philippe Rochon, Sylvio Kappes and Guillaume Valet

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The last decade has witnessed a growing body of research, both in orthodox and heterodox strands, looking at the distributional impacts of monetary policy. It's no coincidence that this has come after the widespread use of unconventional monetary policy in the wake of the Great Recession and then the Covid pandemic, rendering it increasingly awkward to maintain the myth of monetary policy's supposed distributional neutrality. Work has tended to focus on teasing out the channels through which monetary policy can have differential impacts on segments of society disaggregated by income and wealth, but increasingly looking at how these impacts are differentiated along the lines of gender and race.

This edited volume is, to my knowledge, the first attempt to bring together a selection of research looking at various elements of the relationship between gender and monetary policy. It is the latest in a series on central banking and monetary policy from the same editors, covering topics ranging from the environment, social responsibility and income distribution, with additional topics to be covered in planned future volumes. Gender and monetary policy has been previously touched upon in the series, both explicitly in two chapters in the volume dedicated to the future of central banking (2022), and obliquely in a number of chapters in the volume on income distribution (2023).

Chapters 6 and 8 of the current volume look at the importance of gender in the governance of central banks. Vallet draws upon interviews with 6 female central bankers. While role models are important, he argues there must be sufficient numbers of women in every echelon of the central bank for women to influence the decision-making process; this diversity needs to be seen as a policy designed to improve the performance of the organisation for it to garner the insider organisational support that it needs to become entrenched. Passos and Marins examine the case of the Central Bank of Ecuador as led by Veronica Artola Jarrin between 2008 and 2020, in the context of a broader economic agenda based on the principles of *buen vivir*, that is the 'healthy flourishing of all individuals in peace and harmony with nature'. While the reversal of dollarization did not occur, the central bank adopted recruitment policies to support gender diversity, took steps towards greater financial inclusion of women, and issued loans to government to increase policy space to respond during crisis. However, with the departure of President Rafael Correa in 2017, Artola oversaw a return to a more mainstream monetary policy paradigm, strengthening central bank independence, reversing innovative liquidity tools and prohibiting the monetization of debt.

Inflation targeting is the key question examined in chapters 4 and 5. Building on a growing body of empirical literature, Akin examines the gender-disaggregated employment impact of inflation reduction policies. Using data from 23 OECD countries for the period 1998-2018, she finds that changes in short-term interest rates have significant impacts on overall employment, but do not have a differential gender impact. Avritzer and Santana construct a stock-flow consistent Post-Keynesian model with the household sector segmented into low-income, middle-income and rentiers. When interest rates rise, low-income households reduce their debt-financed consumption, slowing economic growth, and raising their debt-to-capital ratio; through mortgage debt, the middle class is most affected by the interest rate hikes, while the rentiers are least affected. Households headed by females face the most disadvantageous effects as they face both the highest debt burdens and are either renting or mortgage financing.

Two further chapters will be of particular interest to those confronting these issues in the context of emerging capitalist economies where exchange rates continue to play a critical developmental role. In chapter 3, Nunes, Arora and Braunstein analyse gender-disaggregated employment data from 15

Latin American countries over the period 1990-2018. They find that an increase in the real effective exchange rate is associated with a decline in women's share of good jobs (defined as those which enjoy median weekly income equal or above the overall median income of all paid workers within a specific sector), suggesting that the sectors and positions that tend to characterise 'good jobs for women' are disproportionately hurt by exchange rate appreciation. Use of an inflation targeting dummy corroborates this finding, with results showing that central bank adoption of IT is associated with a decrease in women's share of good jobs, via the channel of REER appreciation and its influence on export competitiveness and GDP composition. Chapter 7 sees Zanon Brenck et al. derive gender employment per export good for four countries in each of the Asia-Pacific and Latin American regions. While women in the Latin American countries were less likely to be employed in the tradeable sector than the non-tradeable sector, this was not the case in Asia-Pacific, pointing to the importance of differences in national economic structure when considering the gender-disaggregated impact of exchange rate movements.

Other chapters in the volume are less explicitly oriented towards monetary policy reform. In the first chapter, Porino, Zacchia and De Vita interviewed 27 senior executives in the finance sector (20 from private financial firms and seven from regulatory agencies) to assess the depth and nature of the implementation of gender diversity initiatives. They conclude that the perpetuation of 'cosmetic diversity' is a result of a power structure and career incentives which reward behaviours "typically associated with masculine traits" (p. 26). In their discussion in chapter 2 of the gendered pension gap which leaves women more exposed to rises in inflation, Corsi & Porino highlight changes needed in labour markets and pension design, including addressing the gender pay gap and reforming eligibility criteria for retirement. Finally, in chapter 9, Morley provides a historical account of the role of right-wing economic thinktanks in influencing broader economic policy including monetary policy. The adoption by central banks of a public choice model, she argues, has led to the imposition of austerity policies which have deprived citizens of the conditions necessary to enjoy human rights and well-being.

In all, the volume provides a wealth of new findings and serves to highlight a number of interesting avenues for further research. One can only hope that each of these individual sub-topics (gender and central bank governance, gender-disaggregated channels of monetary policy impact, gender and the exchange rate, etc.) will soon be the subject of collected volumes of their own, joined by topics which did not receive attention in this volume, such as the impact of gender inequity itself on the implementation of monetary policy, or the potential of specific monetary policy tools to either prevent further aggravating - or even redress - gender inequities. Such research will have important implications for re-thinking the monetary policy consensus of the past three decades which was shaken, but by no means toppled by the experience of recent crises.

References

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