

The impact of unconventional monetary policy on gendered wealth inequality¹

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Fecha de recepción: junio de 2018 / Fecha de aceptación: Marzo de 2019

Abstract. Unconventional monetary policy was implemented as a result of the financial crisis and resulted in rising asset prices in the stock markets. While the increase in asset prices is not exclusively triggered by unconventional monetary policy, central bankers accept that unconventional monetary policy has resulted in distributional effects on wealth, and that these are not negligible. What is missing are studies analyzing whether these non-standard monetary policies have different distributional effects on women and men. The intent of the paper is to interrogate whether unconventional monetary policy of central banks has a gender bias that operates in favor of men as gender and against women as gender. Relying on insights from feminist economics, the paper uses the results of the ECB Household Finance and Consumption Survey (HFCS) of 62,000 household across 15 euro-area countries. While the results are tentative, they show an asymmetric distributional gendered impact. Since the rich own more assets than the poor, and since monetary easing works in part by raising asset prices, these unconventional policies may unintentionally benefit the wealthier quintile (on average more male) at the expense of the poorer strata of society (on average more female).

Keywords: Central European Bank; Unconventional Monetary Policy; Feminist Economics; Eurosystem Household Finance and Consumption Survey (HFCS); Gendered Asset Bias and Gendered Wealth Inequality.

[es] El impacto de la política monetaria no convencional sobre la desigualdad de género de la riqueza

Resumen. La política monetaria no convencional fue implementada como resultado de la crisis financiera, resultando en precios crecientes de los activos en los mercados de valores. Mientras que este incremento en los precios de los activos no está causado exclusivamente por la política monetaria, los bancos centrales aceptan que la política monetaria no convencional ha causado efectos redistributivos sobre la riqueza, y que éstos no son despreciables. Sin embargo, son inexistentes los estudios que analicen si estas políticas monetarias no convencionales tienen diferentes efectos redistributivos entre mujeres y hombres. El objetivo de este artículo es cuestionar si la política monetaria no convencional tiene un sesgo de género que opera a favor del hombre como género y en contra de la mujer como género. Apoyándonos en las aportaciones de economistas feministas, el artículo emplea los resultados de la Encuesta del Eurosystema sobre la Situación Financiera y el Consumo de los Hogares (HFCS) realizada por el BCE sobre una muestra de 62.000 hogares de la UE-15. Si bien los resultados son tentativos, muestran un impacto redistributivo asimétrico en cuanto al género. Como las clases altas poseen más activos que las bajas y, como la política monetaria funciona en parte incrementando los precios de los activos, estas políticas no convencionales posiblemente beneficien de manera no intencional al quintil más adinerado (por lo general masculino) a expensas del estrato más pobre de la sociedad (por lo general femenino).

Palabras clave: Banco Central Europeo, Política Monetaria no Convencional, Feminismo Económico, Encuesta del Eurosystema sobre la Situación Financiera y el Consumo de los Hogares Elaborada por el BCE, Sesgo de los Activos de Género y la Desigualdad de la Riqueza de Género.

JEL: B54, E00, E40, E52, E58, E65

¹ I want to thank Martina Metzger for her very helpful comments and insights on monetary policies of central banks, and Diane Elson for the many discussions on this topic. I also wish to thank the two anonymous reviewers for their comments. The usual caveat applies that in the end, I am responsible for the arguments presented in this paper.

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1. Introduction

Thomas Piketty in his highly acclaimed book, *Capital in the 21st Century* (2014), catapulted the issue of inequality onto the agenda of academia and politics, as well as onto the front pages of prestigious newspapers around the globe. Contrary to many mainstream economists, Piketty argued that the inequality of wealth is not due to market imperfections and absence of technological skills among the poor and lower middle-class, but stems from the logic of finance-dominated capitalism. Commensurate with the political shift to lower taxation since the early 1980s and the liberalization of the financial markets since the collapse of the Bretton Woods System, inequality and the volatility of global financial markets has increased in comparison to the previous *Trente Glorieuses* (2014:15). Due to the financialization of the global economy (Epstein 2005), the growth in private wealth has created a situation in which the rate of return on capital is larger than the rate of growth of the economy (Piketty 2014). As a result, the distributional divergence of wealth has accelerated and increased income inequality, precarious employment, and polarization among the rich and poor within and across countries on a global scale. In fact, the 2015 Oxfam Report shows that 62 individual people (of whom 53 are men) owned as much wealth as the poorer half of the world population (around 3,6 billion) in 2015. In 2010, the figure was 388; and in 2014, 80 people possessed as much wealth as the poorer half of the global population. The wealth of the richest people grew by about 45 per cent in only five years (Oxfam 2016).

One important and still contested factor, albeit not the only one, is the introduction of the unconventional monetary policies of the central banks in high-income countries. This involves purchases of large-scale assets to stimulate economic growth by keeping the credit market functioning and interest rates low (Goodhart et al., 2014). As investment opportunities are drying up and profit margins are falling as a result of the so-called secular stagnation, (Summers 2014) one of the few games left in town is to use the central banks' cheap liquidity to invest in equities fueling the hyper-activities in the stock markets. The persistence of central bank interest rates at the zero lower bound and the consecutive shift of major central banks to unconventional monetary pol-

icy has resulted in academic analysis of the distributional impacts, particularly of quantitative easing. QE, in a narrow sense, is the expansion of central banks' balance sheets by purchasing high quality, low risk premium bonds. It further comprises the purchase of lower quality, higher risk private bonds and the purchase of government bonds. Studies show that QE displays wide quantity, price, and structural effects on the balance sheets of financial intermediaries and, to some extent, on the company and private household sector via a change in the supply of and demand for credit and assets (Metzger/Young, forthcoming).

Admittedly, there is no clear-cut picture on the distributional impacts on income and wealth inequality due to changes in asset prices. Arguments demonstrating a positive distributional impact on income rest on the assumption of the traditional monetary transmission mechanism. Due to reduced borrowing costs and increased credit supply, aggregate demand in the economy will also increase, resulting in a rise in both production and employment which will reduce income inequality. As a result, there are positive distributional effects over the medium term related to boosting aggregate demand, lowering unemployment, and contributing to price stability, all of which tend to reduce inequality (ECB 2017: 50).

However, taking into account the total economy, we raise reasonable doubts to the validity of the above cited arguments. According to Domanski et al., (2014), it is the boosting of equity prices which drives the wealth inequality in the eurozone in the course of unconventional monetary policy. The reasoning, based on empirical survey and analysis, is twofold: first, equity prices have risen stronger on average than prices of other assets like bonds or real estate; and second, equities are highly concentrated in the top-income quintile. Both factors taken together cause a stronger increase in wealth inequality in comparison to other asset classes (Metzger/Young, forthcoming).

It is somewhat surprising that feminist political economists have paid little attention to the macroeconomic phenomenon such as how central banks' monetary policies shape and structure gender relations across all levels of economic, political, social, and cultural life. This paper will analyze how the unconventional monetary policies of central banks have produced unequal distributional outcomes between women and men, and thus increased

gendered wealth inequality. Using the insight of feminist economics that gender is endogenous to the economic process, Staveren (2011) suggests that there is an integrated two-way relationship between the economy and gender relations. In other words, the inequality in gender relations can have negative effects on economic policy and, at the same time, on economic outcomes affecting men and women differently. Equally important is the insight of feminist economists that all social institutions and policies emanating from such organizations bear and transmit gender (as well as class and ethnic-based) biases (Elson 1991; Elson/Catagay 2000; Young 2013). Borrowing from Elson, biases are inscribed in policy rules that limit the discretion of national policy makers with respect to fiscal, monetary, and financial sector policies. This often masks the ways in which financial governance operates to the disadvantage of women and reinforces gender inequality (Young et al., 2011; Young 2018).

In the first part of the paper, I will provide a short introduction of the role of central banks and unconventional monetary policies of the Federal Reserve, the Bank of England, and the European Central Bank. This will include a discussion as to how Janet Yellen, the former Federal Reserve chair, and Yves Mersch, Member of the Executive Board of the ECB, address the distributional effects of unconventional monetary policy and their suggestions for how to alleviate such unequal outcomes. This line of gender-blind economic argument is challenged in the second part of the paper by introducing concepts developed in feminist economics. Relying on Staveren (2011), I argue that gender is endogenous to the economic process, rather than interpreted as exogenous in terms of a sex-aggregated impact-variable. As a result, wealth inequality also has an impact on macroeconomics, and thus may result in lower economic growth rates. This section then leads directly to the issue of asset bias inherent in the monetary policies of the central banks, arguing that while central bank policies may have gendered impacts, these are veiled and show up in labor market data or in fiscal policy of public expenditures. Finally, the paper will use the results from the first wave of the Household Finance and Consumption Survey (HFCS) that was carried out by the European Central Bank and covers household level information on wealth, debt, income, and consumption, from around 62,000 households in

15 Euro-area countries. From this data-set, I extrapolate some gender impacts on how households allocate their assets, and how asset holdings are distributed among different households across 15 member states of the Euro-area.

2. Quantitative Easing, Private Wealth, and Response by Central Bankers

Central banks' decision to start Quantitative Easing (QE) is highly controversial in terms of its effectiveness to stimulate the economy after the financial crisis starting in 2007. It was first enacted by the US-Federal Reserve in 2008 to buy treasury bonds and provide bail-outs for banks to avoid a depression-like collapse of the world economy. Between 2008 and 2014, the FED enacted three Quantitative Easing programs. The Bank of England followed with QE between 2009 and 2014 and introduced it once again after the Brexit vote in July 2016. In contrast to these early introductions of QE, the European Central Bank started the policy only in 2015. The reason for the unconventional programs was the lack of creditworthiness in interbank lending which meant that banks stopped lending to each other. In response, central banks provided liquidity by buying commercial and asset-backed commercial papers (US and UK) and covered bonds in the Eurozone. These liquidity support measures extended not only the scope of existing central bank facilities by longer-term lending, it also meant that higher-risk and non-tradeable bank assets were accepted as collateral (Erturk 2014).

Since the Maastricht Treaty prevented the ECB from outright acquiring public debt, the central bank started to provide unlimited liquidity to the Eurozone banks through its 'enhanced credit support program'. At the start of the Eurozone crisis in May 2010, the ECB began buying limited quantities of government bonds under its Securities Market Program. Even these actions were insufficient to stem the rise of sovereign yields in Italy and Spain, which reached 7 per cent p.a as the crisis spread to other Eurozone peripheral countries. The ECB responded with its Long Term Refinancing Operation (LTRO) to provide collateral loans of up to three years totaling about €1 trillion. While the main goal was to reduce high yields of Eurozone government bonds in

Greece, Italy, Spain, and Portugal, the liquidity was to provide cheap loans to banks in peripheral countries to lend to private companies and households to stimulate economic recovery (Erturk 2014). Despite the ECB's unconventional intervention, the Eurozone economy continued to stagnate.

As the Eurozone inflation rate fell below zero in some countries in December 2014, the danger of deflation was no longer an abstract possibility. Following the UK and the US, the ECB started its own quantitative easing program in March 2015. The central bank intended to buy bonds worth €60 billion a month, amounting to buying €1.1 trillion government bonds from March 2015 to September 2016 to benefit the region's economies. At the same time, the ECB was cutting interest rates it charged on commercial loans to 0.05 percent down from 0.15 percent as long as banks committed to lending to companies and individuals. In order to force banks to provide loans to the private sector, the ECB imposed negative interest rates on parking banks' money overnight. As a result, government bond yields started to tumble from an already low point prior to embarking on quantitative easing, some even venturing into negative territory. As the EU economy started to flatten out again in the early months of 2016, Mario Draghi announced on March 10, 2016 further measures to calm the markets. Quantitative Easing was extended to buy corporate bonds, extend the amount of bonds bought each month from €60bn to €80bn, lower the fixed deposit rates from -0.3 to -0.4 per cent, and cut the main refinancing rate to 0 per cent (FT 11 March 2016:1). This highly unusual situation implies that investors are actually paying for the privilege to lend money to the banks.

There is considerable disagreement among experts in terms of assessing the effectiveness of the quantitative easing program. The policy seems to have had a strong effect on the exchange rate, having weakened the euro-dollar exchange rate and lowered both the long-term interest rates to improve investment conditions and discourage savings and lowered the yields on sovereign bonds. However, it failed as a tool to increase inflation to the stated target of 2 per cent. On the negative side, the fall in interest rates has reduced the profitability of banks and thus banks' profits (Demertzis and Wolff 2016), and has also led to virtually zero interest rate returns for bank deposit owners.

Most important for this paper, the unconventional monetary policy may have contributed to higher wealth inequality (Claeys, et al., 2015). In response to the ECB announcement of quantitative easing, steep rallies in equities occurred. This was the case in 2014, when the stock market rallied almost 20 percent since mid-October, twice as much as the US S&P 500 (Atkins et al., 2015); and the same happened after the March 2016 extension of QE (FT 11 March 2016). Ben Bernanke, the former Chair of the Federal Reserve, explained the rise in asset prices in a Brookings blog as follows:

The claim that Fed policy has worsened inequality usually begins with the (correct) observation that monetary easing works in part by raising asset prices, like stock prices. As the rich own more assets than the poor and the middle class, the reasoning goes, the Fed's policies are increasing the already large disparities of wealth in the United States (Bernanke 2015).

As the link between monetary policy and ascending private wealth inequality became the object of academic and media criticism, Janet Yellen, Federal Reserve Chair, and Yves Mersch, member of the Executive Board of the ECB, explained their positions at respective conferences. Janet Yellen spoke at the Conference on Economic Opportunity and Inequality at the Federal Reserve Bank of Boston and Yves Mersch gave a Keynote speech at the Corporate Credit Conference in Zurich, both on October 17, 2014. In her talk on 'Perspectives on Inequality and Opportunity from the Survey of Consumer Finance', Yellen acknowledged the widening inequality. The reason she cited was that while the "stock market rebounded, wage growth and the healing of the labor market have been slow, and the increase in home prices has not fully restored the housing wealth lost by the large majority of households for which it is their primary asset" (Yellen 2014: 1). She referred to this as the 'Great Gatsby Curve' suggesting that greater income inequality is associated with diminished intergenerational mobility. While Yellen cites a trove of negative data generated by the Federal Reserve's triennial Survey of Consumer Finances (SCF), with specific details on income,

wealth, and debt for each of 6,000 household surveyed, she does not link this to the unconventional monetary policy of the Federal Reserve. This is surprising since she acknowledges that wealth inequality has increased more than income inequality. In fact, the wealthiest 5 percent of American households held 63 percent of all wealth reported in the survey from 2013 (in 1989 the figure was 54 per cent). In terms of financial assets, including stocks, bonds, mutual funds, and private pensions, the wealthiest 5 per cent held nearly two-thirds of all such assets in 2013, and the bottom half of households held just 2 per cent. Yellen's solution to influence intergenerational mobility and trends in inequality is to increase economic opportunities. These include "four building blocks of opportunity": two of them relate to education (early childhood and higher education), the third source is ownership of private business, and the fourth opportunity speaks to inherited wealth. According to Janet Yellen, the culprit and solution for these wealth inequalities is opportunities for the poorer strata of society.

In contrast, Yves Mersch acknowledges that in times of exceptionally low interest rates and non-standard monetary policy measures there may be distributional effects, some resulting "in potential economic damage to some parts of society; and the potential benefits for others" (Mersch 2014: 1). At the same time, he notes that central banks are not charged with the task of addressing inequalities, nor are they responsible for economic justice for society as a whole. The clear mandate of the ECB is to maintain price stability over the medium term. Nevertheless, he concedes that monetary policy can have sizeable distributional effects, and this has largely been ignored in the theory and practice of monetary policy. The reason for why he engages in the issue of inequality despite this has to do with the realization that distributional effects influence the monetary transmission mechanism. He cites an example:

the impact of changes in interest rates on the consumer spending of an individual household depend crucially on that household's overall financial position. Such differences have macroeconomic implications, as the economy's overall response to policy changes

will depend on the distribution of assets, debt and income across households – especially in times of crisis, when economic shocks are large and unevenly distributed (p. 2).

Inequality as a normative criterion does not play a role in Mersch's defense of his addressing the issue; rather, he invokes an instrumental view of how such private wealth has macroeconomic implications (Fontan et al., 2015). He cites a study by the National Bureau of Economic Research (NBER), which theoretically discusses five potential channels which may act as monetary transmission mechanisms in creating inequality. These include the income position channel, the financial segmentation channel, the portfolio channel, saving redistribution channel, and earnings heterogeneity channel. Due to spatial limitations, the complex theoretical discussion of these channels cannot be repeated here. Suffice it to conclude that the different channels imply, at least at the theoretical level, ambiguous results in regard to the link between monetary policy and economic inequality. Nevertheless, Mersch concludes that non-conventional monetary policy may have different effects on different parts of society. In particular, large-scale asset purchases seem to widen income inequality. At the same time, non-conventional monetary policies of the ECB are necessary to guarantee price stability. The possible distributional side-effects are to be tolerated as collateral effects. Since these policies engender great uncertainties, the non-standard monetary measures should therefore be temporary.

3. Feminist Economic Insights: Unconventional Monetary Policy and Private Wealth Inequality

Given the uncertainties in regard to the effects of unconventional monetary policies to ensure the credit-flow and thus stimulate economic growth, it is even more problematic to tease out the gendered effects of such policies. While the role of money is one of the most important channels in the transmission between monetary policy and household wealth, it has remained the stepchild in analyzing macroeconomic transmission channels (Young 2010; 2002; 2018). This has to do with the gender insensitivity that underpins

the policy discourses, beliefs, and normative assumptions of the banking community, who refuse to consider possible gender inequalities as part of their monetary narrative. This silence reflects a set of assumptions that monetary policy and financial regulation, the key instruments of financial governance, are gender-neutral. Monetary policies focus on the economy as an aggregation of monetized stocks and flows. Even if finance economists and the finance community disregard gendered norms and practices of their policies, studies on gender and finance demonstrate that monetary institutions and their policies are not gender-neutral. The silence about gender is ‘strategic’ (Bakker 1994) in the sense that this silence obscures the ways in which financial governance interacts with and reinforces the social organization of gender relations that prevail at different times and places. Mainstream finance economists and the banking policy community can thus disregard feminist demands to analyze the gendered norms and practices of their policies, since they see gender inequality as a social issue that should “remain outside the purview of monetary management” (Braunstein 2013: 353). As such, it is not surprising that finance as an academic discipline and professional practice is conceptualized independently from a moral and social context.

Feminist economists take issue with this gender-blind approach to financial governance. However, as Braunstein (2013) notes, there are only three studies dealing with monetary policy and its effect on gendered employment outcomes. These studies deal with conventional monetary policy and focus on restrictive interest rates and their implications for credit availability, which shapes business investment and affects social groups differently (Braunstein/Heintz 2008; Tachtamanova/Serminksa 2009; and Seguino/Heintz 2012). Other studies focus on the bond markets and their tools to “punish” states for fiscal profligacy by pushing up borrowing costs on the capital markets. This can lead to weaker demand in the economy, reducing job creation, reducing public services, and increasing pressure on women’s unpaid work (Braunstein 2013, Heintz 2012). Except for Tachtamanova/Sierminska (2009), the aforementioned studies deal mostly with monetary policies in high-income countries and analyze how they affect women in developing countries.

Despite the paucity of research on standard as well as the recent unconventional monetary policy and gender relations, feminist economists have developed an integrated understanding of gender in economics. In particular, there are two theoretical contributions that may help disentangle the relations between unconventional monetary policy and gender inequality: one, from van Staveren (2014), states that gender is endogenous to the economic process; and the other, from Elson (1991), states that there is a (male) bias that operates in favor of men as a gender and against women as a gender. Van Staveren proposes a two-way relationship between gender and economic (financial) relations. We should not just focus on the sex-aggregated impact of economic policies; equally important is to analyze the impact of gender inequality on macroeconomic growth rates. Just as monetary policy has distributional effects which can have macroeconomic impacts, so is gender inequality inefficient in the allocation of financial resources and may inflict losses on aggregate growth. Discrimination against women in the financial markets is thus not only unfair, but also inefficient at the macroeconomic level. In fact, this line of argument is quite similar to Yves Mersch (2014) explaining why central bankers should engage in the distributional aspect of unconventional monetary policy. As pointed out previously, Mersch suggests that differences in terms of the distribution of assets, debt, and income across households have macroeconomic implications. Central bankers have an interest in the distribution of income and wealth in a society despite their primary mandate to maintain price stability.

However, Mersch’s logic leaves out any reference to gender biases which, according to Elson (1991), are inscribed in institutions and policy rules. Biases, whether they are gender, class, or racialized, impact and often distort distributional outcomes favoring some members in society over others. Unlike neoclassical or Keynesian economics, feminist economists start from the assumption that monetary policy is not just a technical issue at the disposal of central banks to influence the rate of interest and investment and thereby economic growth. Gendered institutions have an impact on financial markets through the savings rate, interest rate, and investment. If gender bias constrains women’s investments as a result of discriminatory practices at lending institutions, it will not

only lower the incentives for women as borrowers, it can lead to aggregate lower savings rates. As van Staveren suggests, treating gender as an impact variable is important, but it is far too limiting to treat gender as only an impact variable in economics and finance. “Good economic analysis also includes questions on how social inequalities, such as gender, affect micro- and macro-economic behavior, variables, relationships, and policy effectiveness” (Van Staveren 2014: 32).

The next section will extrapolate some gender biases from a study done by the Deutsche Bundesbank (2014) utilizing data from the European Central Bank Survey on how households allocate their assets and how asset holdings are distributed among different households across fifteen member states of the Euro area. The data from the ECB Survey does not include the impact of QE on households, since QE only started in 2015 in the eurozone. Nevertheless, the Survey should catch the distributional effects of the rising asset prices due to unconventional monetary policies enacted prior to QE.

4. Unconventional ECB Monetary Policy and the Gendered Wealth Effect (Asset Bias)

The Discussion Paper (Deutsche Bank 12/2014) utilizes the results from the Household Finance and Consumption Survey (HFCS) of 2011 of 62,558 net samples of households across 15 euro-area countries. The authors’ intent is to analyze how households choose to allocate their wealth across asset classes and ask if there is a systematic relationship between underlying household characteristics and asset holding patterns across countries. The survey covers household-level information on net wealth, asset and debt holding, and income, as well as on household composition. Asset categories are divided into housing assets, risky financial assets (mutual funds, bonds and shares), safe financial assets (deposits, life insurance, private pension plans), and business wealth. In terms of socio-economic characteristics, the study includes the following traits: household types (couples without children; adults without children; single parent households; couples with children; adults with children), gender (male or female); age (40-64 years, or 65 and older); marital status (married, divorced, or widowed); labor market status

(self-employed, unemployed, retired, or other); education (middle or high); inheritance; net wealth distribution and income distribution (base: first quintile, second quintile, third quintile, fourth quintile or fifth quintile).

While the HFCS permits researchers to study the allocation of wealth across different household types, the data is not individualized, but aggregated at the household level. In other words, the value of the reference person applies to the entire household making it difficult to ascertain the intra-household distribution of wealth and the decision-making power within such households. As a result, there may be a selection bias as to whether men or women head these households (Schneebaum et al., 2014: 21). The Deutsche Bank study is further limited in that the gender reference person across the socio-economic variables is male. As a result, the gender bias in terms of the participation in risky assets calculated from a probit model (probability model) can only be inferred by making some assumptions. Nevertheless, it is pretty safe to assume that, on average: single parents are more often females than males; lower education level is more common among women; and women have less wealth and income (lower quintiles of wealth and income distribution). That female single households have less wealth than males is corroborated by Schneebaum et al. (2014). In fact, their study is the first analyzing a gendered wealth effect across euro-area countries. It presents evidence that both male and female single households own less net wealth than couple households, but the difference between male and female households is large and statistically significant. Female households hold about €319,000 less wealth than couple households, while male households own about €176,000 less than couple households. When other socio-economic variables are included in the model, such as comparing households with the same structure in terms of the presence and age of children and relationship status of the reference person, male households still have more wealth than female households. The same holds for age and education, the gender wealth gap remains statistically significant. The authors tentatively conclude from their study on *the Gender Wealth Gap in Europe* that on average, even when comparing male and female households with the same observable characteristics, female households have less wealth (Schneebaum et al., 2014: 15-17).

If we now return to the research paper of the Deutsche Bundesbank, the results show a similar concentration of wealth at the top end of the wealth distribution across the 15 euro area countries. 50 percent of households either below or just at the median level hold 12 per cent of the net wealth, while the top decile holds 50 per cent of net wealth. Most households in the euro area hold the majority of their wealth in the form of primary residence (41 per cent in Germany to 61 per cent in Italy and the Netherlands). Wealthier households tend to participate in a wider range of asset classes and are more likely to own real estate, risky assets, and private business. In terms of investing in financial risky assets, the study shows both participation and a high level of variation across the Euro-area countries in the level of risky asset investment. It is not altogether surprising that in comparison to other asset classes, the participation share in risky financial assets is the least important category in average terms, ranging from 1 per cent in Cyprus and Slovenia to 11 per cent in Belgium. The same is true for wealth being held in safe financial assets (Netherlands 22 per cent of gross wealth whereas in Italy 6 per cent and 4 per cent in Slovenia). In general, few households hold risky financial assets, which the authors of the Deutsche Bank study call the “stock-market participation puzzle” referring to the behavior of people who leave their money in deposit accounts (with low interest rates) rather than invest in equities. However, the low percentage of participation in risky assets increases with wealth. It ranges between 8 per cent in Slovakia and 67 per cent in Finland in the fifth net wealth quintile (Deutsche Bundesbank 2014: 5-10).

For the present argument of discovering an asset bias, a phenomenon which would show whether males as a reference person, the better educated, those with higher income, or those that own inheritance are more likely to invest in risky financial assets. This would indicate that the target group would benefit from an increase in the value of shares, bonds, and mutual funds due to the unconventional monetary policies of the ECB. The results suggest that wealth and income distribution are both significantly correlated with the amount of exposure to risky financial assets, especially in the higher quintile. As pointed out above, the percentage of participation in risky financial assets increases with wealth. This holds for the Euro

area and for most member countries (Deutsche Bank 2014: 20). In terms of risky assets, the lowest wealth quintile owns 3 percent, whereas the top 5 percent owns 55 per cent. If we take males as a reference person, they are more likely to participate in risky financial assets in 12 of euro-area member states; except for Germany, Greece, and the Netherlands (not statistically significant except for Malta). In terms of single parent households (presumably there are more women in this category across the 15 euro member states), there is less likelihood that they participate in risky financial assets in 12 of the 15 member states. Households with the highest level of education have investments in risky assets at a rate four times higher than lower educated households. This correlation is even stronger in countries such as Austria, Germany, Spain, Greece, Luxembourg, Portugal, and Slovenia, where highly educated households hold about ten times more risky financial assets in comparison to households where the reference person has a low level of education. Inheritance and higher income are also associated with greater demand for risky financial assets. “Higher income and higher wealth are associated with greater demand for risky assets and, for given entry or participation costs, greater probability of overcoming the threshold and deciding that it is worthwhile to enter the asset market or remain in it” (p. 16). At the same time, while the share of risky financial asset holders rises sharply with net wealth, it stays surprisingly low even for the highest net wealth deciles (p. 27). However, this could change rapidly as interest rates turn negative and returns on bank deposits equal close to zero.

5. Conclusion

Unconventional monetary policy of central banks in core capitalist countries, while not exclusively triggered by unconventional monetary policy, has had a profound impact in raising asset prices, nevertheless. To my knowledge, there are no studies inquiring whether these non-standard monetary policies have different distributional effects between women and men. Feminist economists and gender studies have warned for some time that poorer, low-skilled single mothers are on average more affected by income inequality, poverty, and social exclusion. The intent of the paper

was to interrogate whether unconventional monetary policy of central banks may have a gender bias that operates in favor of men as gender and against women as gender. For this purpose, insights of feminist economics helped to disentangle the link between gender inequality and monetary policy. Important in this endeavor is van Staveren's theoretical contribution that gender is endogenous to the economic process, by which she suggests that gender inequality can also have negative effects on economic growth; and Elson's (1991) insight of gender bias, which demonstrates that monetary policy is not gender neutral. These two feminist theoretical insights are important for economics generally insofar as they stipulate that gender inequality and gender biases can negatively influence macroeconomic variables. Despite these tendential impacts, gender as an endogenous process remains largely neglected and undertheorized in traditional economics.

In order to extrapolate the gender bias from unconventional monetary policy, the paper relied on the results of the Household Finance and Consumption Survey (HFCS) of over

62,000 household across 15 euro-area countries. While the results are tentative, nevertheless, they show that single parent households (presumably comprised of more women), the less educated, and those in the lower wealth and income quintile participate much less in investing in risky assets. The lowest wealth quintile owns only 3 percent whereas the top 5 per cent owns 55 per cent. These results are corroborated by Schneebaum et al., (2014) analysis of the gender wealth gap using the Household Finance and Consumption Survey data. They find that households with only one male adult have more net wealth than households with one female adult, and that households with an adult couple have the highest net wealth. This insight into the gender wealth gap is therefore important for this paper, since monetary easing works in part by raising asset prices. Furthermore, since the rich own more assets than the poor, these monetary policies benefit the wealthier quintile (on average, comprised of more men) at the expense of the poorer strata of society (on average, comprised of more women).

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