

Does the current mandate make sense?	
Why do not be Do F print?	
Why does the BoE exist?	
To promote the good of the people of the United Kingdom	
***   Pestitute	
Perinting Perint	
Does the current mandate make sense?	
Mandate is via monetary (price) and financial stability	
The remit recognises the role of price stability in achieving economic stability	
more generally, and in providing the right conditions for sustainable growth in output and employment	
Institute, and faculty of Accusives of Accusives	
06 November 2017 5	
Does the current mandate make sense?	
Price stability via	
inflation targeting of	
CPI @ 2% Economic stability Sustainable	
growth in	
investment Sustainable growth in output and employment	
permise and Southy and Actuation	

Does the current mandate n	nake sense?	
<ul><li>Why a single metric?</li><li>Why 2%?</li></ul>		
, 2%.		
	Institute and Fraculty and Fraculty of Actuaries	
06 November 2017	7 TO PACAGETES	
Is a single metric sensible?		
Consumer price		
inflation		
	Institute and Fraculty of Accusives	
06 November 2017	S of Actuaries	
Is a single metric sensible?		
	Necessary <i>but not sufficient</i> to achieve sustainable economic growth	
Consumer price	economic growth	
inflation		
	Patitute and Faculty and Faculty of Actuaries	
06 November 2017	of Actualis	

Is a single metric sensible	le?	
io a orngio metrio selisibi		
	Necessary but not sufficient	
	to achieve sustainable economic growth	
	economic growth	
Consumer price		
inflation	So what else matters?	
	Institute and Faculty of Actuaries	
<u> </u>	_	
06 November 2017	10	
le a cingle metric concibl	lo2	
Is a single metric sensible	le :	
	000: 1:	
	GDP is driven by consumers	
Consumer price	60%	
inflation	55.5	
	■ Consumers	
	Institute	
	Institute and Faculty of Actuaries	
06 November 2017	11	
Is a single metric sensible	102	
is a single metric sensible		
	Necessary but not sufficient	
	to achieve sustainable	
	economic growth	
Consumer price		
inflation	So what else matters	
	for consumers?	
	Markitute	
	Institute and Faculty of Actuaries	
06 November 2017	12	

Is a single metric sensible?		
Wass inflation?		
Wage inflation?		
Consumer House price inflation?		
price inflation Rental inflation?		
Pension <i>inflation</i> ?		
. 0.000.	a.	
	Institute and Faculty of Actuaries	
06 November 2017	13	
Why 2%?		
The sweet spot – not too high, not too low		
<ul> <li>Is 2% relevant now? Is a monetary supply issue?</li> </ul>		
<ul> <li>Ageing population</li> </ul>		
- Technology		
Behavioural factors – why it's <u>still</u> 2%		
- Status quo bias, experts' opinion, fear of regret, anchoring	Librarituta	
·	Institute and Faculty of Actuaries	
06 November 2017	14	
Is monetary policy a suitable tool?		
ė.	Institute and Faculty of Actuaries	
06 November 2017	of Actuaries	

## The central banker's toolbox Setting base rates Macro-prudential regulation Open market operations Quantitative Easing (QE) 06 November 2017 The central banker's toolbox Set the base rate Longer terms affected through expectation 06 November 2017 The central banker's toolbox Set the base rate Longer terms affected through expectation Add QE for direct influence

06 November 2017

The control banks as toolbox	
The central banker's toolbox	
Different tools, same intention	
Monetary policy is about	
- the yield curve i.e. the cost of credit	
<ul> <li>the relative value of risk-free and risky assets</li> </ul>	
. Laura matas ta	
Lower rates to  - increase aggregate demand through credit expansion	
- push capital into riskier assets	
06 November 2017 19	
la manatamu maliau a quitable taul ta Jaurau inflation 2	
Is monetary policy a suitable tool to <u>lower</u> inflation?	
• Yes	
Effective sizes 4000	
Effective since 1992	
Basis for current mandate	
Can raise rates to arbitrary level	
I histitute and Faculty of Actuaries	
06 November 2017 20	
HIV ORI 4000 - 0047	
UK CPI 1989 - 2017	
UK exits ERM	
lnflation targeting introduced	
6%	
4%	
2% MAY MAN -	
0% 1989 1992 1995 1998 2001 2004 2007 2010 2013 2016	-
India in the second sec	
3/13 FSCURY   3/15 FSCURY   6/15 FSCURY	

Is monetary policy a suitable tool to <u>raise</u> infla	tion?	
A blunt tool	iioii i	
With costs		
And limitations		
	Institute and Faculty of Actuaries	
06 November 2017	of Actuaries	
Limitations of monetary policy		
No guarantee cheaper credit is used		
No guarantee direaper dealt is used		
No guarantee it's used for intended purpose		
The lower bound and diminishing returns		
- Destroyed the issue describ fix it		
Postpones the issue, doesn't fix it	Institute	
06 November 2017	Institute and Faculty of Actuaries	
A 30-year decline in interest rates		
12% UK government bonds 10%		
5% V		
4%		
2% 0% 1990 1993 1996 1999 2002 2005 2008 2011 2014		
—1Y —10Y —30Y	2 <b>E</b> 5	
	institute and Faculty of Actuaries	

What are the alternatives to monetary policy?		
06 November 2017	Institute and Faculty of Actuaries	
06 November 2017	25	
What are the alternatives to monetary policy?		
Fiscal policy – tax, investment, spending		
Stimulates economy directly		
Not credit-driven -> upfront cost -> politically unpopular		
	Institute and Faculty of Actuaries	
06 November 2017	26	
What did QE bring us?		
	Institute and Faculty of Actuaries	
06 November 2017	27	

Background – March 2009	
the MPC judged at its March meeting that a further monetary loosening was	
required. In particular, it was concerned that nominal spending in the economy would otherwise be too weak to meet the inflation target in the medium term	
Heathute and footby	-
06 November 2017 28	
Background – March 2009	
The aim of quantitative easing is to inject money into the economy in order to revive nominal spending	
It should ultimately lead to an increase in asset prices and spending and	
therefore bring inflation back to target	
for the facility of Actuaries	
68 November 2017 29	
Mechanism	
t gent dates	
1 Amer prices Spetish  1 Cost of formsong	
sues of regulario auest purchases  Inflation et 2%	
Thomas in the entropy ————————————————————————————————————	

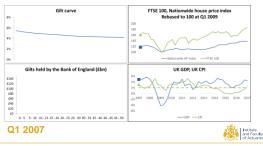
Mechanism		
WECHAIIISIII	Asset purchases could have an important impact on expectations	
Expectat	004	
† Asset prii (Lyields)	Trad evals	
Bank of England asset purchases	1 Control of Bottownig 15 (providing and belliation at 2% to control.)	
the econom	Taxin wrong	
06 November 2017	ond Faculty of Actions	
Mechanism		
	higher asset prices increase the wealth of asset holders, which should boost their spending	9
Espectat		
† Asset pris Gyleids)	1 food wealth	
Bank of England asset purchases	Cost of hormwing Special and Inflation of 2% Inflation of 2%	
	A Pastituto	
06 November 2017	and Facuty of Actuaries	
Mechanism		
	More bank lending to households and companies should help to support higher consumption and investment	
Expectat		
† Asset pri (i yields)	1 Total washin    Cost of borrowing	
eans of England asset purchases	1 Sporting and Indiation at 2%	
Englectrical		

What does QF look like			

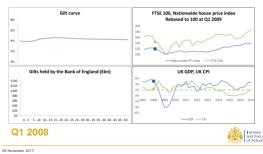
- What's happening to....
  - The gilt curve
  - The amount of bonds purchased
  - Asset prices
  - GDP
  - Inflation

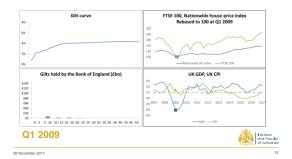


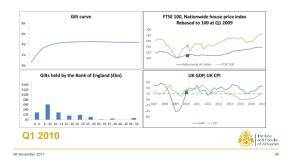
06 November 2017

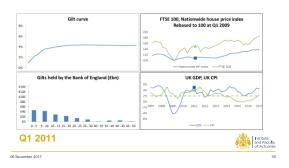


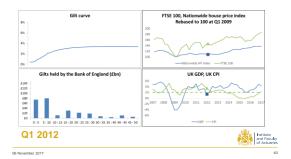
06 November 2017

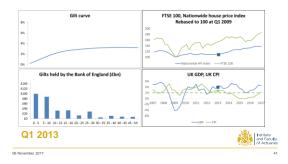


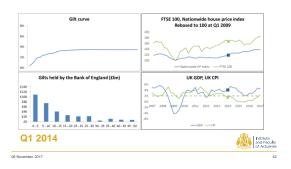


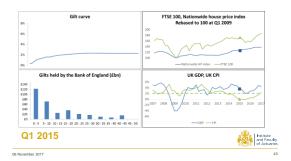


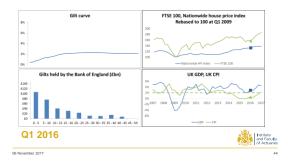


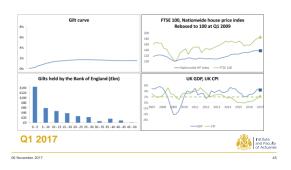










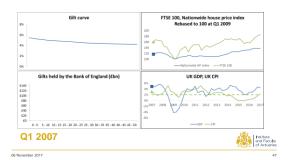


## Q1 2009 - Q1 2017

30-year spot rate	4.2% -> 1.7%
FTSE 100	+ 87%
Nationwide Housing Index	+ 38%
Real GDP	3.5%
Average CPI	2.2%

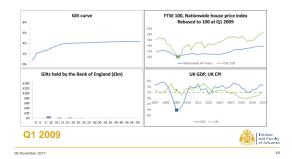


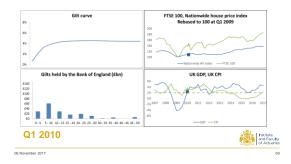
06 November 2017

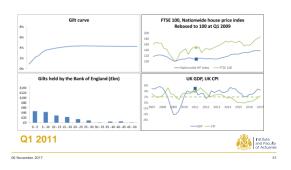


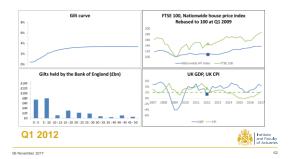
Gilt curve | FTSE 100, Nationwide house price index Rebased to 100 at Q1 2009 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200

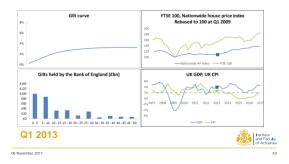
16

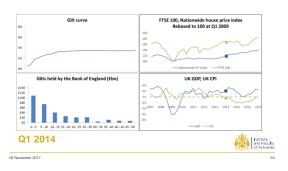


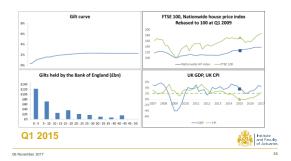


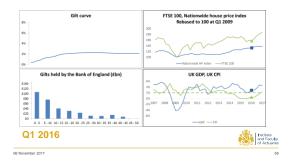


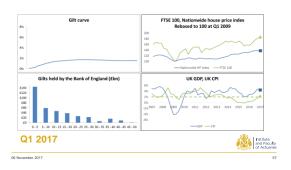












QE did what it promised	
It should ultimately lead to an increase in asset	
prices and spending and therefore bring inflation back to target	
leading of a country of a count	
06 November 2017 58	
QE did what it promised	
It should ultimately lead to an increase in asset prices and spending and therefore bring	
prices and spending and therefore bring inflation back to target	
But what else did it bring us?	
Institute and Faculty of Actuaries	
06 November 2017 59	
What else did QE bring us?	
What else did QE bring us?	
What else did QE bring us?  • Debt	
• Debt	

What also did OF bring up?		
What else did QE bring us?		
<ul><li>Debt</li><li>Dependency</li></ul>		
	Institute and Faculty of Actuaries	
06 November 2017	61	
What else did QE bring us?		
• Debt		
<ul><li>Dependency</li><li>Market distortion</li></ul>		
	Lestina .	
06 November 2017	Institute and Faculty of Actuaries	
The (extreme) search for yield		
<ul> <li>In 2016 Austria sold 2bn Euros of 70-year debt at 1.5%</li> </ul>		
Consider the risks:     Long term, very high duration		
- Will the Euro exist in 70 years' time?		
For context, for SII, EIOPA deem the last liquid point for the Eur years		
	Institute and Faculty of Actuaries	
06 November 2017	63	

The (extreme) search for yield	
<ul> <li>In 2016 Austria sold 2bn Euros of 70-year debt at 1.5%</li> </ul>	
<ul> <li>In 2017 Austria sold 3.5bn Euros of 100-year debt at 2.1%</li> </ul>	
Consider the risks:	
<ul> <li>Long term, very high duration</li> </ul>	
– Will the Euro exist in 70 years' time?	
For context, for SII, EIOPA deem the last liquid point for the Euro to be 20	
years	
Hardhate and Faculty of Actuaries	
06 November 2017 64	
Vet the market is (implied) colm	
Yet the market is (implied) calm  VETSE Similar confidence,	
90% outlook, sentiment	
80% 70%	
60% 50%	
40%	
20%	
10%	
the tay the	
Institute and Faculty of Actualities	
06 November 2017 65	
What else did QE bring us?	
• Debt	
Dependency	
Market distortion	
Pension deficits	
all 6	
Pathute and Faculty of Accurates	
06 November 2017 66	

What else did QE bring us?		
• Debt		
Dependency		
Market distortion		
Pension deficits		
A new predicament		
	hstitute	
06 November 2017	Institute and Foculty of Actuaries	
Out the restriction and 19	-	
What also did OF below 220		
What else did QE bring us?		
• Debt		
Dependency		
Market distortion		
Pension deficits		
A new predicament     Central bank cannot walk away		
<ul> <li>Nor can it stay there forever</li> </ul>		
– How does it extract itself?	Institute and Faculty of Actuaries	
06 November 2017	68	
How will QE unwind?		
	- M.C	
	Institute and Faculty of Actuaries	
06 November 2017	69	

Q1 2017	Gilt curve		
	8%		
	6% - 4% -		
	25 -		
	Gilts held by the Bank of England (£bn)		
	100		
	<sup>50</sup>		
	0-5 5-10 10-15 15-20 20-25 25-30 30-35 35-40 40-45 45-50	Institute and Faculty of Actuaries	
6 November 2017		70	
The options			
Sell bonds, red	uce balance sheet		
	ire, with no repurchase		
	ch that maturity and/or notional reduce over time nitely i.e. no unwind		
TOHOVET HIGHIN	nely i.e. no unwind		
		Institute and Faculty of Actuaries	
6 November 2017		71	
The options			
Sell bonds, red	uce balance sheet		
	ire, with no repurchase		
	ch that maturity and/or notional reduce over time nitely i.e. no unwind		
Nonover muelli	mory no. no unwind		
+when sho	ould rates rise?		
		Institute and Faculty	

Balance of gilts if QE left to run off (£bn)	
400 ————	
350	
250	
150 100 50	
2017 2020 2020 2020 2020 2020 2030 2030 203	
.W.	
bitterior and Foundation of Action o	ry cc
What the Bank of England has said	
• Q1 2009	
The MPC will decide on the most appropriate way to withdraw the policy	
stimulus based on the circumstances prevailing at the time	
Heather of Actual	TV ris
06 November 2017	
What the Bank of England has said	
• Q1 2014	
<del></del>	
We're not going to sell £375 billion of gilts.	
That's a hypothetical question, purely hypothetical	
Mark Carney to the Treasury Select Committee	
mark Carney to the Treasury Select Committee	ty .
	55 75

What the Bank of England has said	
• Q2 2014	
The MPC's preference is to use Bank Rate as the active marginal instrument for	
monetary policy	
I betitute and foculary and foculary of focularies	
06 November 2017 76	
What the Bank of England has said	
• Q4 2015	
The MPC expects to maintain the stock of purchased assets at £375 billion until	
Bank Rate has reached a level from which it can be cut materially	
Institute and Foodly of According	
06 November 2017 77	
What the Bank of England has done	
<ul><li>Q3 2017</li><li>Base rate 0.25% -&gt;0.50%</li></ul>	
The Committee also voted unanimously to maintain the stock of UK government bond purchase	
·	
AMA	
Institute and Tonchy of Actuaries	
06 November 2017 78	

Moneton, voling and pagaine		
Monetary policy and pensions		
	Institute and Foculty of Actuaries	
06 November 2017	1.4	
What does the Bank of England thin	nk about pensions?	
	Andy Halldane	
	Bank of England chief economist	
	Next governor?	
	Institute and Faculty of Actuaries	_
06 November 2017	80	
What does the Bank of England thin	nk about pensions?	
• May 2016		_
I confess to not being able to make the rea	motest sense of pensions	
	Institute and Faculty of Actuaries	
06 November 2017	81	

What does the Bank of	England think	about pensions?	-		
August 2016, on the best option for retirement		-			
			_		
It ought to be pens	sions but it's almost ce	rtainly property			
			-		
			-		
		Institute and Faculty of Actuaries	, <u>-</u>		
06 November 2017		of Actuaries			
			-		
What does the Bank of	England think	about pensions?	-		
Assets matter			-		
<ul> <li>Liabilities don't?</li> </ul>			_		
			-		
			-		
		# I Institute			
06 November 2017		Institute and Faculty of Actuaries			
		-	-		
What does the Bank of	England think	about pensions?	-		
Publication Word of	count on asset	Word count on <i>liability</i>	_		
Quantitative easing					
Quarterly Bulletin Q2 2009			-		
The United Kingdom's quantitative easing policy:			-		
design, operation and impact			_		
Quarterly Bulletin Q3 2011		্ট্র			
		Institute and Faculty of Actuaries	, s		
06 November 2017		84	4		

Publication	Word count on asset	Word count on liability
Quantitative easing	173	
Quarterly Bulletin Q2 2009	1/3	
The United Kingdom's quantitative easing policy: design, operation and impact	163	
Quarterly Bulletin Q3 2011	103	
Quarterly Dulletin Q3 2011		a Wa
		Institute and Facult of Actuarie
06 November 2017		8
What does the Bar	nk of England thin	k about pensions?
Publication	Word count on asset	Word count on liability
Quantitative easing	173	0
Quarterly Bulletin Q2 2009		
The United Kingdom's		
quantitative easing policy:		0
design, operation and impact	163	U
design, operation and impact  Quarterly Bulletin Q3 2011	163	0
design, operation and impact Quarterly Bulletin Q3 2011	163	U
	163	
Quarterly Bulletin Q3 2011	163	Institute and Facult of Actuaries
	163	
Quarterly Bulletin Q3 2011	163	Institute and Facult of Actuaries
Quarterly Bulletin Q3 2011	163	Institute and Facult of Actuaries
Quarterly Bulletin Q3 2011	163	Institute and Facult of Actuaries
Quarterly Bulletin Q3 2011	163	Institute and Facult of Actuaries
Quarterly Bulletin Q3 2011	163	Institute and Facult of Actuaries
Quarterly Bulletin Q3 2011	163	Institute and Facult of Actuaries
Quarterly Bulletin Q3 2011	163	Institute and Facult of Actuaries
Quarterly Bulletin Q3 2011	163	Institute and Facul of Actuari
Quarterly Bulletin Q3 2011	163	Institute and Facult of Actuaries
Quarterly Bulletin Q3 2011	163	Institute and Facul of Actuari
Quarterly Bulletin Q3 2011  06 November 2017		Positives of Focus of
Quarterly Bulletin Q3 2011  06 November 2017		Institute and Facu of Actuar
Quarterly Bulletin Q3 2011  06 November 2017		Positives of recovery of the control
Quarterly Bulletin Q3 2011  06 November 2017  What does the Ball  • Essentially ignored	nk of England thin	Institute of the state of the s
Quarterly Bulletin Q3 2011  06 November 2017  What does the Bal	nk of England thin	Institute of the state of the s
Quarterly Bulletin Q3 2011  06 November 2017  What does the Ball  • Essentially ignored	nk of England thin	Institute in the control of the cont
Quarterly Bulletin Q3 2011  06 November 2017  What does the Ball  • Essentially ignored	nk of England thin	Institute in the control of the cont
Quarterly Bulletin Q3 2011  06 November 2017  What does the Ball  • Essentially ignored	nk of England thin	Institute in the control of the cont
Quarterly Bulletin Q3 2011  06 November 2017  What does the Ball  • Essentially ignored	nk of England thin	Institute in the control of the cont
Quarterly Bulletin Q3 2011  06 November 2017  What does the Ball  • Essentially ignored	nk of England thin	Institute in the control of the cont

The impact of QE on pensions		
The impact of Q2 on periodolic		
	Institute and Faculty of Actuaries	 
06 November 2017	88	
The impact of QE on pensions		
£200 £100	PPF estimate of aggregate DB	
20 000	deficits (£bn)	
-£100		
-£200 -£300		 
-£400		
-£500 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017		 
	Institute	
06 November 2017	Institute and Faculty of Accueries	
OU HOUSE DO 17		 
The impact of QE on pensions		
£200 6%	PPF estimate of	
£100 £0 4%	aggregate DB deficits (£bn)	
-£100 \ M	+ 20Y gilt spot	
£200 3%	rate	
-E300 -E400		
-5500 2007 2008 2009 2010 2011 2012 2013 2014 2015 2018 2017		
2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 ——Deficit ——207 git spot rate	.w.	
	Institute and Faculty of Actuaries	
06 November 2017	90	

The impact of QE on pensions  100 100 100 100 100 100 100 100 100 1	Falling annuity rates Source: sharingpensions.co.uk    heatingle and Faculty   Actions   191	
The impact of QE on pensions  How sustainable and secure are DB schemes? Subject of recent government consultation	Postbarle Avo	
The impact of QE on pensions  • How sustainable and secure are DB schemes?  • Subject of recent government consultation  – Broadly affordable  – Some schemes may struggle	Profitude Apply and Security	
06 November 2017	of Actuaries	

The impact of OE on panaions	
The impact of QE on pensions	
How sustainable and secure are DB schemes?	
Subject of recent government consultation	
Broadly affordable     Some schemes may struggle	
,,	
Affordable but at what cost?	
Institute and Focusity of Accuracy	
06 November 2017 94	
The impact of pension costs on Bank of England's aims	
The impact of pension costs on bank of England's aims	
<ul> <li>An implicit assumption that it <u>doesn't</u> impact Bank's primary aims</li> </ul>	
To promote the good of the people of the United Kingdom  (iii) systemable growth in output and complement.	
<ul> <li>(via) sustainable growth in output and employment</li> </ul>	
s Institute and Reculty of Actuaries	
06 November 2017 95	
The impact of pension costs on Bank of England's aims	
Inflation ratchet in	
DB. schemes	
Diverting	
investment and wage growth	
No.	
The end of DB?	
Partitude and Faculty of Actuative	
06 November 2017 96	

s there another way?				
		Institute and Faculty of Actuaries		
6 November 2017		of Actuaries		
s there another way?				
Question Does the current mandate make sense?	Answer			
oes the current manualte make sense?				
monetary policy a suitable tool?			-	
/hat did QE bring us?				
viacula QE billig us?				
How will QE unwind?				
		Institute and Faculty of Actuaries		
November 2017		98		
s there another way?				
	Answer			
tuestion	Answer In broad terms yes			
Question Does the current mandate make sense?				
s there another way?  Question  Does the current mandate make sense?  Is monetary policy a suitable tool?	In broad terms yes			
Question Does the current mandate make sense?	In broad terms yes			
tuestion loss the current mandate make sense? s monetary policy a suitable tool?  What did QE bring us?	In broad terms yes			
uestion oes the current mandate make sense? monetary policy a suitable tool?	In broad terms yes	Petturn.		

			way	

Does the current mandate make sense?	In broad terms yes Necessary but not sufficient
Is monetary policy a suitable tool?	To lower inflation, yes To raise inflation, it's a blunt tool
What did QE bring us?	
How will QE unwind?	
	Institute and Foculty of Actuaries
05 November 2017	101

## Is there another way?

	Answer
Does the current mandate make sense?	In broad terms yes Necessary but not sufficient
Is monetary policy a suitable tool?	To lower inflation, yes To raise inflation, it's a blunt tool
What did QE bring us?	Exactly what it promised. And more Debt, dependency, distortion, new risks
How will QE unwind?	
	institute and Faculty of Actuaries
06 November 2017	10

## Is there another way?

Question	Answer
Does the current mandate make sense?	In broad terms yes Necessary but not sufficient
Is monetary policy a suitable tool?	To lower inflation, yes To raise inflation, it's a blunt tool
What did QE bring us?	Exactly what it promised. And more Debt, dependency, distortion, new risks
How will QE unwind?	Rates then QE (maybe)
	Institute and Facult of Actuarie
06 November 2017	10

34

The issues that central banks need to address  • Short-termism		
	Institute and Faculty of Actuaries	
06 November 2017	of Actuaries	
The issues that central banks need to address		
Short-termism		
Narrow view		
	Institute and Faculty of Actuaries	
06 November 2017	104	
The issues that central banks need to address		
Short-termism		
Narrow view		
Denial that monetary policy has limitations and costs		
	.br.	
06 November 2017	institute and Faculty of Actuaries	
	ius	

The issues that central banks need to address		
Short-termism		
Narrow view		
Denial that monetary policy has limitations and costs		
Denial that monetary policy has limitations and costs		
Application of outdated economics		
	Institute and Faculty of Actuaries	
06 November 2017	105	
What needs to be change?		
Genuine oversight and accountability		
Genuire oversight and accountability		
	2Hc	
	Institute and Faculty of Actuaries	
06 November 2017	107	
What needs to be change?		
Genuine oversight and accountability		
Better alignment of fiscal and monetary policy		
	Institute and Faculty of Actuaries	
06 November 2017	of Actuaries 108	

What needs to be change?		
Genuine oversight and accountability		
Better alignment of fiscal and monetary policy		
Wider mandate		
	÷≅c	
06 November 2017	Institute and Faculty of Actuaries	
to revenue de 1		
What needs to be change?		
Genuine oversight and accountability		
Better alignment of fiscal and monetary policy		
Wider mandate		
Charles considered OF - international in Lorent		
Start to unwind QE – intention is key	Institute	
06 November 2017	Institute and Faculty of Actuaries	
Long term thinking is vital		
Colin Wilson		
	Institute and Faculty of Actuaries	
06 November 2017	of Actuaries	

	Questions	Comments
views state	expressed in this [publication/presentation] are those of invited co ad, nor any claims or representations made in this [publication/pres s a consequence of their placing reliance upon any view, claim or r	stributors and not necessarily those of the IFoA. The IFoA do not endorse any of the entation] and accept no responsibility or liability to any person for loss or damage epresentation made in this [publication]presentation].
of any natu	nation and expressions of opinion contained in this publication are is are and should not be treated as a substitute for specific advice on hipresentation] be reproduced without the written permission of the	not intended to be a comprehensive study, nor to provide actuarial advice or advice ocerning individual situations. On no account may any part of this IFoA [or authors, in the case of non-IFoA research].
		Institute and Faculty of Actuaries
06 Novemi	ber 2017	112