

# GLOBAL DIMENSIONS OF UNCONVENTIONAL MONETARY POLICY

*specific forward guidance*

*quantitative easing*

*record-low policy rates*

*global monetary accommodation*

*large-scale asset purchases*

*federal reserve bank of kansas city*  
*jackson hole economic policy symposium*  
*august 22-24, 2013*



Although the global economic recovery continues, it has been uneven and unemployment remains elevated in many countries. Central banks around the world are still searching for policies to stimulate growth without causing an undesirable increase in inflation.

Many of the new policy actions are unconventional and imperfectly understood. As a result, policymakers and economists continue not only to seek explanations for why the natural rate of interest fell and pushed nominal interest rates near zero in many economies, but also to try to evaluate the efficacy of the unconventional policy actions that have been undertaken.

Unconventional policy actions include targeting record-low policy rates, making large-scale asset purchases, and giving more specific forward guidance. In some cases, these tools rely on new and untested transmission channels

for monetary policy. The pace of the recovery in some countries also has raised questions as to whether the traditional transmission channels may be impaired.

Another concern is that the degree of global monetary accommodation and the amount of large-scale asset purchases have substantially increased the amount of global liquidity. This increase, along with financial market innovation and globalization, has likely affected the magnitude and dynamics of cross-border liquidity flows.

The impact of such flows, however, certainly varies across countries. Countries that are not in a liquidity trap, as is the case with emerging market economies, continue to receive a substantial inflow of capital. These capital flows are often large and can potentially be destabilizing, so they can increase the risk of financial and economic instability in these economies.

The European crisis also has shown that such capital flows create challenges and risks for advanced economies. So, in addition to central banks' seeking out unconventional monetary policy tools to support growth and price stability, policymakers must also remain attuned to managing and mitigating any destabilizing forces, such as those arising from cross-border capital flows.

More than 100 central bankers, policymakers, economists and academics gathered Aug. 22-24 to discuss these issues at the Federal Reserve Bank of Kansas City's 37th Economic Policy Symposium in Jackson Hole, Wyo.

The 2013 symposium, "Global Dimensions of Unconventional Monetary Policy," presented a range of perspectives on the challenges facing policymakers in the economic recovery.

Some of the speakers at the symposium included: Charles R. Bean, deputy governor, Bank of England; Agustín Carstens, governor of the Bank of Mexico; Haruhiko Kuroda, governor of the Bank of Japan; Alexandre Tombini, governor of the Central Bank of Brazil; Frank R. Smets director general, Directorate General Research, European Central Bank; and Christine Lagarde, managing director of the International Monetary Fund.

"As we continue to move forward with the economic recovery, the symposium provides an environment for attendees to present insights and exchange ideas about important economic issues," Kansas City Fed President Esther George said. "Our Bank has been honored to host the symposium for these many years, and its success is due to the contributions of all those who participate."

To read the proceedings, including papers and commentary for this year's economic policy symposium and previous symposiums, visit [KansasCityFed.org/research](http://KansasCityFed.org/research).

## Economic Symposiums

|      |   |
|------|---|
| 2013 | <b>Global Dimensions of Unconventional Monetary Policy</b>                            |
| 2012 | <b>The Changing Policy Landscape</b>  |
| 2011 | <b>Achieving Maximum Long-Run Growth</b>  |
| 2010 | <b>Macroeconomic Challenges: The Decade Ahead</b>                                     |
| 2009 | <b>Financial Stability and Macroeconomic Policy</b>                                   |
| 2008 | <b>Maintaining Stability in a Changing Financial System</b>                           |
| 2007 | <b>Housing, Housing Finance, and Monetary Policy</b>                                  |
| 2006 | <b>The New Economic Geography: Effects and Policy Implications</b>                    |
| 2005 | <b>The Greenspan Era: Lessons for the Future</b>                                      |
| 2004 | <b>Global Demographic Change:<br/>Economic Impacts and Policy Challenges</b>          |
| 2003 | <b>Monetary Policy and Uncertainty:<br/>Adapting to a Changing Economy</b>            |
| 2002 | <b>Rethinking Stabilization Policy</b>  |
| 2001 | <b>Economic Policy for the Information Economy</b>                                    |
| 2000 | <b>Global Economic Integration: Opportunities and Challenges</b>                      |
| 1999 | <b>New Challenges for Monetary Policy</b>   |
| 1998 | <b>Income Inequality Issues and Policy Options</b>                                    |
| 1997 | <b>Maintaining Financial Stability in a Global Economy</b>                            |
| 1996 | <b>Achieving Price Stability</b>  |
| 1995 | <b>Budget Deficits and Debt: Issues and Options</b>                                   |
| 1994 | <b>Reducing Unemployment:<br/>Current Issues and Policy Options</b>                   |
| 1993 | <b>Changing Capital Markets: Implications for Monetary Policy</b>                     |
| 1992 | <b>Policies for Long-Run Economic Growth</b>  |
| 1991 | <b>Policy Implications of Trade and Currency Zones</b>                                |
| 1990 | <b>Central Banking Issues<br/>in Emerging Market-Oriented Economies</b>               |
| 1989 | <b>Monetary Policy Issues in the 1990s</b>  |
| 1988 | <b>Financial Market Volatility</b>  |
| 1987 | <b>Restructuring The Financial System</b>   |
| 1986 | <b>Debt, Financial Stability, and Public Policy</b>                                   |
| 1985 | <b>Competing in the World Marketplace:<br/>The Challenge for American Agriculture</b> |
| 1985 | <b>The U.S. Dollar - Recent<br/>Developments, Outlook, and Policy Options</b>         |
| 1984 | <b>Price Stability and Public Policy</b>  |
| 1983 | <b>Industrial Change and Public Policy</b>  |
| 1982 | <b>Monetary Policy Issues in the 1980s</b>  |
| 1981 | <b>Modeling Agriculture for Policy Analysis in the 1980s</b>                          |
| 1980 | <b>Future Sources of Loanable Funds for Agricultural Banks</b>                        |
| 1979 | <b>Western Water Resources: Coming<br/>Problems and the Policy Alternatives</b>       |
| 1978 | <b>World Agricultural Trade: The Potential for Growth</b>                             |