

CHARACTERISTICS OF CONTEMPORARY MONETARY POLICIES OF MAJOR CENTRAL BANKS IN THE POST-CRISIS DOMESTIC AND INTERNATIONAL CONTEXT

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Abstract

The global financial crisis has brought about the rethinking of monetary policy by central banks in developed and developing countries, in the sense of adding unconventional measures to traditional instruments. Among the reasons for this trend, there are, mainly, the distress of the abilities of standard measures to stimulate the economy in many developed countries, as well as the need to ensure financial stability and the functioning of financial markets. The analysis⁷³ shows that, in general, the analysed central banks have set as objective of monetary policy an inflation target of 2% by actions which should support sustainable economic growth, high employment rates and moderate long-term interest rates. Concerning the monetary policy measures enacted, it is noticed the pursuit of the monetary policy conduct from the previous years, namely the tendency to diminish the reference interest rate and the use of the unconventional measures of monetary policy in the context of the trends and forecasts related to the global economic and financial developments, of the conditions in the labour market, of the analysis of the inflationary pressures and expectations, given the general weakness of the real economy and the monetary dynamics, but also amid the high uncertainty on the prospects of the US and the European Union economies, due to the possible consequences of the Great Britain's exit from the EU.

Keywords: unconventional measures, objective of monetary policy, reference interest rate, sustainable economic growth

JEL classification: E52, E58, G01

Introduction

The global financial crisis has brought about the change in central banks' vision on monetary policy from the developed and developing countries by adding unconventional measures to the traditional instruments. Among the reasons for such action there are, mostly, the exhaustion of the abilities of the standard measures to stimulate the economy in many developed countries (the deterioration of the monetary policy channels on the background of the systemic financial tensions), after the monetary policy interest rates were reduced almost to zero, as well as the need to ensure the financial stability and the functioning of the financial markets.

At first, the unconventional measures represented an exception to the rule, but they gradually became a permanent component of the monetary policy, particularly in the developed countries.

Description of the Problem

The unconventional measures aim either at maintaining the financial stability or the macroeconomic stabilization. The unconventional measures of monetary policy entail the increase of the size of banks' balance sheets and the change of the structure of banks' balance sheets (Bernanke et al., 2004). The unconventional measures of monetary policy are divided into measures of quantitative easing (referring to purchases of long-term bonds by the central bank), with the effects of allocating liquidity on the secondary market and diminishing the long-term interest rate, and measures of credit relaxation (Bernanke, 2009; Lenza et al., 2010), which favours

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financial stability by allocating liquidity on the secondary credit markets and by the direct assistance of debtors. Therefore, the unconventional measures of monetary policy usually induce the change of the monetary basis or of the size of the banks' balance sheets, with impact on the economic activity and the consumer prices.

The innovations regarding central banks' funds are the most important source of unconventional measures of monetary policy.

The unconventional measures can be also classified according to the market on which they are implemented (measures of the foreign exchange policy, measures concerning sovereign debt management, measures regarding the policy of credits, measures regarding the central banks' reserves policy).

The extent of using unconventional measures of monetary policy has hung upon the nature of the problems that the central banks have been facing, depending on the degree the developed and developing countries have been affected by the global financial crisis. The countries with emergent markets had to cope with problems associated to high inflation rates and high outflows of capital, which didn't allow large reductions of the monetary policy interest rate meant to stimulate the local economy. Even after the inflationist pressures have decreased, the developing countries still couldn't reduce the monetary policy interest rates close to zero because of the high risk associated to the national assets. Thus, while the developed countries could use large-scale repurchases of assets (quantitative and direct tempering of the credits), the emergent countries have used mostly indirect measures of mitigation of the credits (the central banks have expanded the list of parties and assets that can take part to transactions, have provided more liquidity to the commercial banks compared to the period before the crisis).

The main objections to the unconventional measures of monetary policy refer to practical problems regarding their implementation, their correlation with the traditional measures and their coordination with other macroeconomic policies.

Methodology and Data Sources

Hereinafter, the author aims to highlight the characteristics of the monetary policies adopted and implemented by the major central banks in the post-crisis domestic and international context. The article also intends to show the changes having taken place in the monetary policies compared to the previous years. The author analyses if the monetary policies decisions reflect the objectives of the central bank, presenting the instruments used by the central banks in order to enact their monetary policies.

The research methods used consist in comparative analysis, qualitative evaluations and interpretations.

The data have been taken from the central banks' statistics.

Results Obtained

In 2015-2016, in Sweden, Switzerland and Japan, the inflation rate has reached very low levels and signs of deflation have been noticed, which made the real interest rate to converge towards negative values.

1. The Monetary Policy of the Bank of England

The Monetary Policy Committee of the **Bank of England** met in August 2016, after the decision of Great Britain to exit the European Union, which enhanced the importance of the decisions adopted. One can notice a combination of the European directions of action with the American ones. Thus, the Monetary Policy Committee of the Bank of England has set a 2% inflation rate target, as monetary policy **objective**, through actions which should support the economic growth and employment. Among the measures adopted by the Monetary Policy Committee of the Bank of England meant to stimulate economic growth and the reach of the inflation rate target set (Bank of

England, 2016) have been: a 0.25 percentage points reduction of the reference interest rate (from 0.5% to 0.25%); another scheme for term financing to support the pass-through of monetary policy interest rate reduction; the purchase of national corporate bonds worth up to 10 billion British Pounds; expanding the scheme for asset purchases for the British government bonds by 60 billion British Pounds, so that the total stock of purchases of British government bonds reached 465 billion British Pounds.

The financing way of the last three measures by Central Bank's reserve issuance support the idea that the way of operation of the central banks' activity and the measures and manners of monetary policy implementation have changed compared to the previous period. The Bank of England began to use unconventional monetary policy measures in March 2009.

The measure of reducing the monetary policy interest rate is more of a beacon for the monetary and financial markets, showing the intention of the central bank to pursue its efforts to offset the deflationist displays, being less a pragmatic approach of the problems affecting the real economy. This measure seems to have an insignificant effect on the real economy, although it should call forth the decrease of borrowing costs for households and companies. "However, as the interest rates draw near zero, it is increasingly difficult for the banks to reduce further the interest rates for deposits, which limits their capacity to ease the credit conditions" (Mark Carney – governor of the Bank of England).

Being aware of this risk, the Monetary Policy Committee of the Bank of England launched the term financing scheme in order to support the pass-through of the monetary policy interest rate decrease, offering funds for the banks at interest rates similar with the monetary policy interest rate (0.25%). This can be an attempt to change the quantitative easing into credit relaxation in favour of the companies and, possible, of the households, but also an indirect way of stimulating the real economy. Some similar monetary policy initiatives, adopted after 2009, hadn't had the expected positive effects in the USA and in EU economies, with just a mere alleviation of the crisis effects. (Ionescu, 2016)

2. The Monetary Policy of FED

In the USA, the Federal Open Market Committee aims to accomplish its mandate set in its statute by the US Congress, namely to support high employment rates, price stability and moderate long-term interest rates. The Committee explains its monetary policy decisions to the public, as clear as possible, so as to allow the economic agents and the households to adopt well informed decisions, in order to reduce the economic and financial insecurity, to enhance the monetary policy efficiency (by strongly anchoring the long-term inflationist expectations), transparency and responsibility.

Given the interdependence between inflation, unemployment and long-term interest rates, on the one hand, and the financial and economic activity, on the other hand, the monetary policy decisions of the Committee reflect its long-term objectives, the medium term prognoses and the evaluations regarding the balance of risks, including the risks for the financial system, which might prevent the accomplishment of the targets set by the Committee.

The Federal Open Market Committee targets, on the long-term, a 2% inflation rate (measured by the annual change of the consumer price index). The Committee intervenes when the inflation rate remains persistently above or below this reference value. Setting an objective for the long-term inflation rate is possible due to its being influenced, mainly, by the monetary policy.

The maximum level of employment is mainly determined by non-monetary factors which affect the structure and dynamics of the labour market. These factors can vary in time and may not be measurable directly. Hence, there is no fixed target for the maximum employment rate; rather there are periodic evaluations of this indicator, which are used in the monetary policy decisions of the Committee.

Fed (US Federal Reserve System) started to implement measures of quantitative easing in November 2008, followed by others in November 2010 and in December 2012.

In the first half of 2016, the US monetary policy remained accommodative in order to support the improvement of the labour market conditions and the return to the 2% inflation target. The Federal Open Market Committee maintained the target interval for the rate of federal funds to 1/4-1/2%.

The unchanged position of the monetary policy has been supported, among others, by the Committee's evaluations of the global economic and financial evolutions during the first part of the year, which presumed risks for the economic perspective, and by the data from June 2016 which showed that the improvement of the employment rate has slowed down. The monetary policy conduct of the Committee reflected its expectations according to which inflation rate will remain low on the short-term, both due to lower energy prices and non-energy imports prices, but also on the background of the high uncertainty about the perspectives of the US economy, in the context of the possible consequences of the Great Britain's referendum concerning the exit from the European Union. On the medium-term, the Federal Open Market Committee presumed that the economic evolutions will allow only gradual increases of the federal funds rate. In order to make the future adjustments of the federal funds rate, the Committee had to take into consideration a wide range of information, including measurements of the labour market conditions, indicators for the inflationist pressures and expectations and the forecasts for the national and international financial evolutions (Board of Governors of the Federal Reserve System, 2016).

In order to maintain the accommodative financial conditions, in the first part of 2016, Fed kept at high levels its reserves of long-term securities. The Committee maintained the same policy of reinvesting the principal payments from the debt owned by the government and from governmental real estate securities into governmental mortgage securities. The Committee also "rolled" at auctions the Treasury bonds at maturity and it anticipates that it will do the same until the rate of the federal funds returns to normal.

On the background of continuing the Committee's reinvestment policy, the total assets of Fed remained around 4.5 trillion USD. The bonds owned by the US Treasury into the System Open Market Account remained to 2.5 trillion USD, and the holdings of government debt and government mortgage securities remained at about 1.8 trillion USD. Therefore, the total liabilities in Fed's balance sheet remained almost unchanged.

The revenues as interest coming from the portfolio of the System Open Market Account represented substantial remittances towards US Treasury.

In agreement with the Principles and Plans for Normalization of the Federal Open Market Committee' policy, published on September 17th, 2014, and supplemented with operational information at the Committee's meeting from March 2015, Fed continued to use the interest paid for reserves and a facility consisting in an overnight reverse repurchase agreement to manage the rate of the federal funds, and the effective rate of the federal funds remained within the targeted interval. Thus, the Board of Governors left unchanged the interest rate for the balance of the required and excess reserves, at 1/2%, while the Federal Open Market Committee continued to authorize, on a daily basis, overnight reverse repurchase agreements at the rate of 1/4%. These operations are done in an amount limited by the value of the Treasury bonds owned directly by the System Open Market Account, available for such operations and with a limit by counterpart of 30 billion USD per day. The total overnight reverse repurchase agreements done with Fed generally decreased in the first half of the year.

The Committee stated its intention to reduce gradually the overnight reverse repurchase agreements when they would no longer be necessary in order to help control the rate of the federal funds.

Furthermore, the discount rate (primary credit rate) remained unchanged, at 1%.

Fed continued to test the opportunity of other monetary policy instruments. Thus, in the first half of 2016, it run term deposit facility operations, seven days deposits being offered, with a floating interest rate of 1 base point higher than the interest rate for the excess reserves. The volume of the term deposits used in these operations was similar to those from the previous tests with similar parameters (Board of Governors of the Federal Reserve System, 2016).

Furthermore, the Federal Open Market Committee has done several low value exercises in order to maintain the operational efficiency.

3. The Monetary Policy of the European Central Bank

The main monetary policy objective of the European Central Bank (ECB) is price stability.

ECB's monetary policy decisions rely on the following instruments (ECB, 2016):

1. The key-interest rates set by the Board of Governors (interest rate for the main refinancing operations which normally supply liquidity for the banking system by tenders with fixed or variable interest rate; rate for the deposit facility used by the banks when making one-day deposits in the Eurosystem; rate for the marginal lending facility, which provides one-day credits for the banks from the Eurosystem).
2. Unconventional measures of monetary policy – as the financial crisis intensified in September 2008, ECB has implemented several unconventional monetary policy measures, unheard of in terms of nature, scope and dimension, with the purpose to defend the main objective, namely price stability, and to ensure a good transmission of the monetary policy. The European Central Bank adopted the procedure of quantitative easing as of May 2009.

At the meeting from July 4th, 2013, the ECB's Board of Governors announced that it expects that the key interest rates of ECB would remain at their current level or even decrease on a longer period of time. The expectations of the Board of Governors relied on the global perspective on the medium-term inflation rate, given the general weakness of the real economy and the monetary dynamics. At that moment, forward guidance helped the accomplishment of ECB mandate to maintain effectively price stability, within the framework and totally observing its strategy.

Also, the Eurosystem has the Emergency liquidity assistance procedure which allows the credit institutions from the euro zone to receive credit from the central bank not only by monetary policy operations, but also as emergency liquidity assistance. According to this procedure, central bank's money, or any other type of assistance, which increase central bank's funds, are supplied by any national central bank of the Eurosystem towards solvable financial institutions which have temporary liquidity problems, without considering these operations as part of the common monetary policy (ECB, 2016).

The central national banks of the Eurosystem are responsible for supplying emergency liquidity assistance (i.e. the associated costs and risks).

Also regarding the unconventional measures of monetary policy, the ECB's Board of Governors decided in its meeting from March 10th, 2016, to enlarge the range of eligible assets. As of June 8th, the Eurosystem would make purchases within the framework of the corporate purchases sector, and as of June 22nd, it would make longer term refinancing operations.

The ECB's Board of Governors took the following monetary policy decisions in its meeting from March 10th, 2016 (ECB, 2016):

- the interest rate for the main refinancing operations of the Eurosystem would decrease with 5 points, to 0%, as of March 16th, 2016;
- the interest rate for the marginal lending facility would decrease with 5 points, to 0.25%, as of March 16th, 2016;
- the interest rate for the deposit facility would diminish with 10 points, to -0.4%, as of March 16th, 2016;
- the monthly purchases within the program of asset purchases would increase to 80 billion EUR, as of April. This decision was reconfirmed at the meetings from July 21st, September 8th and October 20th, 2016, highlighting that the monthly purchases of assets worth of 80 billion EUR will remain at the same level until a sustained adjustment would be noticed in the evolution of inflation, adjustment compatible with the inflation target;
- the bonds denominated in euro, from the category of investments issued by non-banking companies from the euro zone, would be included on the list of eligible assets for regular purchases;
- a new series of four targeted refinancing operations on longer periods, would start in June 2016, each with a maturity of 4 years. The lending conditions for these operations can be as advantageous as the interest rate for the deposit facility.

The ECB's Board of Governors maintained its decisions on the interest rate for the refinancing operations, the interest rate for the marginal lending facility and the deposit facility, at 0%, 0.25% and -0.4%, respectively, at its meetings from April 21st, June 2nd, July 21st, September 8th and October 20th, 2016. The key-interest rates of the ECB were expected to remain at these values or even to decrease for a longer period of time, longer than the horizon of the net purchases of assets (ECB, 2016).

4. The Monetary Policy of the Bank of Japan

The **Bank of Japan** is the first central bank of a developed country which implemented measures of quantitative easing in March 2001, on the background of depression and deflationist trends from the late 1990s. By quantitative easing, the banks can build up excess reserves in the attempt to stimulate the growth of credits granted to economic agents. In the following years, the central banks from most developed economies adopted measures of quantitative easing within the context of the effects of crisis (recession and depression), of their duration and intensity.

The Bank of Japan supported the easing of the monetary policy in 2016 also, until reaching a 2% level for the inflation rate. According to the Governor of the Bank of Japan from 2013, Mr Kuroda, "there is no limit for monetary easing. There is still plenty of room for the Bank of Japan to buy government bonds, to decrease the interest rate or to buy other assets, such as government bonds, shares of real estate funds".

The Bank of Japan offered a huge monetary stimulus in 2013, by buying government bonds worth of 50 trillion Yen each year, increased to 80 trillion Yen in October 2014.

Despite this important monetary stimulus, the data from 2016 have shown a 0.4% decrease of the consumer price index compared to the previous year, and a slowdown of inflation, even excluding the volatiles prices for foods and energy (Harding, 2016).

The **objectives of the monetary and fiscal policy** of Japan consist in going beyond deflation and obtaining a sustainable economic growth.

In January 2016, the Bank of Japan adopted the *Quantitative and Qualitative Monetary Easing (QQE) with a Negative Interest Rate* Strategy with the purpose to accomplish the 2% target of price stability as soon as possible and to counteract the deflationist trends. The Bank would implement measures in three directions: quantitative, qualitative and interest rate (Bank of Japan, 2016).

Thus, the Bank of Japan applied, as of that moment, a negative interest rate of -0.1% at the current accounts which the financial institutions had with the Bank of Japan, with subsequent further reducing the interest rate on the negative side, if necessary.

The decision to adopt a negative interest rate was harshly criticised by the banks and by the public in Japan. Within the context of a negative interest rate, the financial conditions became more accommodative.

Regarding the quantitative dimension, the Bank of Japan decided to do open market operations in order to increase the monetary basis at an annual pace of 80 trillion yen.

The qualitative dimension implies purchases of assets, as follows:

- Japanese state bonds, their amount increasing by 80 trillion yen each year. In order to encourage the decrease of the interest rates along the entire yields curve, the Bank was to make the purchases in a flexible manner, in accordance with the conditions of the financial market. The average maturity of the purchased Japanese state bonds would be 7-12 years.

- the Bank of Japan would buy exchange-traded funds and Japan real estate investment trusts, worth of 3 trillion and 90 billion Yen, respectively, each year.

- the purchase of corporate bonds would amount to 3.2 trillion Yen per year.

Within the context of Great Britain's decision to exit the EU and of the slowing down of the emergent economies, the insecurity and volatile evolution on the global financial market perpetuated. Therefore, in order to offset the deterioration of trust in business and of consumer feelings, as well as in order to support the financing in foreign currency of the Japanese companies

and financial institutions, the Bank of Japan adopted the following decisions at its July 29th, 2016 meeting of monetary policy (Bank of Japan, 2016):

- increase the purchase of exchange-traded funds by 6 trillion Yen each year
- double the size of the lending program of the Bank of Japan, in order to support the growth in USD to 24 billion USD (about 2.5 trillion Yen). Within this program, the Bank of Japan offered capitals in USD for a period of up to 4 years, in order to support the overseas activity of the Japanese companies through financial institutions.
- the Bank of Japan would implement a new facility meant to lend Japanese state bonds to the financial institutions against their current account balances with the Bank, so that the state bonds could be used as collaterals for the operations of supplementing the USD funds.

The Bank of Japan left unchanged the provisions regarding the quantitative and qualitative dimensions and the interest rate policy.

On September 21st, 2016, maintaining price stability as main objective, by a 2% inflation rate, the Council for Monetary Policy of the Bank of Japan decided to implement a new framework for monetary policy, the "Quantitative and Qualitative Monetary Easing with Yield Curve Control" by joining the two frameworks of monetary policy which have been in force until then, namely "Quantitative and Qualitative Monetary Easing" and the "Quantitative and Qualitative Monetary Easing with a Negative Interest Rate". The new framework of policy consists in two major components: the first refers to yield curve control, which presumes bank's control over the short-term and long-term interest rate, while the second one refers to inflation-overshooting commitment, according to which the bank is committed to extend the monetary basis until the annual rate of increase of the consumer price index exceeds the 2% target for price stability and it remains, in a stable manner, above this target.

Through the policy of yield curve control, the Bank of Japan aimed to decrease the real interest rate by controlling the short-term and long-term interest rates.

As the monetary policy with negative interest rate, introduced in January 2016, improved the economic activity and prices evolutions, following the reduction of the real interest rates, and as the economy of Japan is no longer in deflation, it means that these policies are efficient in influencing the entire yield curve.

Actually, the Bank of Japan Banca took the following measures (Bank of Japan, 2016):

1. Yield Curve Control

A short-term interest rate and a target for the long-term interest rate were set. The Bank will further reduce the interest rates if it considers necessary.

In order to facilitate yield curve control, new instruments of open market operations were introduced:

- direct purchases of Japanese government bonds, set by the Bank of Japan (at fixed rate)
- fixed rate fund operations for maximum 10 years (extended from one year, as it was until then)

Regarding the short-term interest rate, the purchases of Japanese government bonds, the purchases of exchange-traded funds and of Japan real estate investment trusts, as well as of corporate bonds, will be done using the conditions set in January 2016.

2. Inflation target commitment

Using the Quantitative and Qualitative Monetary Easing with Yield Curve Control, the Bank of Japan will seek price stability and a 2% inflation rate. The growth rate of monetary basis might fluctuate on the short-term within the context of market operations aimed to control the yield curve. Following this line of monetary policy, the ratio between the monetary basis and the nominal GDP in Japan would presumably exceed 100% (This ratio is of 20% in the USA and the Euro zone).

The impact of the interest rates on the economic activity, prices and financial conditions depends on the shape of the yield curve. The following three ideas must be considered within this context. First, the short-term and medium-term interest rates have a more important impact on the economic activity than the long-term interest rates. Second, the relation between the impact of the

interest rates and the yield curve shape may vary, since the companies try new ways of raising money by issuing bonds on very long terms under the conditions of monetary easing and negative interest rate. Third, an excessive decline and yield curve flattening may have a negative impact on the economic activity, producing a deterioration of the population feelings, since it may cause uncertainty regarding the sustainability of the financial activity in the broad sense.

In order to secure an appropriate yield curve, the Bank of Japan will have to take into consideration:

- the economic, financial and price conditions, including the extent to which the decreasing yields for the Japanese state bonds would drive the decrease of the active interest rates and of the corporate bonds.
- the effects of the decreasing yields of the Japanese state bonds on the economic activity, and
- the impact of decreasing yields of the Japanese state bonds on the financial conditions.

Mr Kuroda, Governor of the Bank of Japan, argued that the failure of reaching the 2% inflation rate target was due to the following shocks: the decrease of oil prices in the summer of 2014, poor domestic demand after the consumption tax was increased in April 2014, slower economic growth of the emergent markets in the summer of 2015 and the volatility of the global financial markets.

These shocks pushed down inflation also because in Japan, the consumers are used to prices that change very slowly, so that their expectation regarding inflation followed the prices downwards. In Japan, the inflationist expectations are backward-looking. Therefore, their wages demands were deterred.

Within this context, measures were adopted to **stimulate the inflationist expectations**. First, the Bank of Japan has made a commitment to allow inflation to exceed the inflation target in order to strengthen the forward-looking mechanism in building up the inflationist expectations, increasing the monetary basis until the annual increase of the consumption prices exceeds the 2% target, and remains stably above it. It seems that the relation between the monetary basis and the inflationist expectations is rather on the long-term. Therefore it is very important the Bank of Japan's commitment to increase the monetary basis on the long term.

The enactment of the new strategy of monetary policy "Quantitative and Qualitative Monetary Easing with Yield Curve Control" goes in the same direction, allowing the Bank of Japan to make more flexible adjustments depending on the evolution of the economic activity and of the prices, as well of the financial conditions, with effects toward the improvement of the monetary easing sustainability.

The Bank of Japan also purchased national state bonds, which is also expected to increase the inflationist expectations.

Conclusions

The recent trend of financing the monetary policy measures by issuing central bank reserves supports the idea that the activity of the central banks as well as the measures and ways of implementing the monetary policy have changed compared to the previous period.

Furthermore, it was noticed that the monetary policies enacted after the onset of the international economic and financial crisis aim the accomplishment of more objectives than in the past, some even in the real sphere (offseting the degradation of business confidence and consumer feelings, supporting foreign currency financing of the financial institutions and companies from a particular country, maintaining the financial stability, macroeconomic stabilization, workforce employment, ensuring a proper transmission of the monetary policy).

Regarding the main objective of the monetary policy, the analyzed central banks aimed a 2% inflation target by actions meant to support sustainable economic growth, workforce employment and moderate long-term interest rates.

The monetary policy measures enacted by the analyzed central banks show the continuation of the monetary policy conduct from the previous years, i.e. the tendency of reducing the reference interest rate and use of unconventional, measures of monetary policy, unheard of in terms of nature, scope and size, with the purpose of defending the main objective of price stability. The context is that of the evolutions and forecasts regarding the global economic and financial

evolutions which presume risks for the economic perspective and volatility; of the conditions from the labour force market; of the analyses regarding the inflationist pressures and expectations. It is also taken into account the global perspective concerning inflation on the medium term, considering the general weakness of the real economy and the monetary dynamics, but also on the background of high uncertainty on the prospects of the US and the European Union economies, due to the possible consequences of the Great Britain's exit from the EU.

We consider, however, that it is difficult that the decrease of the monetary policy interest rate, given the low values it has reached, to bring about positive effects on lending by reducing its costs, because there is a bottom line below which the banks can no longer diminish the interest rates for deposits. Despite these, the Japan monetary policy with a negative interest rate, enacted in January 2016, together with the quantitative and qualitative easing, generated the substantial decrease of the short-term and long-term interest rates (which shows that these policies are efficient in influencing the entire yield curve) and improved the evolution of the economic activity and of the prices.

The main objections to the unconventional measures of monetary policy refer to practical problems related to their implementation, to their correlation with the traditional measures and to their coordination with other macroeconomic policies.

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