

Similarly to Sina et al. (2021), Agur (2022) aims to examine how UMP affects inflation expectations during the COVID-19 Recession. However, in comparison, Agur focuses on emerging markets and developing economies (EMDEs), finding that the UMP had little effect on inflation expectations in those countries. The author concludes that the lack of effect is due to the size variable of UMP. Though this is insignificant in "21 of the 23 specifications". The overall economic effect of insignificant UMPs in emerging developing economies could suggest that UMPs are more effective in developed economies. Although unconventional monetary policy's efficiency is still being debated, Bernanke (2014 p14) summarises the problem as "that it works in practice, but it doesn't work in theory". It is clear that unconventional monetary policy requires greater research to fully understand its economic implications, which could explain the varying outcomes in different economies.

Furthermore, UMP aimed at easing economic conditions has received more attention than quantitative tightening (QT). For instance, the Bank of England used QT for the first time at the end of the COVID-19 Recession to reduce the size of the Bank's balance sheet. Consequently, there is presently limited data availability for any rigorous analysis of the effects empirically of QT.

Methodology/ Data

The report will consist of a systematic policy review and will involve structuring the central bank's tools used in the Great Recession and the COVID-19 Recession into a table, allowing a clear view of the policies implemented and their similarities and differences. The approach taken is similar to that in Paess (2021). Structuring results in this way allows for a comparison of the tools used by the Bank of England in response to both Recessions, detailing the date, source, extended explanation and justification given by the Bank of England for their use. These tables aim to show similarities in the policies implemented and where they differed across the two Recessions. It could be argued that communication by the Bank of England is in itself a UMP tool¹. Therefore, the approach of this analysis will involve looking at the narrative surrounding policy actions, presented in such sources as policy announcements and monetary policy reports².

Separate tables for the use of Quantitative Easing have been constructed to show; the sources of information, the date of the decision, what decision was made regarding QE and the justification/ aims of this decision. In addition, these tables will provide a path of how QE has evolved and increased/ decreased throughout both recessions, allowing comparisons of how it was implemented in each Recession and its effectiveness in achieving the central bank's aims.

To support the above method, secondary data will be used to give weight to the case studies and reports provided by the central bank. Taking inflation data and inflation forecasts from the Bank of England, OECD and National Archive, for the periods of the Great Recession 2007-09" (Vines; 2015, p-) and March 2020 onwards for COVID-19 Recession (Agur, 2022, p1). Inflation forecasts from each period will be collected for each quarter during that time period projecting forward, with actual inflation being shown per quarter alongside each individual forecast line. There is a limitation to this data as actual inflation is reported monthly. However, because forecast inflation is reported quarterly, actual inflation must also be quarterly;

¹ This view is explored in the central bank communication literature.

² It should be noted monetary policy reports were called inflation reports during the Great Recession.

