

Monetary policy trade-offs in a heterogeneous currency area

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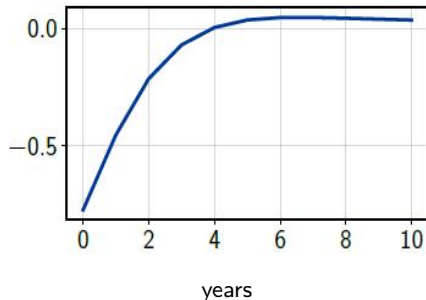
SUERF-OeNB Conference, Vienna, 18-19 June 2026

The presentation does not present the official view of the NBP

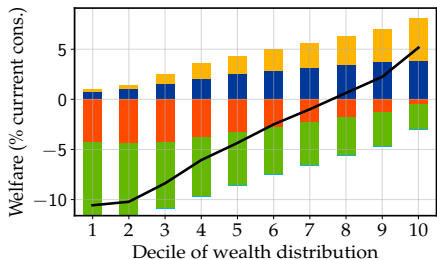
1. Trade-offs when households are heterogeneous

- Monetary policy has redistributive effects
- This creates a trade-off: inflation vs. redistribution (Bhandari et al., Ecta 2021, Bilbie, REStud 2025)

Impact of monetary tightening on inflation



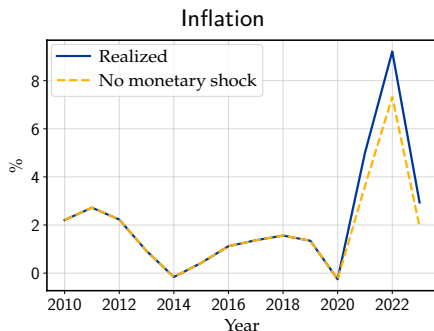
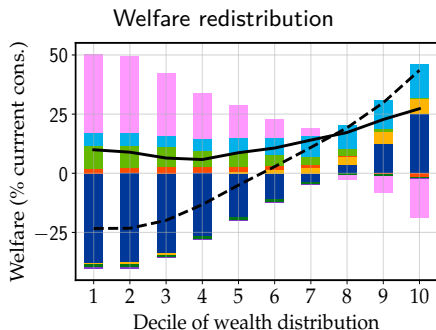
Impact of monetary tightening on welfare



Source: Brzoza-Brzezina & Rigato (2026): The Great Redistribution that Wasn't: a HANK-OLG Perspective on Monetary Policy

Monetary policy-redistribution trade-off in practice

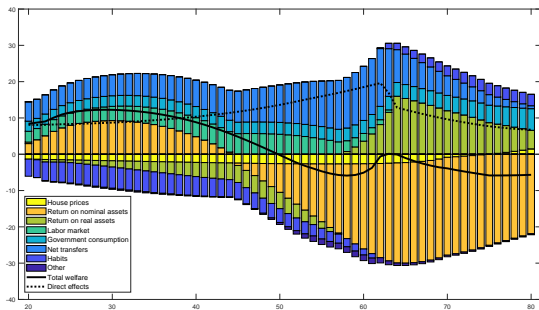
- Monetary accommodation in 2021-22 prevented large redistribution...
- ...but at the cost of additional inflation



Source: Brzoza-Brzezina & Rigato (2026): The Great Redistribution that Wasn't: a HANK-OLG Perspective on Monetary Policy

2. Policy interactions when households are heterogeneous

- Monetary policy response to fiscal stimulus changed its redistributive profile



Source: Brzoza-Brzezina, Jabłońska, Kolasa & Makarski (2024): For whom the bill tolls: redistributive consequences of a monetary-fiscal stimulus