



Quo Vadis? Monetary and Fiscal Interactions Revisited

8 March 2022

Online | In English

9.00 - 18.00 (France) | 17.00 - 2.00 (Japan) | 3.00 - 12.00 (ON, Canada)

Registration: <https://forms.gle/sCsN1zZMuzkQyCqb8>

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The age-old problem of how monetary and fiscal policy should interact has resurfaced around the globe. In an era where fiscal policy was seemingly passive, and monetary policy was given pride of place to achieve business cycle stabilization, coordination problems between fiscal and monetary authorities was largely set aside.

The series of financial crises in the advanced economies in the 2000s, and the ongoing COVID-19 crisis, have combined to raise old questions in a new setting. Governments appear reluctant, at least in the short to medium-term, to follow budget constraint rules and debt sustainability criteria. Central banks continue to argue that ultra-low interest rates, together with purchases of a wide variety of financial assets, deliver the needed monetary policy accommodation necessary for the aggregate economy to heal.

In this context, it is useful to revisit the question of monetary-fiscal interactions. The relevant issues go beyond responding to various economic shocks, how monetary policy ought to be conducted, and the stance of fiscal policy when growth is sluggish and interest rates are likely to remain depressed for some time. There are also governance or institutional questions to be considered since simplistic notions of central bank independence no longer describe the environment of the past several years. Indeed, existing monetary policy strategies are also called into question. Relevant historical evidence can also be useful. Finally, there is the issue of how autonomous institutions within government communicate policies in a credible manner.

Programme

9.00 | Opening remarks

Sébastien Lechevalier (FFJ-EHESS)

Representative of Banque de France (Banque de France) - *to be confirmed*

9.05 | Climate, Monetary and Fiscal Policy Interactions

Warwick McKibbin (Australian National University)

9.35 | Keynote speech

Masazumi Wakatabe (Bank of Japan)

Session 1

10.35 | Monetary and Fiscal Policies: In Search of a Corridor of Stability

Claudio Borio (Bank for International Settlements)

11.05 | Central Bank Balance Sheets and Long-Term Interest Rates:
Revisiting Unconventional Monetary Policy Experiences

Jouchi Nakajima (Bank of Japan)

11.35 | Monetary, Fiscal and Demographic Interactions in Japan: Impact
and a Comparative Assessment

Pierre Siklos (Wilfrid Laurier University, 2021 FFJ-Banque de France fellow)

Lunch break

Session 2

13.30 | Political Capital: Monetary-Fiscal Coordination Schemes in Europe
and Japan

Sebastian Diessner (Leiden University, London School of Economics)

14.00 | Monetary-Fiscal Policy Interactions, Forward Guidance and Uncertain
Effective Lower Bound

Guido Traficante (Università Europea di Roma)

14.30 | The Political Economy of Currency Unions

Kai Arvai (Banque de France)

Break

Session 3

15.10 | Are All Central Bank Asset Purchases The Same? Different Rationales, Different Effects

Paul Hubert (Banque de France, Science Po)

15.40 | No Country Is An Island. International Cooperation and Climate Change

Maria Sole Pagliari (Banque de France)

16.10 | Worse Than You Think: Public Debt Forecast Errors in Advanced and Developing Economies

Jonathan Ostry (International Monetary Fund)

Break

Session 4

16.50 | Does Central Bank Talk Matter for Forecasting? Evidence from Untargeted Speeches of the BoE, FED, and ECB

Georgios Chortareas (King's College London)

17.20 | Pandemic Recession, Helicopter Money and Central Banking: Venice, 1630

Donato Masciandaro (Bocconi University)

17.50 | Concluding remarks