

Bartsch, Bénassy-Quéré, Corsetti, Debrun
“It’s All in the Mix” · Geneva Report 23

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Rich, Insightful Report

Comments

- Focus
- Need for action?
- Measurement
- Policy debate

Focus

Report focuses on AD mgt, economic policy is more

- Pigou, Ramsey, Samuelson, Diamond, Mirrlees
- Kydland-Prescott, Buchanan, Downs, Olson

E.g., Covid-19 policy response

- Externalities, public goods, redistribution, bridge financing
- Low AD vs. distorted AD

Institutions must be robust, not targeted to AD mgt

- E.g., should *M* conduct climate policy?

Need for Action?

Report emphasizes both complementarity and credibility

- From $M + F$ to $M \times F$
- Anchored expectations

Status quo constrains coordination

- 2. best \succ 1.-best dreams/3.-best outcomes ($M - F$)

Should status quo be changed? Key questions

- Do M, F have incentives, capabilities to implement 2. best?
- More rules, automatic stabilizers? National, international?

Measurement

Report analyzes policy impulses, cyclical

- Primary surplus, short-term interest rate

Other impulses

- Implicit deficits (Δ implicit liabilities)
- Interest rate structure (bank profits, CEPR dp 15457)

Consolidated govt budget constraint/balance sheet (hard ...)

Policy Debate

Report alludes to various policy discussions

- Low r^* , inefficiently low r^* , and monetization
- Helicopter drops
- Blanchard's presidential address and public debt levels
- Low r and public investment
- Fiscal backing for central banks