

Mini-conference on

***“The interaction of Monetary and Fiscal Policies  
and institutions: Central Banks and Treasuries”***

**7 October 2021, 17:00 – 20:00 (CET) hybrid**

**Organizers: Banque de France, Pierre Werner Chair (RSCAS, EUI)**

With developed countries' sovereign debt levels at an historical high and interest rates still in the shadow of the effective lower-bound, the full recovery from the Covid-19 crisis requires a right mix of monetary and fiscal stimulus and stabilisation policies. Therefore, it requires effective institutional interaction between central banks and treasuries. Even in the U.S., with a long historical collaboration between the Federal Reserve Bank and the U.S. Treasury, this interaction is under scrutiny, as the dividing line, between monetary liabilities (dollars and bank reserves) and sovereign debt (Treasuries), is becoming fuzzier, and the fiscal nature and impact of monetary (QE) policies is becoming more apparent. In Europe there is no common EU Treasury. Nevertheless, the Eurosystem now holds almost 30% of the sovereign debt of the euro area Member States and, with Next Generation EU (NGEU), the European Commission can lend up to 800bn to EU Member States, mostly issuing Eurobonds, becoming a temporary Treasury-like counterpart of the ECB for the euro area. This scenario opens a debate on how monetary and fiscal policies and institutions should interact. The goal of this mini-conference is to contribute to it from the perspectives of economic theory and policy.

**CONFERENCE PROGRAMME**

17.00 – 18:30 **Part I: The economic theory perspective**

**Moderator: Ramon Marimon**

Participants:

**Jean Barthélemy** (Banque de France), joint with Eric Mengus and Guillaume Plantin

“The Central Bank, the Treasury, or the Market: Which One Determines the Price Level”

**Marco Bassetto** (Federal Reserve Bank of Minneapolis), joint with Gherardo Caracciolo

“Monetary/Fiscal Interactions with Forty Budget Constraints”

**Fabrice Collard** (Toulouse School of Economics), joint with George-Marios Angeletos and Harris Dellas

“Public Debt as Private Liquidity: Optimal Policy”

Discussants:

**John Cochrane** (Hoover Institution, Stanford University)

**Thomas Sargent** (New York University)

18:30 – 20:00 **Part II: The policy and institutional perspective**

Moderator: **Nuno Coimbra**

Panel participants:

**Agnès Bénassy-Quéré** (Chef économiste de la Direction Générale du Trésor, Ministère de l'Économie, des Finances et de la Relance, and Professor, Paris School of Economics)

**Anna Breman** (Deputy Governor, Sveriges Riskbank)

**Olivier Garnier** (Director General for Economics and International at Banque de France)

**Gert Jan Koopman** (Director General BUDG, European Commission)

Closing remarks: **Giancarlo Corsetti**

*Organizers:*

**Nuno Coimbra** (Banque de France)

**Giancarlo Corsetti** (Cambridge University)

**Laurent Ferrara** (Skema Business School)

**Ramon Marimon** (European University Institute)