

Stability concepts & interconnections

■ OUTPUT (GAP) PRICE STABILITY

$$E[W(y_t - y^*, \pi_t - \pi^*)]$$

FINANCIAL STABILITY FISCAL DEBT

risk concentration, sustain.)



The Fiscal Theory
of the Price Level



Diabolic Loop
Bank-Sovereign Nexus

■ Instruments

short-term interest rate

unconventional MoPo

macro-prudential

fiscal rules

LOLR