

It was a pleasure reading Willem Buiter's paper. Three things:

Money

It is obvious that Central Banks and Treasuries (MoFs) in general have simultaneously underrated and overrated the importance of money, i.e., in the first instance they have tended to believe in a sort of monetary policy without money, though inevitably any policy interest rate decisions are always made effective through open market operations, while the second occasion of perceived omnipotence of money is emphasized by the apparently accepted wisdom that if economic activity needs to be stabilized the only available way is through monetary policy intervention as fiscal policy wouldn't work due to the Ricardian equivalence, the "Treasury View" or whatever else alleged reason was made available. Even today supporters of this view still maintain that the Japan's economy could have "escaped" from the liquidity trap by "pumping" more money into it... Here, I have to say that no amount of whatever money – helicopter money, any measure of money (with the notable exception of Silvio Gessel's stamped money) would have ever worked. The macroeconomic instrument needed here is a fiscal stimuli -- no need to monetize it – which at present could be conducted directly (without the usual textbook lags) by altering the tax rate and tax liability, say for the next fiscal year, but immediately repaying into taxpayers accounts the "overpaid" tax (based on the new rate) for the previous year.

Exogenous money

Ultimately it is the Central bank(s) and the wealth holders that fix the money supply. Or so to speak this is a double exogeneity i.e., even if the Central Bank decide (is "obliged") to accommodate all reserve requirements the wealth holders may not find themselves in a position to transmit the money to their intended final recipients. Hence, after a certain point almost all money "pumped" into the financial system is withdrawn by its owners.

Policy choice or inevitability

Yes, "[s]ecular stagnation are therefore unnecessary. They are policy choices." However, these – tough -- policy choices would not involve helicopter money, but stamped money.