

Comments to “Workers, Capitalists, and the Government: Fiscal Policy and Income (Re)Distribution” by Cristiano Cantore and Lukas Freund

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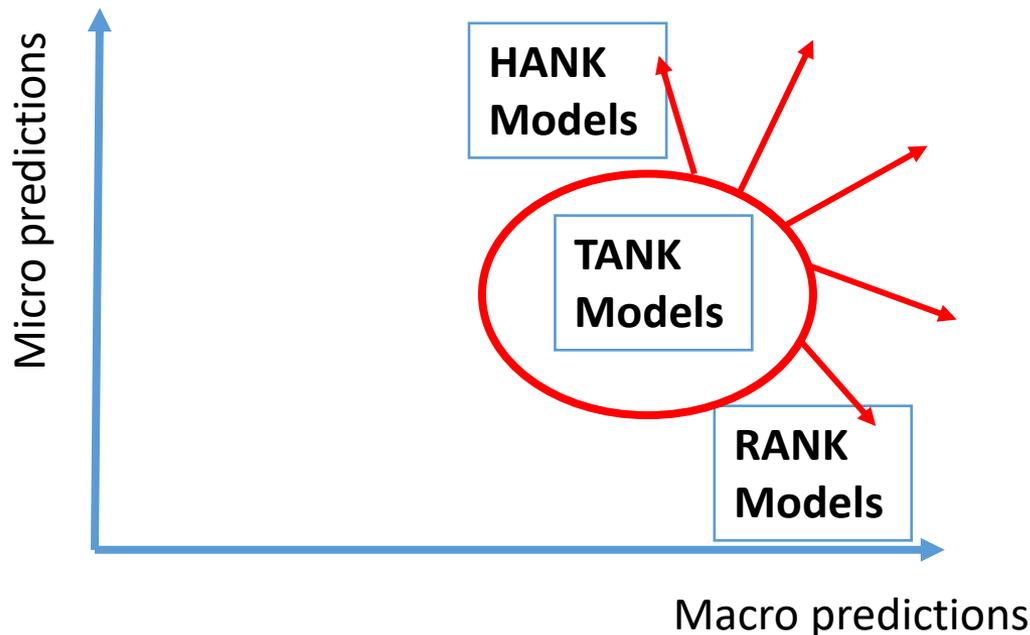
XXV Meeting of the Central Bank Researchers Network, organized by CEMLA and the Central Bank of Uruguay, October 28-30, 2020

Outline

- Comparison with other TANK models
- How all pieces in the paper fit together

Comparison with other TANK models (1)

- Main message: propose an alternative TANK model that is better equipped to match micro data and macro predictions of fiscal policy. Some shortcomings: Is a small fiscal multipliers a big problem for the proposed model?
- Where is the focus and its connection with the title?



Comparison with other TANK models (2)

- What are the TANK models less tractable?
 - HANK models are less tractable
- Is it possible to compare the propose model more precisely with benchmark TANK models?
 - Debortoli and Galí (2018)
 - Galí, Lopez-Salido, and Valles (2007)
- For instance, reproduce IRF of Galí et al (2007) and compare with the proposed model

How all pieces in the paper fit together: different models, different evidence

- Section 2:
 - sketch of the proposed TANK model and its comparison with the benchmark TANK (UH) model
 - Table 1: Full log-linearized model (used in section 3), but without the full exposition
 - MPC: Evidence on lottery winnings and predictions across TANK models. Table 1 is the full model. Missing a better presentation of the partial EQ model? (No persistence in income windfall in the model? Micro predictions to govt shocks with some persistence?)
 - What is the precise model with income effects in the labor supply?
- Section 3:
 - Three TANK models with fiscal policy and evidence VAR (why investment response?)
 - No Govt debt, spending, taxes at the steady state
 - Medium-scale models (investment, wage rigidities, Govt SS $\neq 0$, etc)
- **Long appendix**

Summary

- Very interesting paper! I learned a lot!
- Many approaches to emphasize the message of the appealing of the proposed TANK model. Less about the shortcomings.
- Some concerns regarding
 - The focus of the paper
 - The critical comparisons for the proposed model
 - The exposition of the different models and how the different pieces fit together