Dave, just two comments on your identification notes.

1. Section 2.3. When you described Gertler's suggestion I found I could not immediately work it out in my head, so I jotted down some algebra. In particular, I wondered if you might note that $s_{2t}$ need not be present for identifying $\tau$.

Suppose you have the example on page 5. The Fisher shock $s_{1t}$ is observed and has persistence parameter $a$. The Taylor shock $s_{2t}$ may be absent entirely, or may be present and possibly persistent with parameter $b$, but uncorrelated with $s_{1t}$. If present, it is unobserved by the econometrician. Then the solution for inflation is:

$$\pi_t = \frac{1}{\tau - a} s_{1t} - \frac{1}{\tau - b} s_{2t}.$$

Here $a$ is identified from the law of motion for the observed, exogenous variable $s_{1t}$, and so $\tau$ is identified from the solution above, which is a valid projection because of the independence of the two shocks.

I guess this is a special case of things you do elsewhere (including the cross-equation restrictions), but I pass it on just in case it is useful to the slow-witted reader, whom I feel confident in representing.

2. Early on you mention that $w_t$ is IID, and so I guess you rule out identification with second moments. (I cannot recall whether Cochrane discusses this in his paper.) But I think it would be interesting to discuss/show how changes in volatility, whether time-varying, or a break, or indeed a great moderation, would provide identification, or not. Maybe this just strengthens the case that this is challenging.

I cannot immediately work out an example to see if a break in volatility helps in this context, but in a possibly related piece Normandin and Phaneuf (JME 2004) have a nice example of identifying monetary policy shocks this way.

http://ideas.repec.org/a/eee/moneco/v51y2004i6p1217-1243.html