Discussion of

Reviving the Limit Cycle View of Macroeconomic Fluctuations

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Why now?

Stylized history of macro...

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- Weak evidence for large aggregate shocks

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2. The "rubber-band" property

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A popular alternative view: secular stagnation

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① No sharp peaks in periodogram $\Rightarrow$ solved

② The "rubber-band" property

A popular alternative view: secular stagnation

- Multiple steady states

- Non-attractive middle

The Future of Limit Cycles

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Looking for the "smoking gun"

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$\hookrightarrow$ perhaps not in the spectral density?

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Simple Exercise

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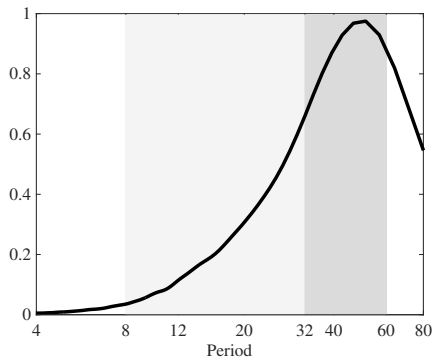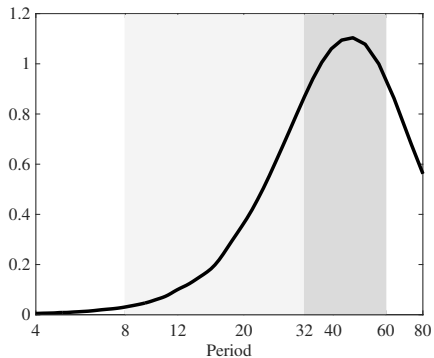1. Calibrate reduced form model + noise to look like hours data, simulate.

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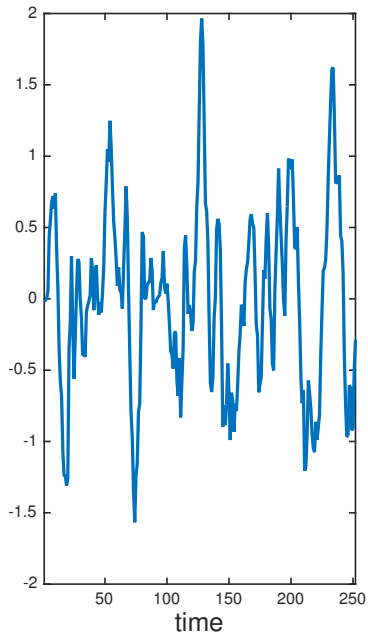2. Estimate an AR(2) on the generated data, and simulate too.

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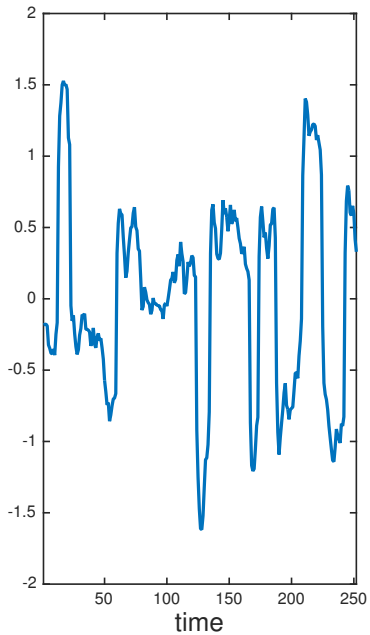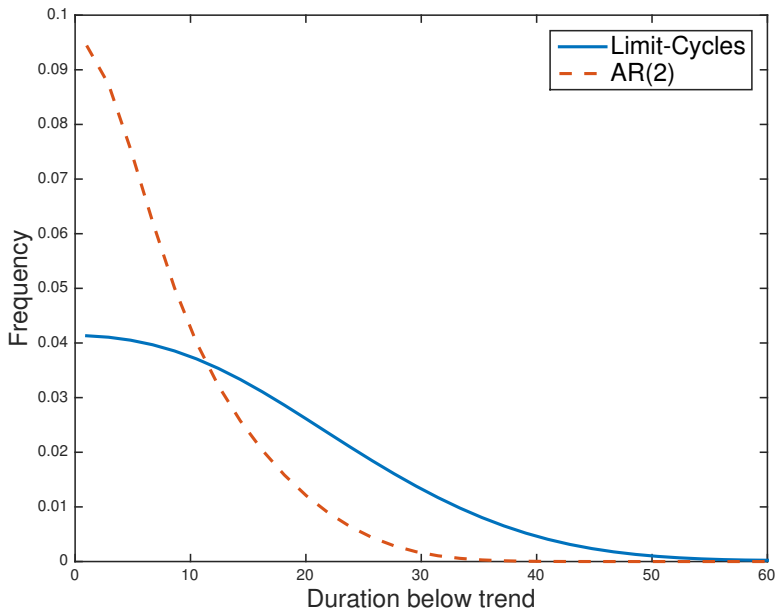
3. Compare.

Spectral Density

Realizations

Duration Analysis

Conclusion

- Several appealing features
    1. Alternative to mysterious aggregate shocks
    2. Plausible microfondation
    3. Uniqueness

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- Continuing search for the "discriminating moments"

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- Open question: are limit cycles hiding in many current models?