- abstr: "... online filings of SEC 10K reports" seems very specific to have in the abstract – some people aren't going to know what this means.
- abstr: Don't explain "mechanism", "conjecture", and then say "to formalize this story I develop a model." The abstract is supposed to be compact. See, for example, the fact that you say "as the accuracy of the public signal increases..." This statement only makes sense in the context of a model.
- abstr: "receive and investment" and "investment in ratings" – the use of the same word for very different things will cause confusion
- p. 2: why do you say "bond and equity financing" are increasing after you just said bond financing increased? You don't talk about equity.
- p. 4: why do you start with other people's explanations, and then say they are the same as yours? start with YOURS, and then say how it relates to what has been said in financial press.
- p. 4: mention the Dash NYTimes quote in relation to your mechanism, not in the middle of other stories that you don't talk about.
- p. 5-6: why do you go through your dismissal of alternative explanations in such detail in the intro? The detail should come later. I am not sure you even need to mention any of this in the intro.
- p. 6: what is the point of the last paragraph that starts on p. 6?
- p. 7-8: Lit review is still too disconnected. Focus on how papers are RELATED TO WHAT YOU DO Why is the first paper you cite Skreta and Veldkamp? The ratings inflation stuff is least related to your paper.
- whole model: B is both a type and a rating. change notation.
- Prop. 1: give some intuition for prop. 1, and in particular, WHY IT IS NOT OBVIOUS.
- Proof of Prop. 2 looks like it ends with some inequalities on endogenous variables. Is this correct? Either rewrite the statement of the proposition with those conditions, or provide sufficient or necessary conditions for those inequalities.
- p. 20: Intuition for Prop. 3 sounds unclear. Where are the ratings in this explanation?
- p. 20: do you match maturity or duration for calculating the spread? A coupon bond with large coupons (esp. one for a low-rated firm) has a much lower effective maturity than a zero-coupon bond.)
- If you split the spreads into 1990s and 2000s for the figures, then why use the 4-year bins first?
- p. 21-22: in addition to increase in dispersion, doesn't model also say that average spread of low rated bonds should go down while average spread of high rated bonds should go up? Does this happen?
- What's the point of the "Discussion" section? If there's any point, don't start it with a lengthy restatement of all the results in the paper.
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