

DISCUSSION OF  
"DETERMINANTS OF WEALTH INEQUALITY  
AND MOBILITY IN GENERAL EQUILIBRIUM"  
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- ▶ What he finds:
  - ▶ Theory: Analytic expression for pareto coefficient of wealth
  - ▶ Quantitative: Studies effect of bequest tax, contrasts PE vs GE findings

## COMMENT I: THEORY

- ▶ Many results reminiscent of Gabaix et al (2016):
  - ▶ They also have stochastic returns to savings
  - ▶ Characterize Pareto coefficient
  - ▶ Helpful to differentiate the contribution here - is it the portfolio choice?
- ▶ Results with bequest motives and annuities:
  - ▶ What's the notion of approximation for the Pareto coefficient?
  - ▶ Is this to first order?

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  - ▶ Freedom over idiosyncratic return volatility:  $\sigma$
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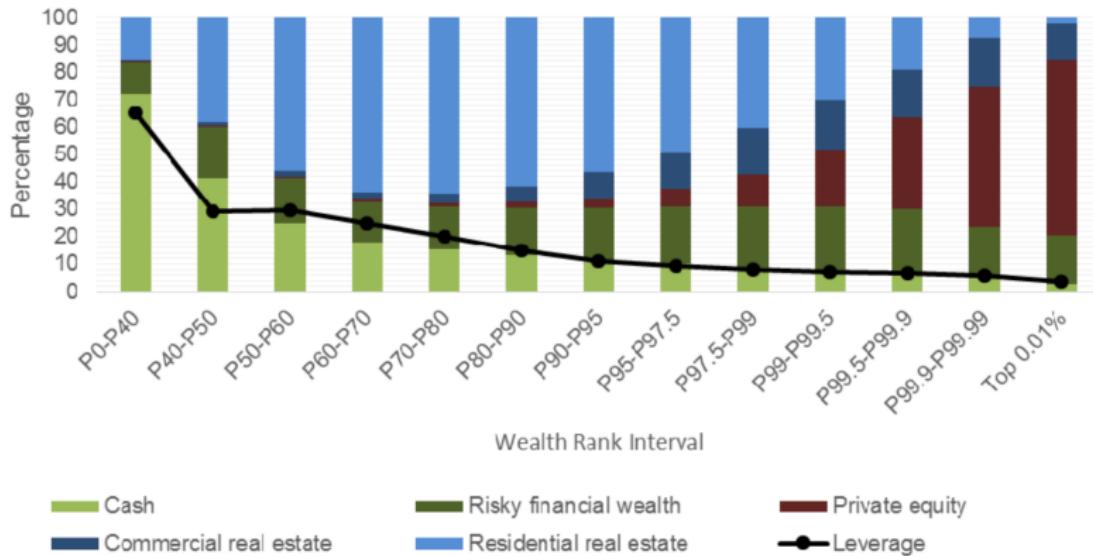
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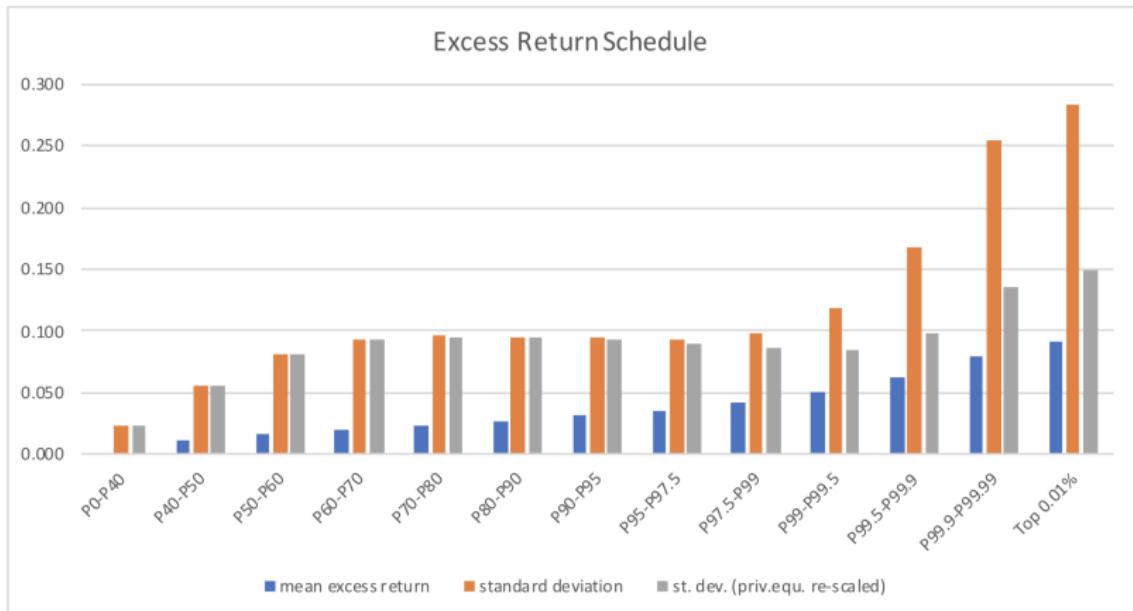
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- ▶ How realistic are iid returns?
- ▶ Calibrate parameters regarding portfolio constraints to try to match portfolio choice and returns across the distribution
  - ▶ Typically hard to get risky share increasing in wealth in these class of models
  - ▶ Can this framework address some household finance "puzzles"?

# PORTFOLIO HOLDINGS



Bach et al (2016)

# EXCESS RETURNS



Bach et al (2016)

## COMMENT III: EXPERIMENTS

- ▶ Quantitative experiments lacking a bit of a punchline
- ▶ Interesting to explore more the PE vs GE implications of policy changes, to contrast more with the Benhabib et al and Piketty and Saez papers
- ▶ Is the backyard production technology subject to Lucas critique?
- ▶ What about welfare?