

"DISCUSSION" OF
"MACROECONOMIC STABILIZATION, FISCAL
CONSOLIDATION AND RECESSIONS WITH
HETEROGENEOUS AGENTS"
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ADEMU Final Conference
EUI
May 9, 2018

MOTIVATION

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heterogeneous-agent models...

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...but, the list of papers examining and evaluating policy in heterogeneous-agent economies is relatively short:

- ▶ computing equilibria for such models has been challenging for *given* policy
- ▶ examining the basic features of these models (e.g., do fiscal multipliers get bigger?) has been higher on the agenda
- ▶ and checking robustness of/improving the computational tools too.

HANK + SAM: AN OVERVIEW

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- ▶ Combine three standard macro frictions:
 1. HA/Market incompleteness
 2. NK-style price rigidities
 3. DMP-style search frictions

HANK + SAM: AN OVERVIEW

- ▶ Build a framework to study macro fluctuations
- ▶ Combine three standard macro frictions:
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- ▶ Explore whether insights from HANK + SAM > sum of the parts

INDETERMINACY PROBLEM PERSISTS IN REHANK

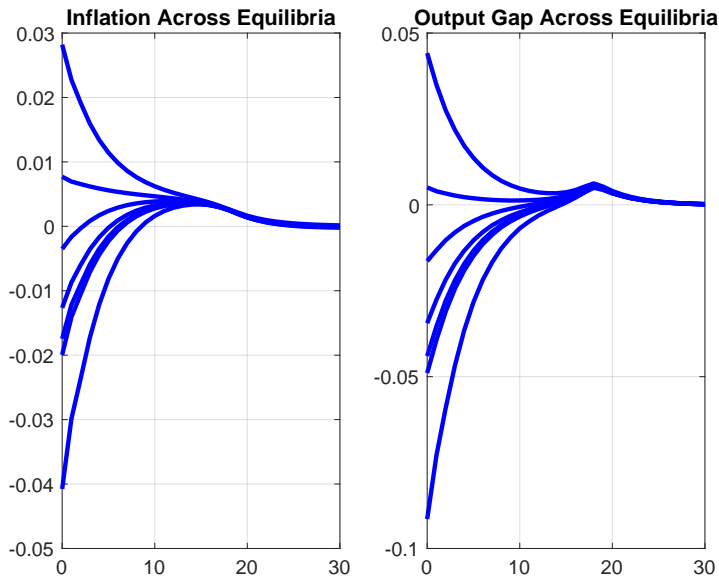


FIGURE: Hagedorn, Manovskii and Mitman (2018)

UNIQUE EQUILIBRIUM IN OUR NOHANK FRAMEWORK

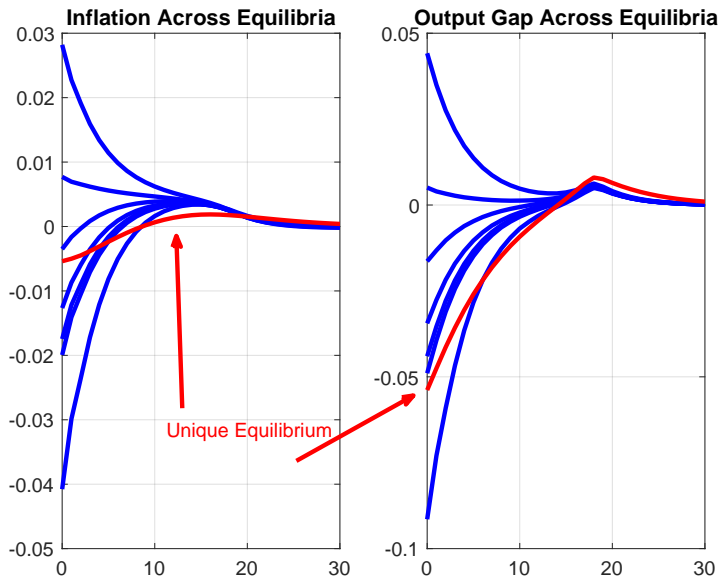


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A PUZZLING PREPONDERANCE OF "PUZZLES"

- ▶ Divergence at frictionless limit? NO
- ▶ Contractionary TFP shocks expansionary? NO
- ▶ Forward guidance infinitely powerful? NO