



Laura Veronika Gati <gati@bc.edu>

Draft Commets

2 messages

Ryan Chahrour <ryan.chahrour@bc.edu>
To: Laura Veronika Gati <gati@bc.edu>

Tue, Oct 6, 2020 at 5:03 PM

Hi Laura,

See attached my "handwritten" comments on the draft.

The nicest surprise of the paper was the discussion about the estimated function, and how "big" is a "big" for kappa. It put things in very intuitive terms which, combined with realistic empirical estimates, was very nice.

There are lots of comments attached, so you will have to do triage. But, the highest priority is the introduction. I think you need to reorganize it in order to (i) get your contribution clearer, sooner (2) present results in an intuitive order.

In my mind, you need to have a "this paper does..." sort of paragraph at least on the first page. Here is an outline of sort for the intro that I think would work better:

A. Key paragraph...starts early on "This paper studies the conduct of monetary policy in a new-keynesian model where the degree of expectations anchoring responds endogenous to economic conditions...." This paragraph also needs to mention a "novel, quantitatively realistic model of expectations formation"

Now, expand...

B. Methodological contribution: In order to provide a convincing analysis of optimal policy, I need a qualitatively and quantitatively realistic mode of expectations formation. To this end, I extend...with GE... and with a continuous rather than discreet gain function.

(i) Figure 1 provides some preliminary evidence that model of smoothly varying gain function may be appropriate [now describe, as succinctly as possible the figure]

C. Empirical contribution: Describe estimation and a few of the results

D. Policy Analysis: Having calibrated the model to the data, and establishing that it provides a realistic description of expectations, I preform my analysis of policy in the model in three stages:

- i. Analytical result from Ramsey
- ii. numerical results from Ramsey
- iii. Comparison with Taylor Rule

See you tomorrow,
Ryan

Begin forwarded message:

From: Ryan Chahrour <chahrour@bc.edu>
Subject: Laura's Draft
Date: October 6, 2020 at 4:45:42 PM EDT
To: Ryan Chahrour <ryan.chahrour@bc.edu>

Sent from my phone

 **Laura's Draft.pdf**
12105K

Laura Veronika Gati <gati@bc.edu>
To: Ryan Chahrour <ryan.chahrour@bc.edu>

Tue, Oct 6, 2020 at 5:26 PM

Hi Ryan,

Just had a quick look and it's not as bad as I feared :) Phew. Looking forward to tomorrow and not dreading it as much as five minutes ago.
Laura

[Quoted text hidden]

[Quoted text hidden]

Sent from my phone