



EUROPEAN CENTRAL BANK

EUROSYSTEM

Discussion of “Real-time inequalities and policies during the pandemic in the US”

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The views expressed here are my own and do not necessarily reflect those of the ECB or the Eurosystem



What this paper does

- Effect of Fed policy actions during the pandemic on consumption inequality across US counties
 - Daily (!) measures of consumption spending inequality
 - Consumption increased in response to Fed policies, but more for richer counties
 - Especially in response to subsidized lending facilities

Structure of the paper

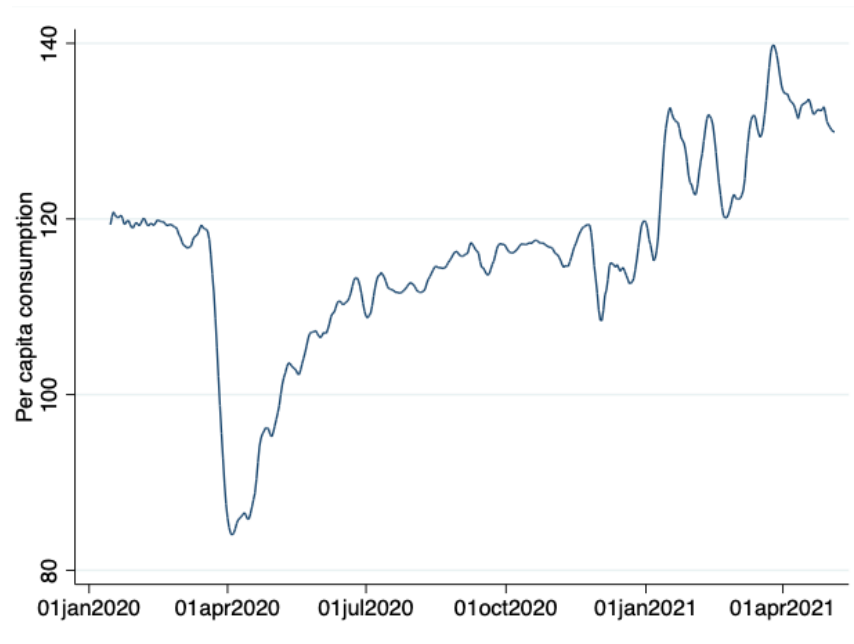
- Interesting and novel analysis, but would have needed more guidance
- In introduction, would have liked to see more discussion on
 - Why is the spatial dimension interesting?
 - What do we gain from studying daily data?
 - What is the hypothesis that the authors test?
- In conclusion, would have liked to see more discussion on policy implications
 - Distributional effects of mon pol are given, fiscal policy to correct (if needed)?
 - Mon pol to take into account distributional effects?

County analysis

- Dataset based on Chetty et al. (2020)
 - 856 out of 3007 counties (28%), covering 91% of GDP; are we missing an interesting dimension?
- The spatial dimension of monetary policy – how are counties different?
 - Carlino and Defina (1998). The Differential Regional Effects of Monetary Policy, Review of Economics and Statistics 80, 572-587
 - Industry structure? Mix of large vs small firms? Differences in the banking system?

Daily data

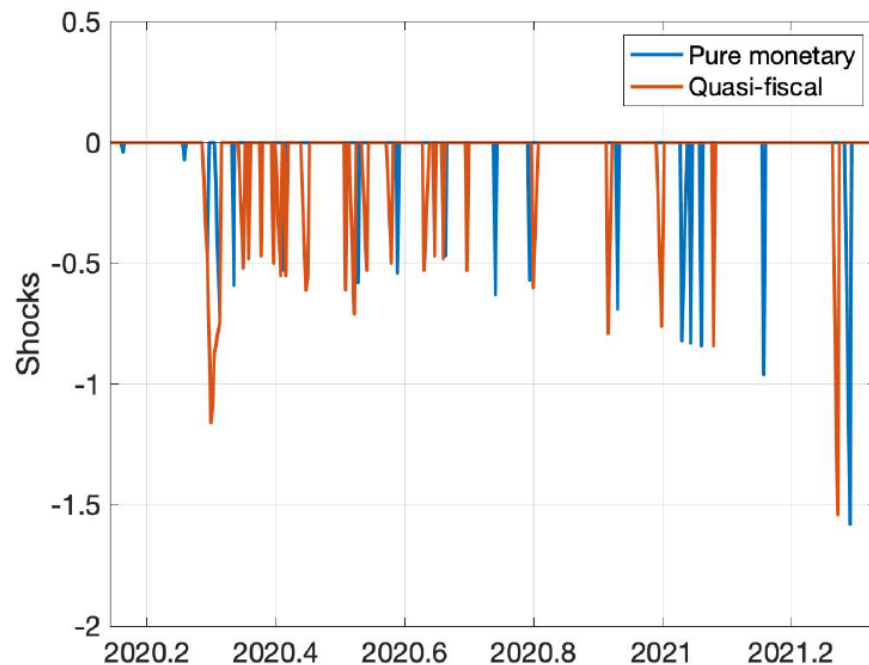
- Data starts in January 2020, i.e. no pre-pandemic comparison
- Chart plots 7-day moving averages
- Cholesky identification possible?
- Consumers react within days?
 - Coibion et al. (2022). Average inflation targeting and household expectations. *Journal of Political Economy: Macroeconomics*
 - Is there a role for education / financial literacy?



Focus on the pandemic

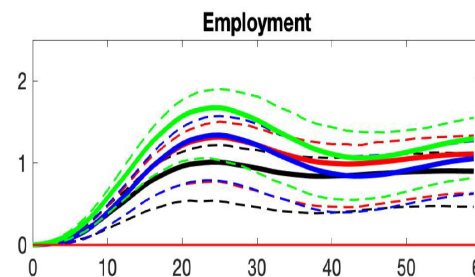
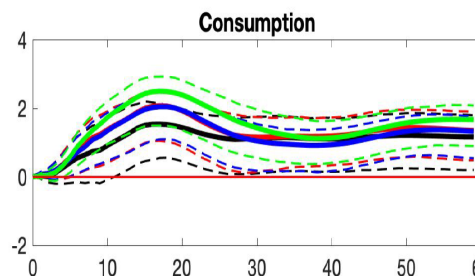
- Control for fiscal policy
 - More directly relevant to consumers?
 - Long-short spread as mon pol indicator
- Need two-sided shocks

Figure 3: The policy surprise series

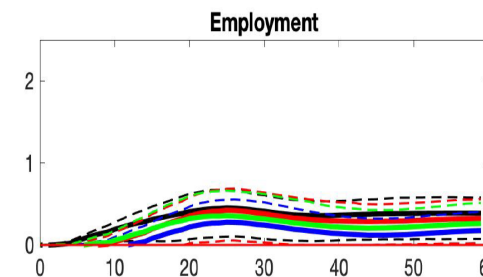
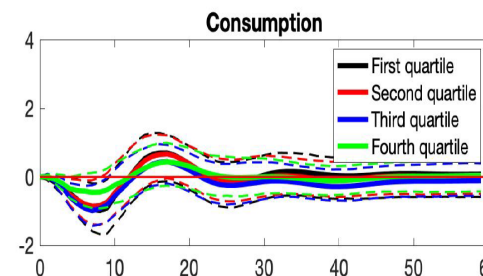


Miscellaneous

- Consumption responds with a lag, but consumption inequality responds instantaneously?
- Detrending of variables?
- IRFs of the other variables?
- Are differences significant?



(a) Total shock



(b) Pure monetary shock

Thank you!
