

Comments on “Micro Level Data for Macro Models: The Distributional Effects of Monetary Policy”, by Corrado and Fantozzi

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IARIW Bank of Italy Conference on
Central Banks, Financial Markets, and Inequality
March 30, 2023

Comments

- ▶ (a lot of) thorough, thoughtful and well-reported work. . .
- ▶ . . . on a topic that is much-discussed both in public, academia and public policy
- ▶ longish (we are on page 26 by the time the main issue of distribution is addressed)
- ▶ provides a template that could be applied in several countries (not least in other Euro area countries)
- ▶ the obvious extension is to think about how to examine also fiscal policy

More comments

- ▶ using multiple inequality measures is useful, but . . .
- ▶ . . . re-structuring the analysis/reporting might be pedagogical (link to growth incidence, aka. “elephant curve”)
 - ▶ how about *starting* with the (log) quantiles (p10, . . . , p90, p99). . .
 - ▶ . . . and then moving to the (log of) quantile ratios?
 - ▶ the Gini could be added at the end (as well as a population-subgroup-decomposable index from the GE family)
- ▶ the construction (and deconstruction) of the inequality series is well-described in detail, but
 - ▶ the fusing of SHIW and SILC series needs to be shown (appendix material, but important such)
 - ▶ the disaggregation of the inequality series is interesting but since the within-year variation really is crucial to this exercise, its quality needs to be explored in great detail (again, appendix material, but important such)

Finally

- ▶ heavy use of *generated regressors* on both the LHS and RHS – which may raise issues that I am not sure the estimation takes into account, but that is likely a second-order problem
- ▶ finally: both (labour, financial) income and (housing, financial) wealth at different positions in the distribution [$p = F^{-1}(y)$] is a product of price and quantity so

$$y_t(p) = q_t(p) \times x_t(p) \Rightarrow \Delta \ln y(p) = \Delta \ln q(p) + \Delta \ln x(p)$$

- ▶ in most cases, we observe aggregate price changes but have only vague notions of the distribution of prices/returns
- ▶ in some cases, we know changes in prices across the distribution (i.e., wage rates)
- ▶ all the same, understanding in a more systematic sense of changes take place in prices of quantities is both interesting and policy relevant (but goes far beyond the current paper)



Corrado, Luisa and Daniela Fantozzi (2023). “Micro Level Data for Macro Models: The Distributional Effects of Monetary Policy”. Bank of Italy-IARIW Conference, Naples, March 2023.