"Essays on Aggregate and Distributional Effect of Macroeconomic Policies" by Dušan Stojanović, Dissertation Review

The dissertation studies key macroeconomic questions related to fiscal and monetary policies. The dissertation is of very high quality. I will raise a few concerns, questions and comments with the sole intention to be helpful for the publication process of these chapters.

Chapter 1

The first chapter, to my view the most polished one, studies the distribution impact of QE policies and finds that both financial markets access and skills matter for the impact of these policies.

As a motivation: the author refers to QE in the EQ as a policy response to the 2008-2009 GFC but in footnote 1 the author cites the APP program, introduced in 2015. I believe that in the EA the QE policies are more a response to the European Debt Crisis so I would probably relate it more to this event rather than the 2008 US crisis.

In page 5 the author refers to the portfolio rebalancing channel but this channel is explained in page 6. I recommend explaining the channel the first time it is introduced.

At the end of page 7 and beginning of page 8, the author describes the mechanisms behind the main result of the paper. In this paragraph the author says that there has to be an increase in poor labor supply and a drop in skilled labor. I wonder how important these channels are when the households cannot adjust that easily the intensive margin, which can be an unrealistic assumption.

I think this section is missing a reference or a brief data analysis to clarify whether inequality in the EA increased/decreased following the QE policies. It does not need to be a new analysis but probably a table showing what do papers find relating to income and wealth inequality (there is a lot of discussion in this section about the channels, but not the results and their significance).

About the modeling assumptions: it is important to show that there is a strong correlation between skills and financial market participation.

When describing the problem of the wealthy agents, the author introduces the long term bonds, but does not explain them. They are explained a few pages later. I would recommend the author explains it right the first time.

The wealthy households hold money. The poor can't. why? I find this assumption a bit odd.

About the calibration and data: I think this section is missing a goodness-of-fit measure for this model. The parametrization is borrowed from other papers, which actually uses different models. Hence, there is no reason to believe this model matches properly the data to some extent. I think it is important to convince the reader that the model is an appropriate representation of the data in a quantitative way.

Table 1.3 says that the "income share of high-skilled workers" = 0.5 follows from a "Convention". I don't think this share should be fixed to 0.5 given its importance in the question that the paper wants to address.

Chapter 2

The second chapter studies the role of labor market segmentation and financial markets in the propagation of fiscal shocks, particularly government spending.

I think the point of this paper is interesting but the main limitation is the lack of empirical evidence that may suggest that the modeling assumptions are (or could be) empirically relevant for the size of fiscal multipliers. In principle, training of workers does not seem to be a first order channel for fiscal multipliers and I am not fully convinced that the model is enough "evidence" to make me change my mind.

About the calibration, there are a number of parameters in Table 2.1 that are determined following some "convention" criterion. Nevertheless, several of those parameters are very important from a monetary point of view, for instance the parameters of the Taylor rule, the elasticity of the labor supply and the fiscal rule. I think the author should work harder in disciplining the model along those dimensions.

Chapter 3

The last chapter is an empirical investigation of the impact of income tax changes over productivity.

I understand this chapter is preliminary. It studies an interesting question but the chapter seems a bit in progress. The identification strategy of the SVAR seems to be missing as well the specification (how many lags, etc).

Concluding comments

To conclude, let me highlight that I believe this dissertation satisfies formal and content requirements for a PhD thesis in Economies and I recommend the dissertation for a defense.