Discussion of

‘Inclusive Monetary Policy: How Tight Labor Markets Facilitate Broad-Based Employment Growth’

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ECB-CEPR Labour Market Workshop “Towards a New Labour Market?”

The opinions expressed in this presentation are the sole responsibility of the author and should not be interpreted as reflecting the views of Sveriges Riksbank.

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    - Income and wealth
      (Coibion et al., 2017; Blomhoff Holm et al., 2020; Amberg et al., 2021; Andersen et al., 2021; Cantore et al, 2022)
    - Racial inequality
      (Bartscher, et al. 2021)
    - Firm and worker characteristics
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+ Should we take these effects into account when taking monetary policy decisions? Should monetary policy be 'more inclusive'?

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  - on people with different demographics (race, education, sex)
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+ Uses a New Keynesian model with two types of workers to:
  - show benefits of AIT on attaining a more inclusive employment
  - show that with a flatter Phillips curve the tradeoff between output and inflation is smaller

My comments

1. Labor market tightness?
2. Other margins
3. Which monetary policy shock
4. State-dependent IRFs

Comment 1: tightness, employment rate, and labor force

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+ Model: could insert labor force margin
  - In current model labor force attachment captured by different levels of steady state employment

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    - This difference might be important when thinking about policies!

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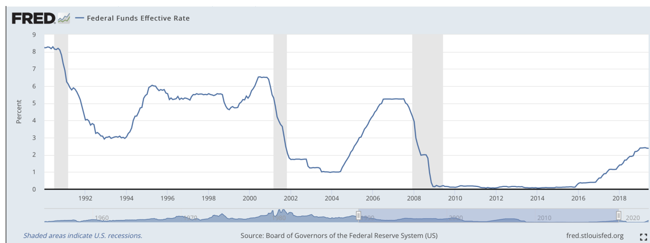

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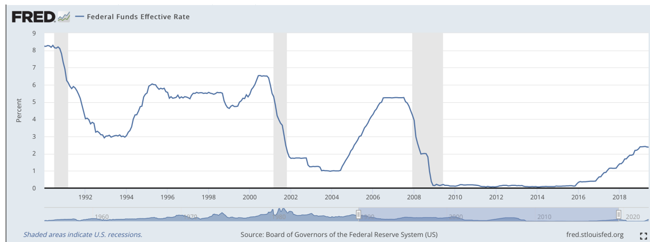

Suggestion: Why not look directly at the FG and QE shocks?

+ Could follow Swanson (2017) identification of the shocks

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- Can run simulations from different levels of employment rate

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+ Comments:
    1. What is employment rate capturing (and what not)?
    2. Think about intensive margin, hiring and firing
    3. Explore effects of unconventional monetary policy
    4. Solve the model non-linearly for state-dependent IRFs