Discussion of "What are the effects of fiscal policy shocks? A VAR-based comparative analysis" by Dario Caldara and Christophe Kamps

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- You are the fiscal policy makers, and you wanna stimulate C: What do you do?

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- What can we do?

Identification! (of the shocks of interest)

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2. otherwise ... iii) sign restrictions! You want to have some restrictions satisfied (e.g. output down after a monetary policy tightening), then you "draw" an orthonormal matrix Q $[Q\prime Q = QQ\prime = I$ such that $A^{-1} QQ' u_t = A^{-1*} u_t^* = \varepsilon_t]$, and you retain those A^{-1*} satisfying the restrictions

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- ... 6 different VARs x 3 different identification schemes x 6 different policy exercises x all the robustness checks ...

6 x 3 x 6?!? Impressive!!!

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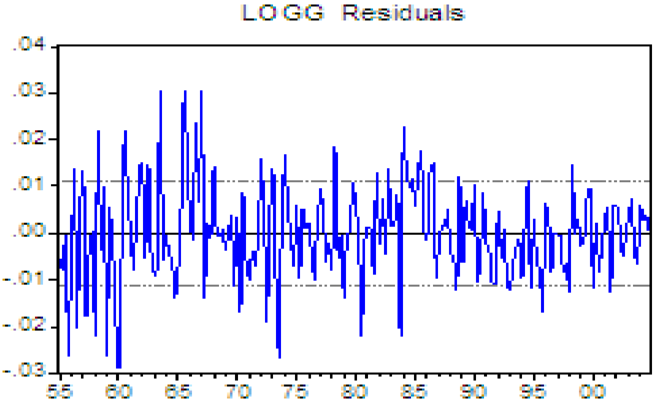
- miscellaneous



VAR with fixed parameters estimated over a very long sample ('55Q1-'04Q4), several istitutional breaks in the middle (e.g. Reaganomics, Volcker's experiment): Subsample robustness check needed

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- Favero and Monacelli (2006), Castelnuovo, Greco, and Raggi (200?): estimation of regime-dependent policy rules, evidence of two regimes (not-synchronized!)
- Problems when interpreting your results (obtained under the null of a unique regime?)

Vector specification

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- Giavazzi and Favero (2007): debt in VARs matters! (at least with Blanchard and Perotti's)

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- Agreement about the effects of a monetary policy shock ... well, Uhlig (2005) on output and cost-channel people on inflation would not agree