

# Uncertainty Shocks in a Model of Effective Demand

Discussion by  
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# Contributions

- a new source of business cycles
- inspecting a new mechanism
- numerical techniques

## This discussion

- the model
- the nature of the shock
- the ZLB

# The model

1. Investment adjustment costs
  - do they exist?
  - what are they?
  - are they exogenous?
  - how important are they for the model?
2. What if wages were more sticky than prices?

## The nature of the shock

- an increase in variance means good realisations are more likely too
- increased skewness?
- is it exogenous?
- does it help avoid technological regress?
- calibration

# The ZLB

- without stabilising monetary policy, the shock is amplified
- but doesn't the shock bring the economy to the ZLB?
- how big would it need to be?
- another level of precautionary behaviour

## Summing up

- clear and elegant presentation of a mechanism
- the start of a research programme?