TERMÍN: 07.11.2020

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Recenzia C
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Prosím nezasahujte do tejto tabuľky

RECENZENT/KA (meno a priezvisko, pozícia, inštitúcia)**: František Brázdik**
NÁZOV MATERIÁLU: **Structural macroeconomic model of Slovakia**
TYP VÝSTUPU*[1]: **Analýza**
(pri spoločných výstupoch uviesť aj typy individuálnych vkladov):
ANALYTICKÝ ÚTVAR, REZORT: **Ministerstvo financií SR - Inštitút finančnej politiky**
AUTORI/KY: **Richard Priesol;**
SPOLUAUTORI/KY: - - ; - - ; - - ; - -
RECENZNÝ FORMÁT*[2]: **2**

PRIPOMIENKY:

P.č.	Pripomienka sa vzťahuje k (strana, odsek):	Text pripomienky*[3]	Odôvodnenie pripomienky	Vysporiadanie sa s pripomienkou*[4]
1	Text	In my opinion, improved reading flow can be observed after the second revision. Even when aiming for publication as the technical documentation, authors should carefully explain details.		

2	Abstract	Make it easier to follow.	Be careful! In here "maximal fit of data" is not the best approach, your data may be wrong in describing the state of the economy and you take all the data measurement errors in your model. I would not advertise this feature. Also, it is in conflict with following statement: "Specifically, since these models are based on a historical projection of macroeconomic variables, they do not capture structural relationships in an economy given by a theory of general equilibrium and rational expectations of macroeconomic agents. 1"	
3	Introduction	A strong flaw in model design is present here. Characteristics of the ministry's fiscal policy can be easily questioned. I believe that ministry has aim to stabilize economy. Therefore, its decision making tools have to be designed to deliver such goals as countercyclical fiscal policy. I here, model maximizes past data fit where policy was according to authors	Introduction starts with "Second, a reasonable identification of future macroeconomic shocks is necessary for monetary and fiscal authorities to pursue effective countercyclical policies" that is signaling importance of countercyclical policy.	

		not countercyclical as it should be. Yet, authors design the decision tool so that it does misses this important goal. You need to design your model to deliver such property, while it allows you to explain what you were missing in the past to meet this goal. Institution will newer become countercyclical when its tools will not support it.	While reasoning for fiscal policy states with "It is important to note that we abstract from a countercyclical policy of a fiscal authority that aims to stabilize an economic performance, in line with an absence of a historical evidence."	
4	Related literature	Market expectations of fiscal policy are mentioned here without any link to their representation.		
5	Model specification	Improve referencing, merge appendix and body of this paper.	As author claims purpose of the paper, the length is not an issue. Merge these two documents into one, and use proper referencing for appendix sections and equations. Refer to definitions when mentioned.	
6	Supply side block	Check notation.	Is labor elasticity time varying? Explain. in eq. 6, cor() is not defined. Explain.	

7	Demand side block	Check units on figures and consistency with description. Improve location of figure. This generally applies to all figures in paper.	Fig 1., title should be like "HHs savings ratio/rate" as you refer in text, also the units on Yaxis are not percentage points, but % (these are % of some hhs income) I believe. It is not standard to begin section/chapter with figure. It follows after eqn. 10	
8	Section 3.3	Appropriate titles.	Fig.4. here the important information is "Consumer inflation components"	
9	Section 3.4	Language check.	Generally, "Unconventional" is the standard description of recent ECB MP types, rather than "Unorthodox".	
10	Section 3.6	Why you abstract from countercyclical policy? This is contrast what sort of properties your policy should have. Check grammar, avoid terms like problematic or intuitive. Do more proofreading. Sudden jumps.	Such reasoning for fiscal policy undermines the credibility of your tools. ... problematic for number of reasons. The number is three, as you list only three. Such language makes it hard to follow. "we implement a two-step estimation process": what do you estimate? In here, maybe you "identify"	

11	Section 5.4	These figures reveal that the properties of the model include extremely long convergence. Explanation of actual and potential terms is missing in this section.	Adding details on trajectories constructions will be beneficial. The oscillatory behavior is not what such model should deliver. Does the solution of the model include complex roots or so? Where does the actual fluctuation in 20 years ahead come from? Eg. Fig 14 and following ones. Very questionable fluctuations in fig 15 for flexible prices. Also the second wave in fig. 16., after 2038, is characterized by larger amplitude than the initial one. This is puzzling convergence trajectory.	
12	Section 6.1	Improve referencing.	What is the meaning of referencing E, S,L? Use some appendix chapters.	
13	Appendix-irfs	Titles of figures, improve consistency of graphs labeling.	Output gap vs Trade balance, % of potential GDP vs just %.	

14	Appendix-estimations	Formatting estimations results.	It is ridiculously precise to report 5 decimals for std. errors, tstats, pvals, r2 and parameters. Get it down to two decimals.	

CELKOVÉ HODNOTENIE (recenzent/ka vyplní túto časť po vysporiadaní sa s pripomienkami analytickou jednotkou):

This is the final round of my comments, you should consider them. There are weak points related to goal of countercyclical authority. Taking into account number of editing rounds, I accept responses of the author. However, there are still opportunities to improve the text flow, model presentation and provide more details on model structure when aiming towards the comprehensive model documentation. After considering my final round of comments, you can proceed with publication.

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[1] Výber medzi: 1. analýza (komplexný analytický materiál s návrhmi konkrétnych systémových opatrení); 2. komentár (rozsahovo menší analytický materiál venujúci sa konkrétnemu čiastkovému problému); 3. manuál (metodické usmernenie vyplývajúce z potreby zjednotenia procesov a postupov v konkrétnej oblasti).

[2] Formát 1 pre komentár/manuál (2 recenzenti bez povinného odborného workshopu); Formát 2 pre analýzu (3 recenzenti a povinný odborný workshop).

[3] Do tabuľky značiť pripomienky zásadného metodologického a obsahového charakteru (nie štylistické či gramatické opravy).

[4] Vyplní analytická jednotka: pripomienka bola akceptovaná / pripomienka nebola akceptovaná a zdôvodnenie / pripomienka bola čiastočne akceptovaná a zdôvodnenie.