Discussion of Monetary Policy and the Redistribution Channel by Adrien Auclert

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  - How does monetary policy affect consumption?
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- **This paper:** Framework to understand the effects of monetary policy on consumption
  - In a model with heterogeneous agents
  - Emphasis in real redistribution channel $Cov_i(MPC, URE)$
- Very important question
- Big fan of the overall approach

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  - Alternative interpretation: unforeseen (MIT) shock

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- **Last remark on theorem 1**: For welfare, only $d\Omega$ matters

$$dU = U_{c_0} d\Omega$$

  - No need to differentiate substitution versus income effects!

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1. Theorem 2 (and 3) only contains the date 0 first-order effects
   - First-order effects from $t = 1$ to $t = T$ are missing
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Two additional comments

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   - Is the MPC out of current income a sufficient static for balance sheet changes at dates $t \geq 1$ **Open question**
     - We need MPC's out of future income
     - No guarantees that they are equal to MPC at 0

Conclusion

- Important contribution in important topic
- Scope to clarify applicability
- Exciting paper
  - More work remains to be done on this question, positive and normative on the theoretical side and especially on the measurement side