# Is the Green Transition Inflationary?

## Marco Del Negro, Julian di Giovanni, and Keshav Dogra

Conny Olovsson

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  - With sticky prices, if prices in the dirty sector is more flexible that in the rest of the economy (ROE) there is a trade-off between (CPI) inflation and the output gap.
- In a network model with $\approx 400$ sectors, the carbon tax leads to a sizable but short-lived recession.

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  - Not binary and almost all goods have dirty and clean components.
- It makes it hard to map the model to the real world.

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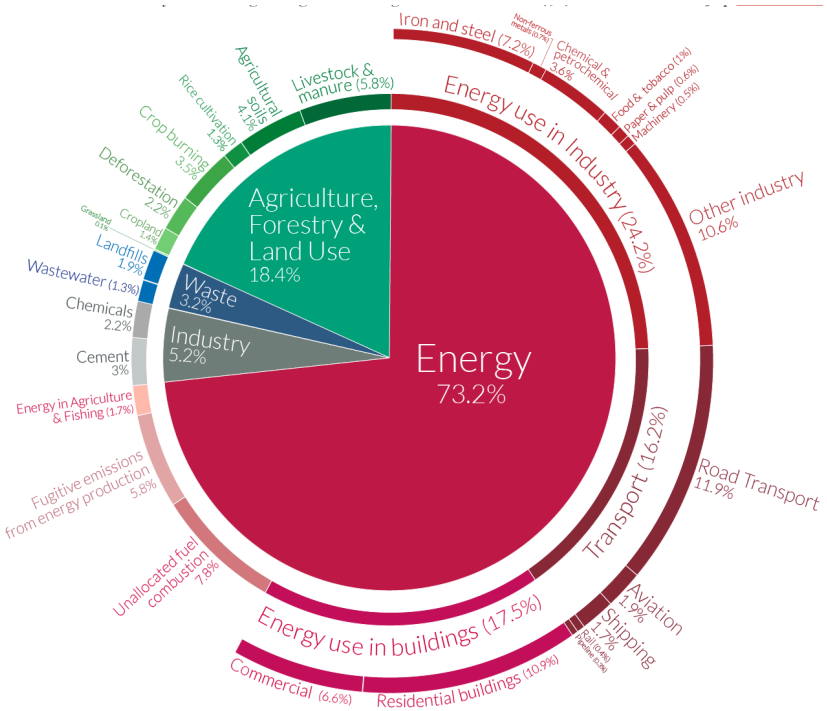

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- The capital stock may also be combined with green and brown energy sources, for instance a car.
  - Capital gets replaced and is not fixed.
- The full model starts with a snapshot of the distribution of dirtiness at a given point in time but this may be an inaccurate assumption given that a transition is 10, 20 or even 30 years.

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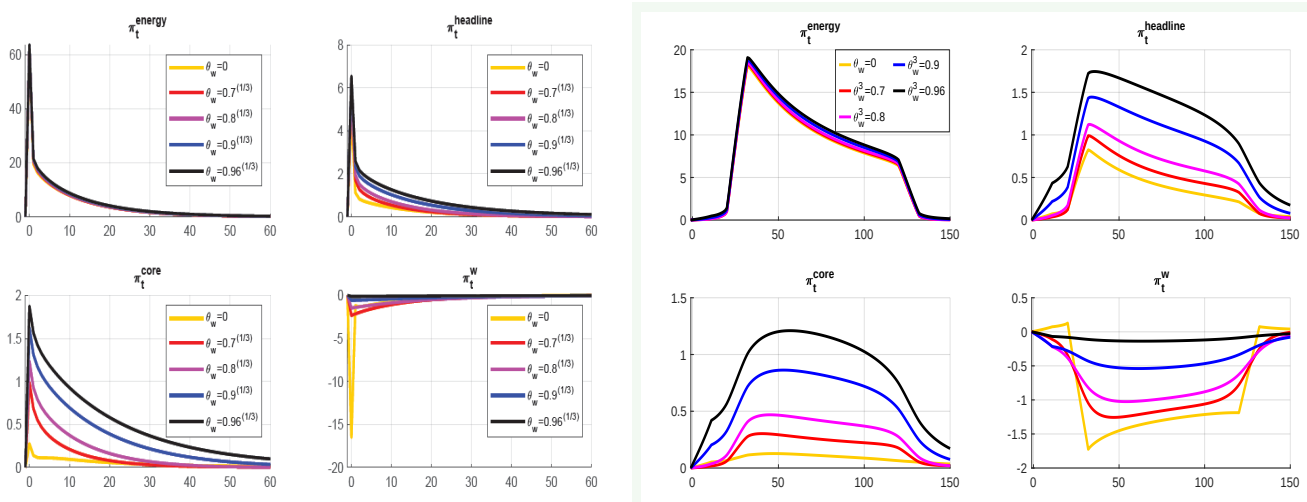
- Marco's paper models heterogeneity in energy dependence, which might be important.

# Inflation dynamics in Del Negro et al.

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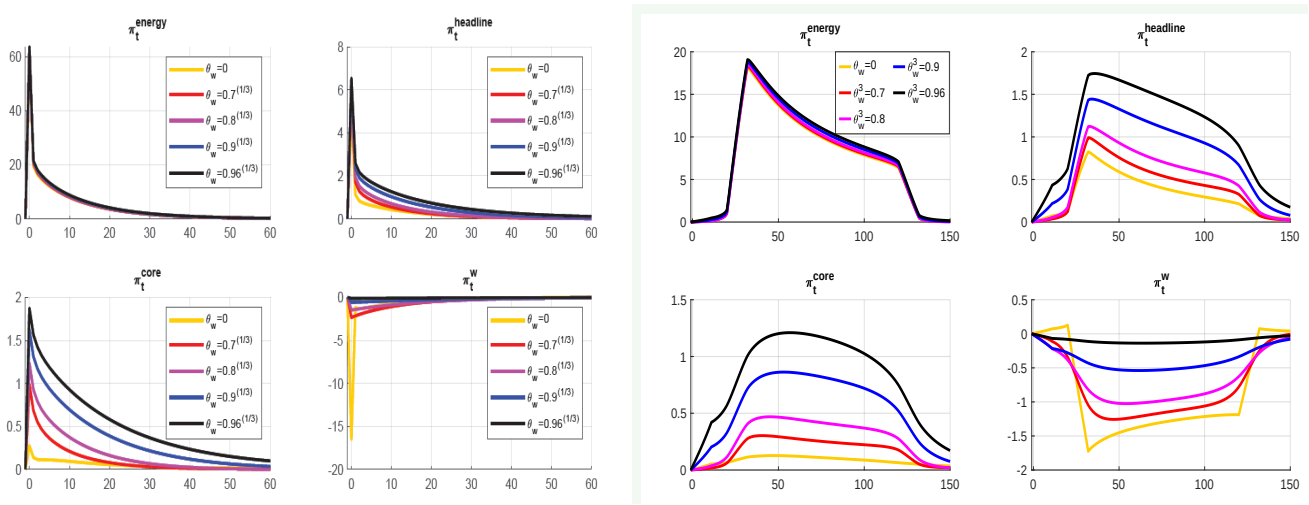


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The largest effects occur on impact. Why does $p_e$ increase so much on impact when the tax is gradually introduced?

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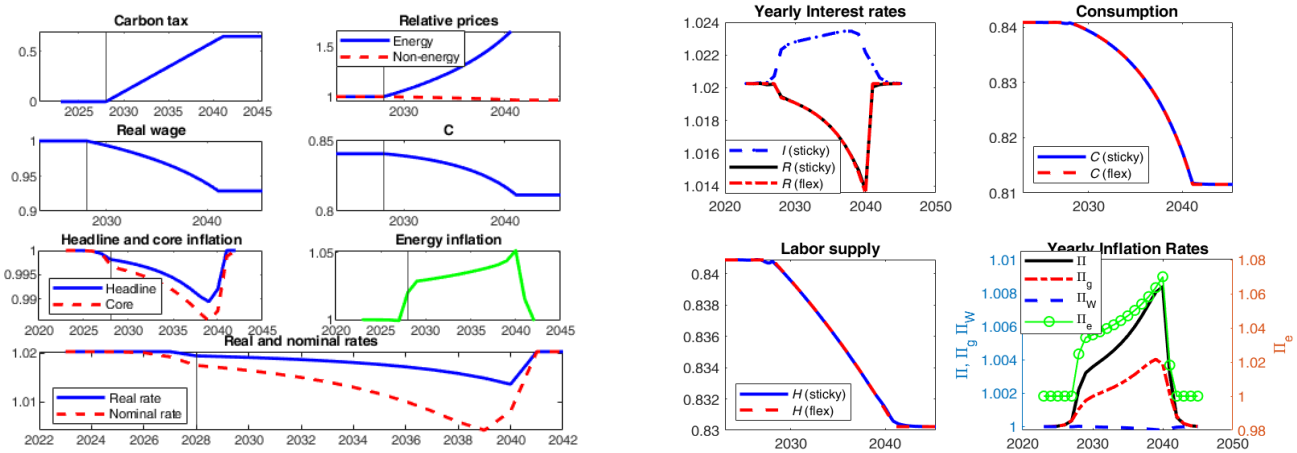


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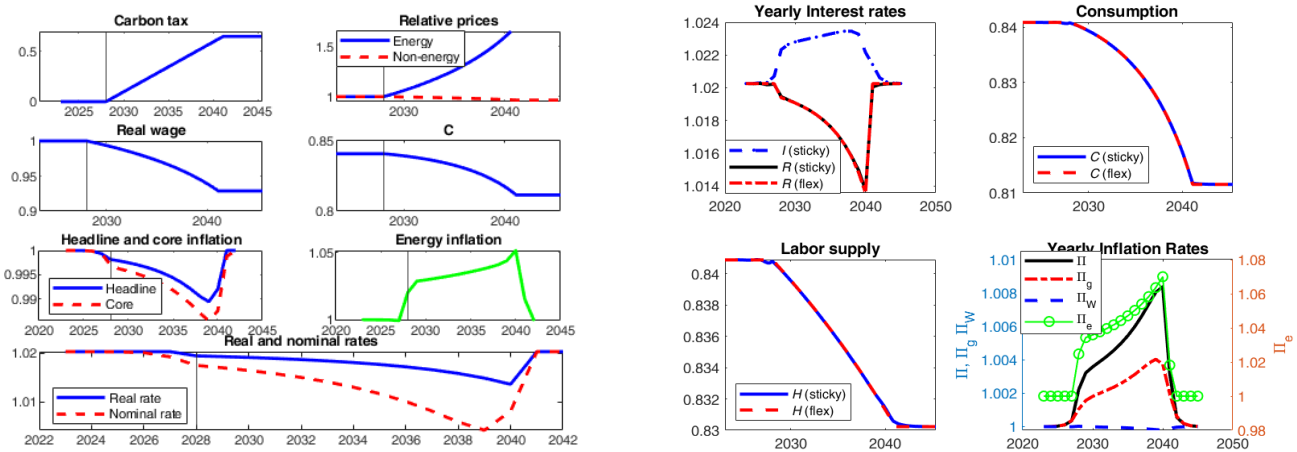


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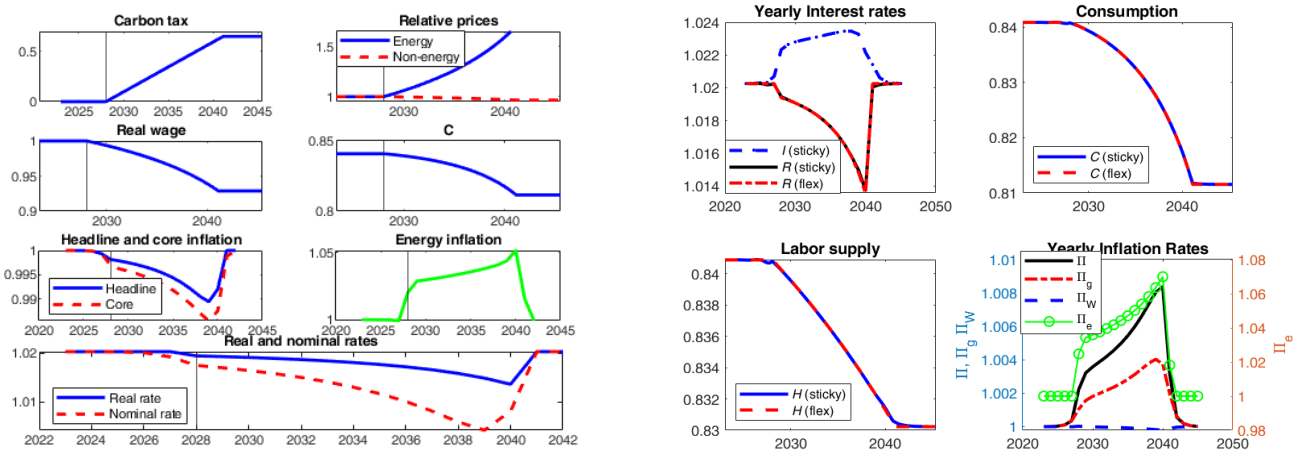


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- Largest effect at the *end* of the transition.
- When we start in the new steady state but set the tax to zero, we also got some responses at the start of the transition.

# Summing up

- The paper is concerned with an important policy question that people and policy makers do not seem to know how to think about.
    - Great value added!
- The analysis and the results are very clear.
- I am looking forward to read future iterations of the paper!