

The Micro-Macro Disconnect of Purchasing Power Parity by Paul Bergin, Reuven Glick and Jyh-Lin Wu

Discussion by Marios Zachariadis

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- Is solution to micro-macro gap still satisfying in more general setting?

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- Heterogeneity in adjustment speed across goods associated with macro shocks common across goods cancels out upon aggregation → aggregation bias cannot explain the micro-macro gap to the extent to which heterogeneity in adjustment speeds is macro-related.

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- Estimation of q^k or q on good-specific and macro deviations shows response to aggregate deviations similar for q^k and for q .

Comparison and suggestions

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Comparison of half-lives in years with BGW Table 8 (disaggregated data)

mean group estimator, traded goods, 20 cities sample:

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relative to:	US	US	GER	JAP	FRA	Mean
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 - in general, might depend on location (C&S 2008), period, and frequency under study.