Comments on: Examining Fisher Information in Multi-Sector DGE Models

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- The document presents a modeling strategy by examining local identification of a multi-sector DGE model in a full information likelihood based framework
- The document also provides computational details for state space representations with unit roots

Procedure

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- The procedure is valid both for classical and bayesian econometrics

The Fisher Information Matrix

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- An important implication is that models need not to be stationarised prior the analysis.
- This simplify the model analysis, estimation, and the mapping between model variables and the observed data.

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- Presents the conditions needed for a parameterized model to have an non-stochastic balance-growth steady state
- Shows how to compute the first order accurate policy function for these types of models and the proper classification of the unit roots.
- The paper discusses which one is the correct state-space representation in order to compute the Fisher Information Matrix with the presence of unit roots.

Application to a Multi-Sector Model

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- Export production relative disconnected from domestic consumption

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Final Comments

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