Comments on: "Credit Misallocation During the European Financial Crisis" (Schivardi, Sette and Tabellini)

and "International Financial Flows and Misallocation: Not so Harmful After All" (Cingano and Hassan)

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The papers

Cingano and Hassan=CH; Schivardi, Sette and Tabellini=SST

Both papers: effects of credit supply shocks on misallocation of resources.

- CH: Positive credit supply shock from international financial flows.
- SST: Excess credit supply from low capitalization banks to Zombie firms.

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  - Useful to exploit more the richness of the micro data.

Cingano and Hassan

$Exposure_b * Post_t *$:	(1) MRPK	(2) TFPR	(3) Collateral (fixed assets)
High	0.496***	0.460***	0.448***
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  - Who are these MRPK firms? What do they do with the additional credit? Do they grow? Do they create jobs?

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- What do Zombie firms do with the money? Can use micro-level flows to disentangle Zombies vs. firms with temporary difficulties?

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$$TFPRsi \propto (MPRK_{si})^{\alpha_s}(MPRL_{si})^{1-\alpha_s} \propto \frac{(1+\tau_{K_{si}})^{\alpha_s}}{1-\tau_{Y_{si}}}$$

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- Excessive lending to zombies could lower $\tau_{K_{si}}$ $\Rightarrow$ might reduce rather than increase dispersion.

Summing up

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- Very interesting papers.
- Step 3 tricky, useful to have a structural model and/or exploit more the richness of micro data.