


CORRIGENDUM

## The New Keynesian Wage Phillips Curve: Calvo vs. Rotemberg – CORRIGENDUM\*

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The authors regret the inclusion of a coding error in “The New Keynesian Wage Phillips Curve”. The composite inflation measure was correctly defined in the paper as

$$\Pi_t^c \equiv \left(\Pi_t^p\right)^\vartheta \left(\Pi_t^w\right)^{1-\vartheta}, \quad (5.6)$$

where the weight  $\vartheta \equiv \Lambda_p / (\Lambda_p + \Lambda_w)$  is given by the relative slopes of the linearized Price and Wage Phillips Curves,  $\Lambda_p$  and  $\Lambda_w$ , respectively. However, the computer code had switched the exponents and instead used

$$\Pi_t^c \equiv \left(\Pi_t^p\right)^{1-\vartheta} \left(\Pi_t^w\right)^\vartheta. \quad (5.6')$$

Instead of putting an 85% weight on price inflation, only 15% was put on it. This mistake leaves the qualitative results of the paper unaffected. Quantitatively, the correction moves the numerical results for the composite case in Tables 4 to 6 closer to the inflation targeting case. The corrected tables are provided below.

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**Table 4.** Welfare: Efficient Steady State

	EHL Calvo						EHL Rotemberg					
	Strict Targeting			Flexible Targeting			Strict Targeting			Flexible Targeting		
	Price	Wage	Comp.	Price	Wage	Comp.	Price	Wage	Comp.	Price	Wage	Comp.
	Technology Shock											
$\lambda_{unc}$	0.802	0.041	0.372	0.489	0.313	0.442	0.792	0.041	0.367	0.482	0.309	0.436
$\lambda_{cond}$	0.773	0.038	0.357	0.450	0.295	0.408	0.773	0.038	0.357	0.450	0.295	0.408
	Demand Shock											
$\lambda_{unc}$	0.000	0.000	0.000	0.062	0.069	0.063	0.000	0.000	0.000	0.062	0.068	0.062
$\lambda_{cond}$	0.000	0.000	0.000	0.061	0.067	0.062	0.000	0.000	0.000	0.061	0.067	0.062
	SGU Calvo						SGU Rotemberg					
	Technology Shock											
$\lambda_{unc}$	0.849	0.041	0.397	0.527	0.331	0.475	0.792	0.041	0.367	0.482	0.309	0.436
$\lambda_{cond}$	0.773	0.038	0.357	0.450	0.295	0.408	0.773	0.038	0.357	0.450	0.295	0.408
	Demand Shock											
$\lambda_{unc}$	0.000	0.000	0.000	0.064	0.071	0.065	0.000	0.000	0.000	0.062	0.068	0.062
$\lambda_{cond}$	0.000	0.000	0.000	0.061	0.067	0.062	0.000	0.000	0.000	0.061	0.067	0.062

**Table 5.** Welfare: Inefficient Steady State

	EHL Calvo						EHL Rotemberg					
	Strict Targeting			Flexible Targeting			Strict Targeting			Flexible Targeting		
	Price	Wage	Comp.	Price	Wage	Comp.	Price	Wage	Comp.	Price	Wage	Comp.
	Technology Shock											
$\lambda_{unc}$	0.794	0.041	0.368	0.482	0.309	0.436	0.690	0.041	0.313	0.392	0.265	0.357
$\lambda_{cond}$	0.767	0.038	0.355	0.454	0.296	0.411	0.672	0.038	0.304	0.373	0.255	0.340
	Demand Shock											
$\lambda_{unc}$	0.000	0.000	0.000	0.062	0.068	0.062	0.000	0.000	0.000	0.057	0.061	0.058
$\lambda_{cond}$	0.000	0.000	0.000	0.061	0.067	0.062	0.000	0.000	0.000	0.057	0.061	0.057
	SGU Calvo						SGU Rotemberg					
	Technology Shock											
$\lambda_{unc}$	0.744	0.041	0.341	0.441	0.289	0.400	0.690	0.041	0.313	0.392	0.265	0.357
$\lambda_{cond}$	0.687	0.038	0.312	0.389	0.263	0.354	0.672	0.038	0.304	0.373	0.255	0.340
	Demand Shock											
$\lambda_{unc}$	0.000	0.000	0.000	0.060	0.065	0.060	0.000	0.000	0.000	0.057	0.061	0.058
$\lambda_{cond}$	0.000	0.000	0.000	0.057	0.062	0.058	0.000	0.000	0.000	0.057	0.061	0.057

**Table 6.** Model moments from the Gali (2015), Chapter 6 model

	Strict Targeting			Flexible Targeting		
	Price	Wage	Comp.	Price	Wage	Comp.
	Technology Shock					
$\sigma(\pi_p)$	0.000	0.135	0.033	0.298	0.243	0.286
$\sigma(\pi_w)$	0.266	0.000	0.194	0.238	0.165	0.223
$\sigma(\tilde{y})$	3.417	0.204	2.187	0.848	1.183	0.865
	Demand Shock					
$\sigma(\pi_p)$	0.000	0.000	0.000	0.026	0.041	0.028
$\sigma(\pi_w)$	0.000	0.000	0.000	0.054	0.066	0.055
$\sigma(\tilde{y})$	0.000	0.000	0.000	1.082	1.054	1.081

Notes: Displayed are the variance of log price inflation  $\pi_p$ , log wage inflation  $\pi_w$ , and of the log output gap  $\tilde{y}$ . Numbers have been multiplied by 100.