

Review of: "Necessity of budget deficit in a growing economy where people hold money and leave a bequest"

Yifu Yang¹

¹ Shanghai University

Potential competing interests: No potential competing interests to declare.

1) The authors should discuss what is innovative about their study concerning the well-known MIU model. The authors' conclusions are highly dependent on the utility function they use. Like the authors' research approach, money is completely neutral for real economic variables in the MIU model.

2) Within a model that discusses the neoclassical paradigm of government debt deficits, the authors surprisingly do not discuss the behavior of the government, which can influence the consumption of the population in at least two ways: monetary transfers to the people, government purchases competing with the consumption of residential households, etc.

3) The references need to be more extensive and new. Academics have extensively studied this topic, and the authors should at least do a more comprehensive literature study. In particular, micro-based New Keynesian theoretical findings and country-specific empirical studies exist.

(4) For more discussion of the MIU model, see Sargent (1987), Blanchard and Fischer (1989), Karaken and Wallace (1980).