

Following the indications of the editor I've tried to answer three main questions:

(i) Is the contribution of the paper potentially significant?

The review of literature is a bit scholastic in sec. 1, and rather confused in sec. 2: are we discussing Basel III or bank regulation in general? (see paragraph starting with "Third, the design of ..."). Moreover saying that no macroeconomic model has ever taken into account the spillovers between the real and the financial sector is totally wrong, since such spillovers are one of the most important building blocks of Keynesian theory.

Beyond that, the main problem is that, given the way these two sections are written, it's not possible, for somebody who is not expert in the topic and/or does not know well the literature in advance, to grasp with clarity what is the original contribution of the paper.

(ii) Is the analysis correct?

The author assumes a set of strongly simplifying assumptions, such as: 1. the CB behavior is very restricted: no policy rate setting, no liquidity provision; 2. each firm is endowed with a constant amount of fixed assets, thus there is no real capital accumulation; 3. uniform random matching is not a realistic matching protocol. Although 2 and 3 might still be acceptable, 1 in my view it is not since this is a policy oriented paper.

What is more important, there are many obscure points in the way the model is presented:

1. Consumption flows two times to firms according to table 2, line 10, and eq. (2)
2. What do firm invest in if capital is constant?
3. How is the wage fund W_t determined by firms?
4. How is occupation and real production determined by firms?
5. What about interest rates?
6. The author should provide a complete list of the parameters of the model since some of them, e.g. those occurring in eq. (9) but also others, are missing from tab. 3
7. eq. (9) lacks an explicit justification
8. The description of step 9 on p. 15 is unclear, the equations are needed
9. wealth A_{ht} is totally undefined, and obscure the reason why households should withdraw from their deposits at this stage
10. The description of step 9 must be expanded with many more details in order to make it understandable

Until these points are addressed (especially 2-5), the structure of the model remains obscure and thus it is impossible to assess the meaningfulness of the results of sec. 4.

(iii) Is the paper readable?

Even if the English might be formally correct (which is not always the case, to be honest), many sentences are quite unclear (e.g., p. 4, "It is not the answer to which theory is capable of validly modeling a macroeconomic system with financial factors."). I suggest that a careful rereading with the purpose of a stark simplification of writing is required to make the paper readable enough for publication.