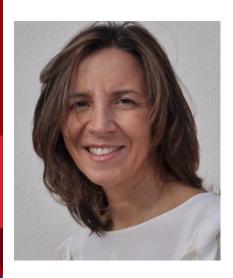
Department of Economics 2024-2025 Seminar Series





Wednesday, November 6, 2024 12:30 PM-1:50 PM SBS, Room N603

Evi PappaProfessor Universidad Carlos III de Madrid

Regressive trend inflation

Abstract: We identify innovations to trend inflation (rather than to inflation) using a standard trend-cycle model to investigate their aggregate and distributional effects. These innovations lead to persistent economic contraction and are regressive, mainly due to sustained real labor income losses for poor households. While trend inflation reduces real debt for all income groups, poorer households default and cannot benefit from debt revaluation. Their inability to meet short-term obligations and raise liabilities in the medium term exacerbates their losses. Though fiscal and monetary policies that shift trend inflation may offer short-term relief, their long-term effects worsen economic inequality.

Joint with Sebastian Rast and Alejandro Vicondoa

All in-person seminars will be held in the Social and Behavioral Sciences Building, Room N603. For additional information, contact the seminar organizers: Profs. Chang Liu & Eva Carceles-Poveda. Visit our webpage for additional information: stonybrook.edu/economics.

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