

JOHANNES GUTENBERG-UNIVERSITÄT MAINZ – D 55099 Mainz

Seminar (“Research Module”) in International Economics

“Inflation: Measurement, Determinants, Consequences”

Summer Semester 2024

FACHBEREICH 03

Rechts- und Wirtschaftswissenschaften

Lehrstuhl für Volkswirtschaftslehre,
insb. International EconomicsUniv.-Prof.
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Motivation:

In recent years, the concern about price stability has returned to the public discussion. While inflation rates were very low during the early 2000s – in many cases so low that economic policy was more worried about deflation than about inflation – the USA, Europe and many developing countries and emerging markets have recently observed price increases that significantly exceeded the averages of previous decades. The goal of this seminar is to consider inflation from various angles: we want to explore how inflation rates are computed, and which factors are responsible for low or high increases of the overall price level. This discussion will consider the role of business cycle fluctuations and of unemployment, but also the influence of the international environment and of exchange rates. Finally, we will look at the consequences of inflation for national prosperity and for the distribution of income and wealth, and we will discuss potential policy remedies.

Important Dates (as of February 1, 2024; possibly subject to change):

April 25, 2024, :
2.15 pm – 3.45 pmIntroductory meeting (room: 00 311 HS VI)
(attendance is mandatory)

through May 3, 2024:

Distribution of topics

July 04, 2024, 2 pm – 6.30 pm
and
July 05, 2024, 9 am – 5 pmStudent presentations **(attendance is mandatory)**

August 30, 2024, 1 pm:

Deadline for submission of term papers

Participants:

The seminar is offered as a **Research Module in International Economics** in the **Masters Program “International Economics and Public Policy” (MIEPP)**.

Prerequisites:

We expect students to be interested in both theoretical and empirical analyses, and to be willing to retrieve and process relevant economic data.

Topics:

At the first (mandatory) meeting on April 25, 2024, we will present different topics, which will be allocated among participants through May 03, 2024. Here is a short (and non-exhaustive) list of potential topics:

- How high are effective inflation rates for different parts of the population?
- (How) is inflation related to the business cycle?
- Why are inflation expectations important? And how can they be measured?
- (How) did the breakdown of global supply chains affect inflation?
- „Greedflation“: (How) do profit-maximizing firms affect inflation?
- (How) do energy prices affect inflation?
- (How) do exchange rate fluctuations affect inflation?
- Do fixed exchange rates contribute to price stability?
- (How) does central bank independence affect inflation?
- Why do inflation rates differ so much across countries in the Euro area?

Basic references:

We expect participants to have read Chapters VIII.1 – VIII.4, X.1 and X.2 of the following book:

Harms, Philipp (2016): *International Macroeconomics, 2nd edition*, Tübingen (Mohr-Siebeck). (An e-book version is available at the JGU library.)

Moreover, we expect participants to be familiar with the following contributions:

Agarwal, R. and M. Kimball (2022): “How Costly is Inflation?”, *Finance and Development*, April 2022. Available at <https://www.imf.org/en/Publications/fandd/issues/2022/03/Future-of-inflation-partII-Agarwal-kimball>

Ha, J., A. Ivanova, F. Ohnsorge and F. Unsal (2019): “Inflation - Concepts, Evolution, and Correlates”, *World Bank Policy Research Working Paper 8738*. (Zum Download verfügbar unter <https://elibrary.worldbank.org/doi/abs/10.1596/1813-9450-8738>.)

Moreover, we recommend the information available at the website of the Center for Inflation Research at the Federal Reserve Bank of Cleveland: <https://www.cleveland-fed.org/center-for-inflation-research>.

Further references will be given in the introductory meeting. Note, however, that the identification, retrieval and processing of relevant contributions is one of participants' core tasks.

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