PANTHÉON-ASSAS UNIVERSITÉ PARIS

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LEMMA
Laboratoire d'économie mathématique et de microéconomie appliquée

SÉMINAIRE

WHEN MONEY DIES : THE DYNAMICS OF SPECULATIVE HYPERINFLATIONS

25 May 2023
Lemma - Salle Maurice Desplas 4 rue Blaise Desgoffe 75006 PARIS

Séminaire du Lemma

Le Lemma organise un séminaire, sur le thème « ***When money dies: The dynamics of speculative hyperinflations*** » le jeudi 25 mai à 11h.

Guillaume ROCHETEAU *(University of California-Irvine)*

Résumé :

How fast can a fiat money become valueless? I answer this question by characterizing in closed-form speculative hyperinflation equilibria in continuous-time monetary economies. In the Shi (1995) and Trejos and Wright (1995) models, fiat money can become valueless in finite time. The lifespan of a money is shorter when its velocity is high and agents are impatient. The insights generalize to economies with divisible money. A high money growth rate raises the pace of speculative hyperinflation while seller's market power reduces it. If agents can adopt a foreign currency, an economy under speculative hyperinflation can achieve full dollarization in finite time.