Discussion

Nonlinear Unemployment Effects of the Inflation Tax
by: Mohammed Ait Lahcen, Garth Baughman, Stanislav
Rabinovich, and Hugo van Buggenum

Benjamín Tello

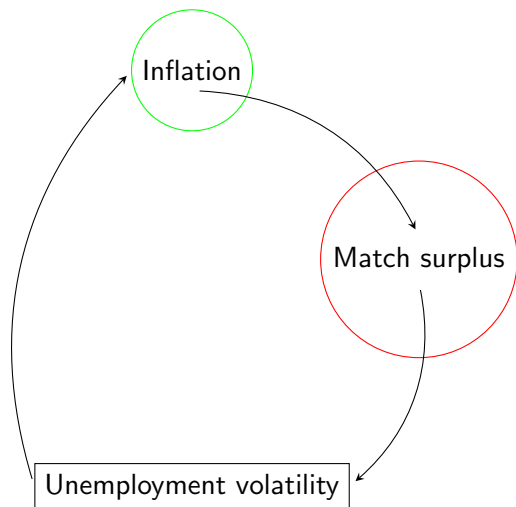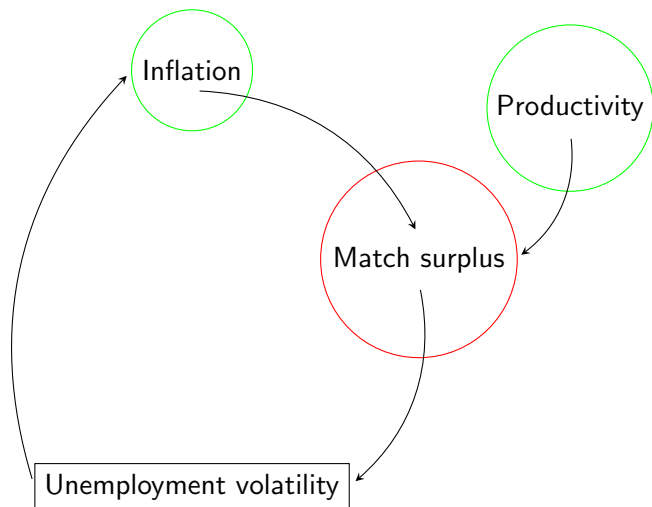Center for Latin American Monetary Studies CEMLA

Key features of the model

- Labor and goods market frictions
- The authors introduce monetary and productivity shocks
- The model allows for the analysis of unemployment volatility in response to these shocks, as well as the interaction between them

Mechanism

Mechanism

Some thoughts

1. This paper provides a lot of useful insights about employment dynamics and inflation.

2. It would be interesting to know the picture for Emerging Market Economies about the three empirical findings:
   (i) Correlation between π and u
   (ii) Correlation between π and u volatility
   (iii) Non-linear and state dependent (i) in EMEs?

3. What can be said about the effects of **unanticipated** inflation on unemployment volatility?

Thanks