



UNIVERSITY OF
NOTRE DAME

College of Arts and Letters

100 O'Shaughnessy Hall Notre Dame, Indiana 46556
tel (574) 631-0000 fax (574) 631-0000 web al.nd.edu

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JPE Macro
University of Chicago Press
1427 E. 60th St
Chicago, IL 6067

Dear Professor Kaplan:

I would like to submit my manuscript entitled, "The Uneven Welfare Costs of the Volcker Disinflation" joint with Hannah Rubinton to be considered for publication in the *JPE Macro*.

Our paper adapts a HANK model quantify the distribution of welfare costs following an unanticipated disinflation. We use this to examine the Volcker disinflation episode quantitatively. Although nearly all households prefer low to high inflation in the long run, some lower income households would prefer to remain in a high inflation stationary equilibrium over the alternative equilibrium path to a low inflation stationary equilibrium. This finding comports with contemporaneous evidence from the Michigan Survey of Consumers. We examine how the distribution of welfare costs depends on the duration of nominal liabilities, the liquidity value of real balances, and the path of the real interest rate and unemployment.

Given his work on fiscal and monetary policy with heterogeneous agents, if he is available, we believe Anmol Bhandari would be an excellent match for co-editor.

Thank you for your time and consideration.

Sincerely,

Benjamin W Pugsley
Robert and Irene Bozzone Associate Professor of Economics
University of Notre Dame
bpugsley@nd.edu