

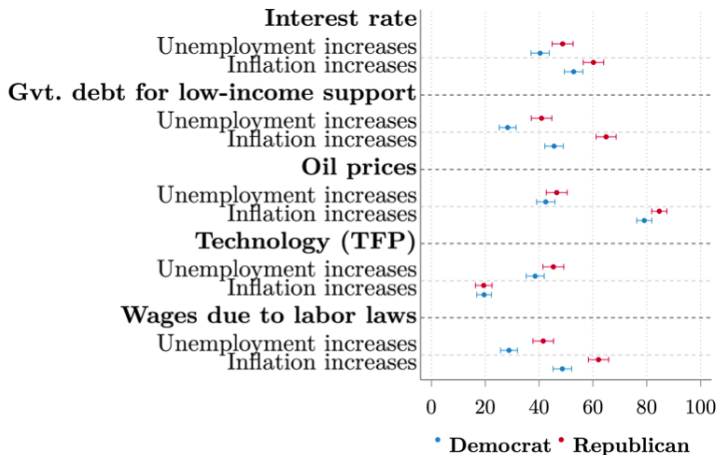
AMEC Symposium on
The Economic Implications of Heightened Uncertainty

Households Dealing With Uncertainty

Stefanie Stantcheva
(Harvard)

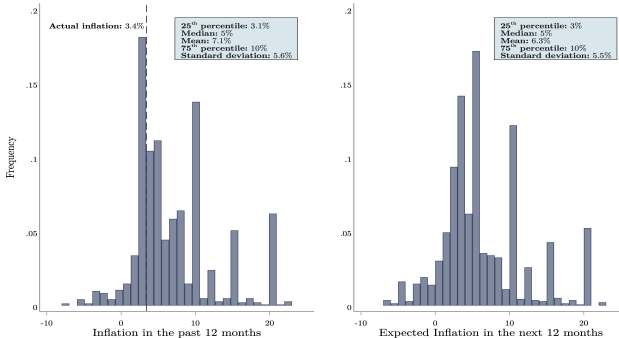


Inflation & unemployment responses to increases in...



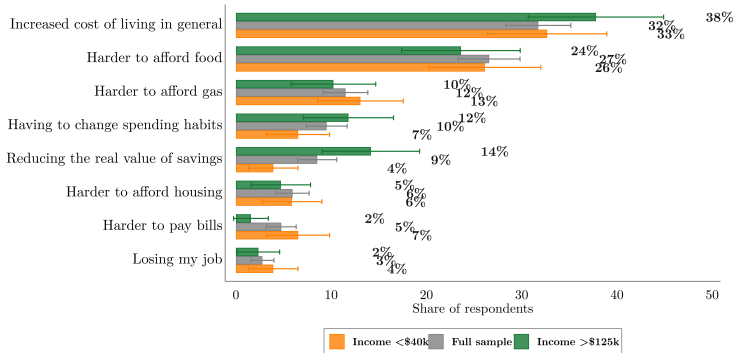
“Correct” share is 12% for interest rate shock, 13% for government debt/spending shock, 42% for oil shock, 28% for wages shock

Past and expected inflation



- High-income respondents perceive lower past & exp. inflation.
- Republican, female, and Black respondents think inflation has been higher in the past and have higher inflation expectations for the coming year.
- Which items have highest inflation: food > gas > rent > utilities.
- ▶ Demographic correlates

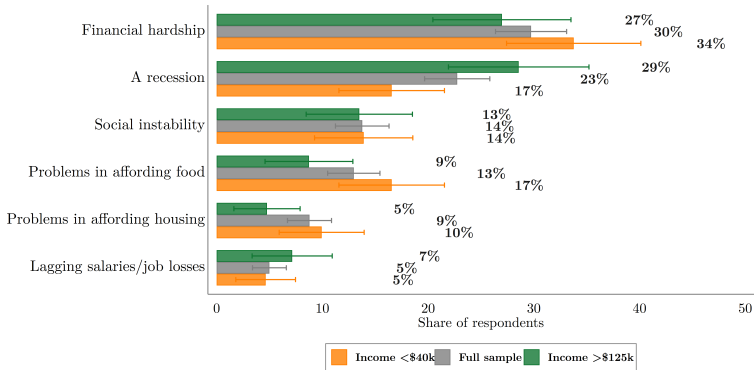
The most important impact of inflation on my life has been...



- Mainly cost-of-living concerns. Fewer job-related concerns.
- Lower-income respondents more likely to mention necessities.
- ▶ By political leaning
- ▶ Word cloud

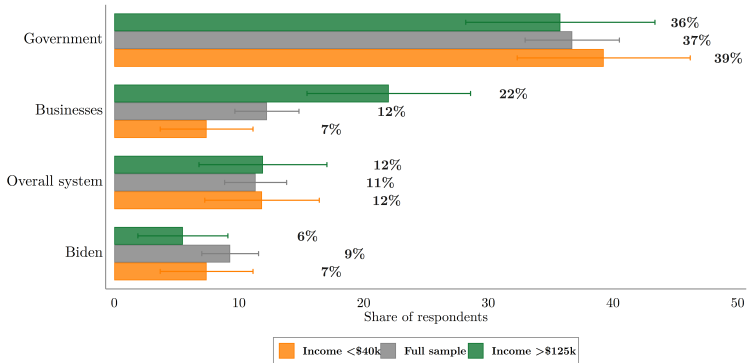
Perceived consequences of high inflation

If inflation increases too much, I worry about...



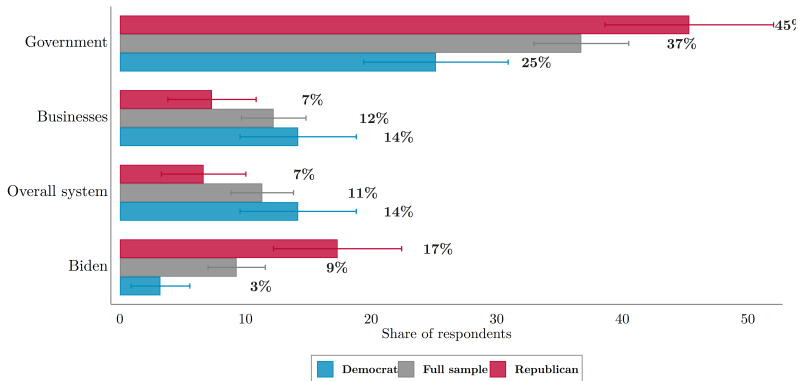
► Word cloud

When I went to the store and saw that prices were higher, I felt angry at...

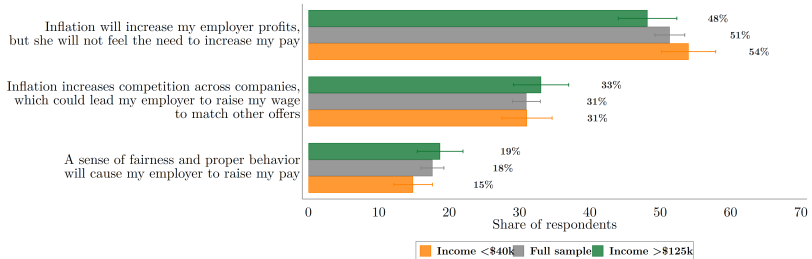


► Word cloud

When I went to the store and saw that prices were higher, I felt angry at...



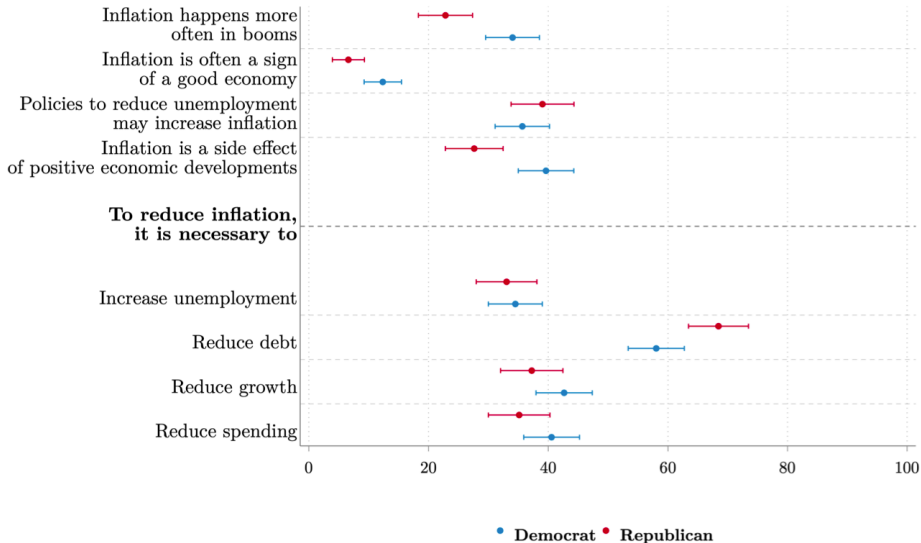
Theories about inflation and wages



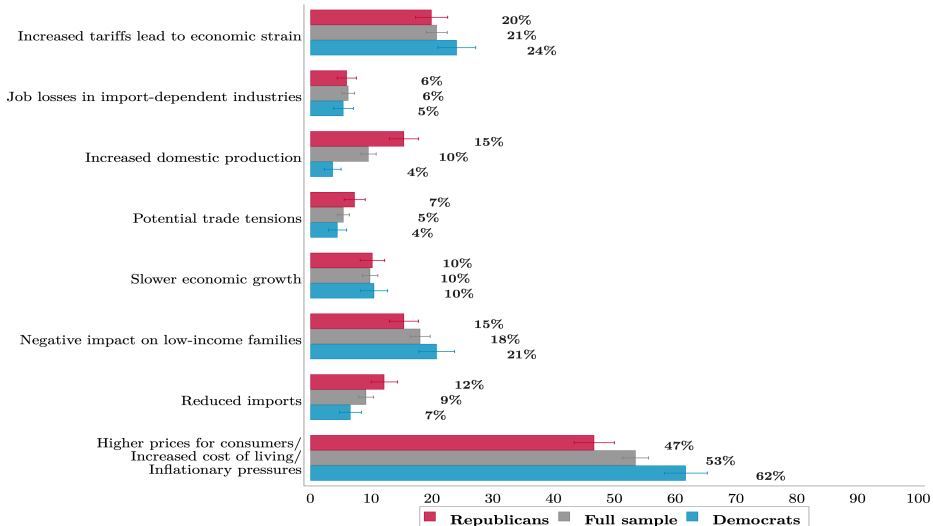
- People believe firms have considerable discretion in setting wages, rather than being compelled by market dynamics.

► By political leaning

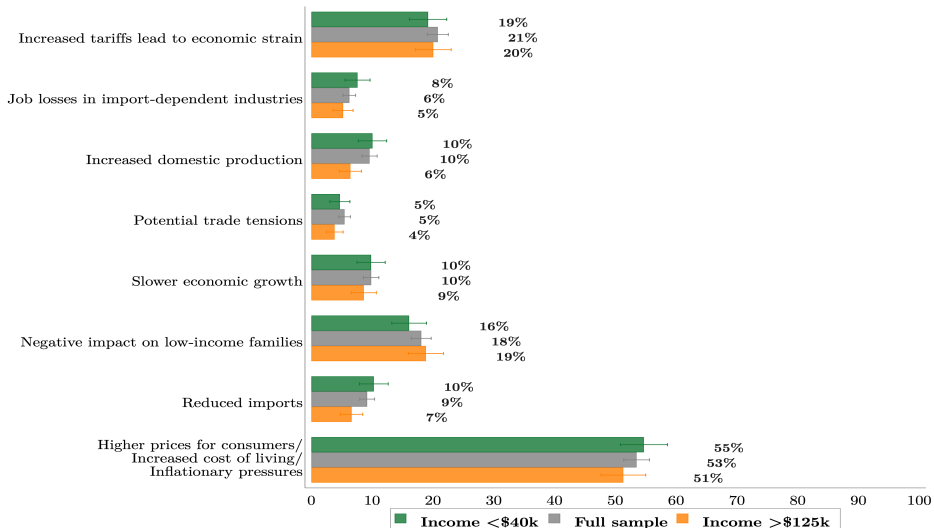
Perceived trade-offs related to inflation



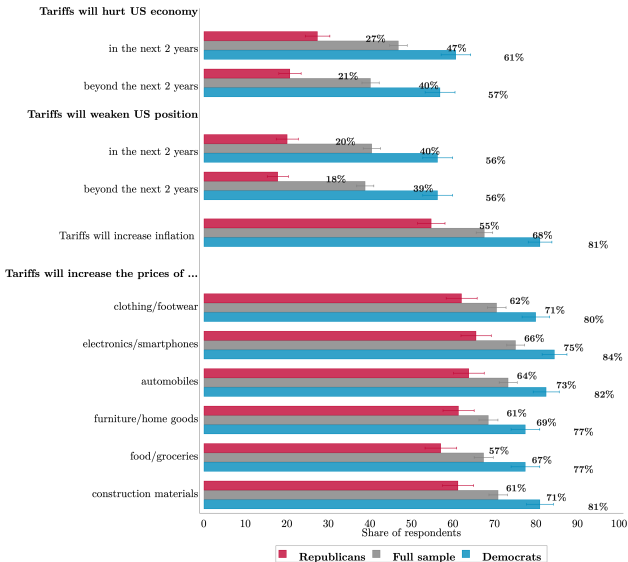
What do you think would be the effects on the U.S. economy if tariffs were increased?



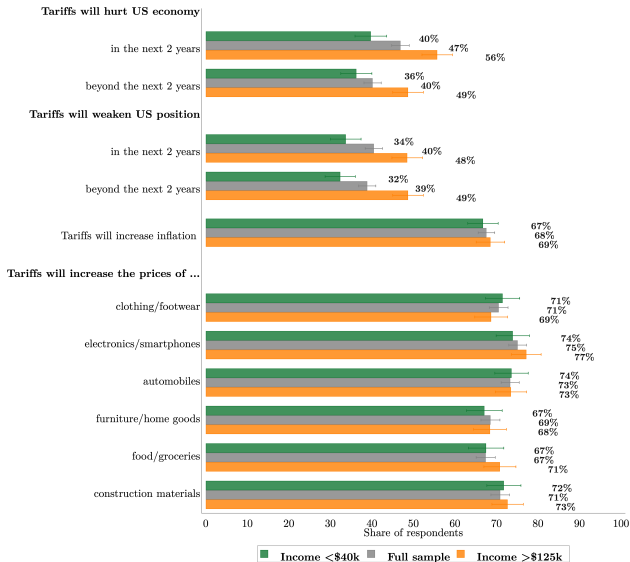
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Impact of Tariffs: U.S. Economy and prices

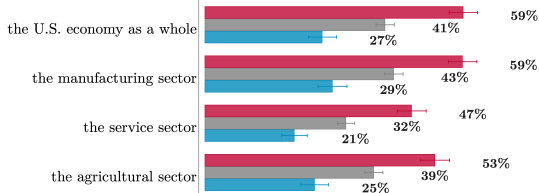


Impact of Tariffs: U.S. Economy and prices

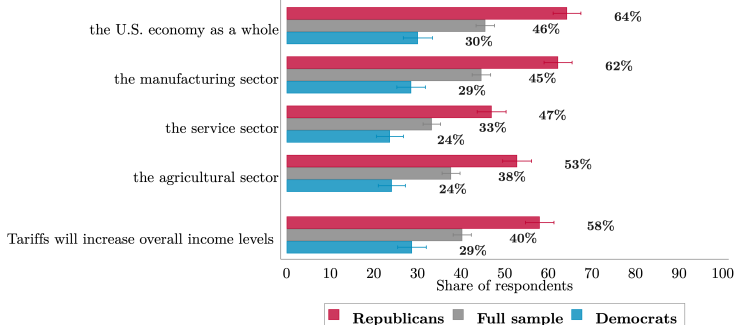


Impact of tariffs: labor market

In the next 2 years, tariffs will increase jobs in...

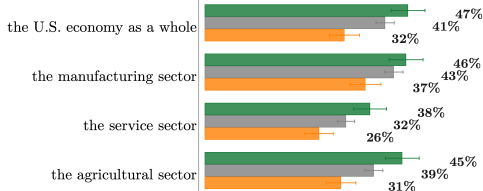


Beyond the next 2 years, tariffs will increase jobs in...

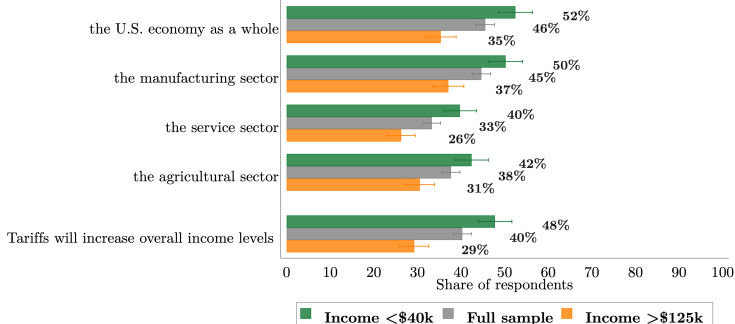


Impact of tariffs: labor market

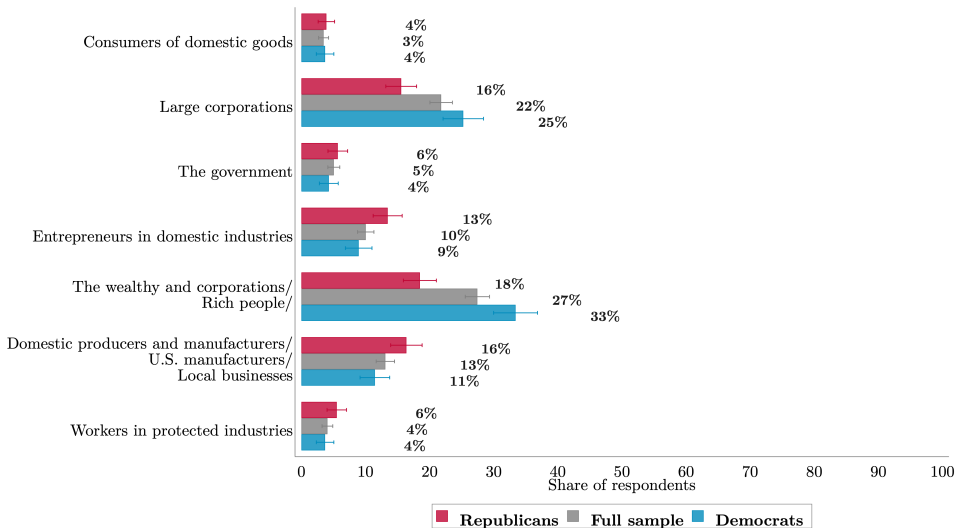
In the next 2 years, tariffs will increase jobs in...



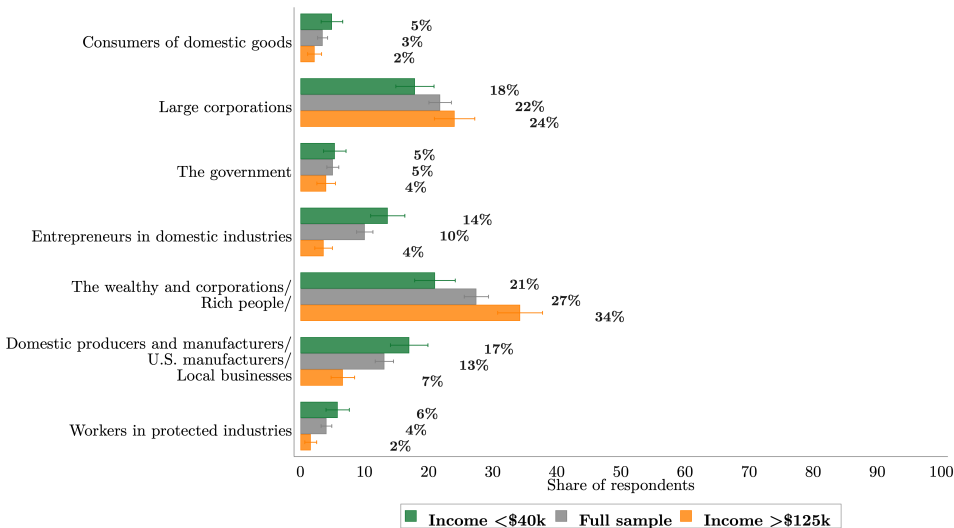
Beyond the next 2 years, tariffs will increase jobs in...



Which groups of people do you think would gain if tariffs were increased?



Which groups of people do you think would gain if tariffs were increased?



Impact of tariffs: personal job prospects

Personal impact of tariffs if employed:

Tariffs will improve my chances to keep my job

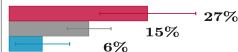


Tariffs will increase my earnings

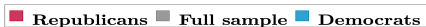


Personal impact of tariffs if unemployed

Tariffs will improve my chances to find a job



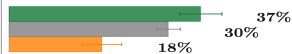
Share of respondents



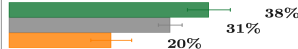
Impact of tariffs: personal job prospects

Personal impact of tariffs if employed:

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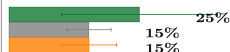


Tariffs will increase my earnings



Personal impact of tariffs if unemployed

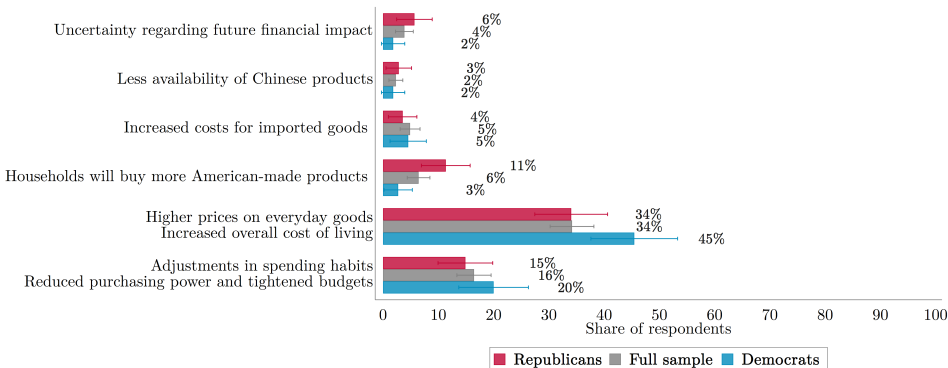
Tariffs will improve my chances to find a job



Share of respondents

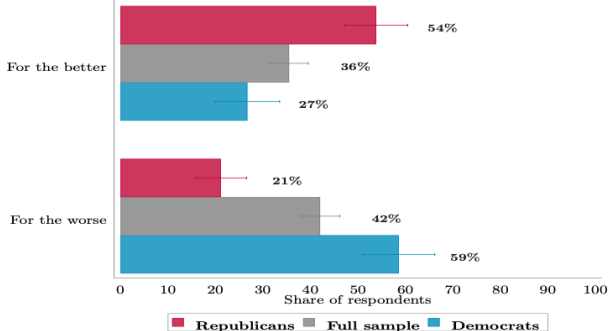
Income <\$40k Full sample Income >\$125k

What do you expect to happen to your household now that there are tariffs on China?



Perceived impact of tariffs on personal economic situation

Higher tariffs will affect personal economic situation...



Perceived impact of tariffs on personal economic situation

Higher tariffs will affect personal economic situation...

