

The Role of Sticky Prices in Economic Downturns

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Abstract

This presentation provides an overview of the concept of price rigidity in economics, exploring theoretical models and empirical evidence. The talk covers the main factors that contribute to price rigidity, including nominal rigidities, menu costs, and coordination failures among firms. The presentation also examines the impact of price rigidity on macroeconomic policy and discusses potential policy responses. It highlights the importance of understanding price rigidity in order to develop effective economic policies that can mitigate the negative effects of economic downturns.