



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 hyperinflation* » le jeudi 25 mai à 11h.

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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.

