Research Seminar: Econ Brown Bag

You are cordially invited to the following seminar
Wednesday, 28 April from 12:15 – 13:15hrs, ONLINE via ZOOM

Monetary Policy in the Age of Automation
(joint with Martin Wolf)

We provide a framework to study the role of monetary policy in the age of automation. The key novelty is that monetary policy affects firms’ technological decisions, in particular about how intensively capital and labor are used in production. This feature changes radically what monetary policy can and should accomplish. Monetary expansions can lead to increases in output even if the economy is already operating at full employment, by inducing firms to invest and automate more. A protracted period of weak demand might translate into less investment and de-automation, while having little impact on employment. Technological advances that increase the scope for automation might give rise to persistent unemployment, unless they are accompanied by expansionary macroeconomic policies.

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Luca Fornaro earned his Ph.D. from the London School of Economics. He is a Senior Researcher at the Center for Research in International Economics (CREi), Adjunct Professor at Universitat Pompeu Fabra (UPF), and Research Professor at the Barcelona GSE. He is also a Research Affiliate at the Centre for Economic Policy Research (CEPR) in London and has been a Visiting Scholar at the Bank of England, the Federal Reserve Bank of Minneapolis and the Federal Reserve Bank of New York. His research interests include international macroeconomics, monetary economics and economic growth. His work has been published in leading specialist journals, such as the American Economic Review and the Review of Economic Studies.