

Inflation Persistence, the NAIRU, and the Great Recession

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Online Appendix

Data Series:

<i>Price Deflators</i>	
p_{PCE_LFE}	Price deflator for personal consumption expenditures less food and energy.
p_{PCE}	Price deflator for personal consumption expenditures
p_{GDP}	Price deflator for GDP
$p_{NonPetImports}$	Price deflator for non-petroleum imports (linked to the price deflator for imports in 1967:Q1)
<i>Unemployment Rates</i>	
u	Civilian unemployment rate, all workers = (number of unemployed)/(labor force)
$u^{<27}$	Civilian unemployment rate, workers unemployed less than 27 week = (number of unemployed less than 27 weeks)/(labor force)
<i>Wage and Price Controls (Gordon (1982))</i>	
Nix_on	$1(1971:Q3 \leq t \leq 1972:Q3) \times 0.8$
Nix_off	$1(t = 1974:Q2) \times (-0.4)$ $+ 1(1974:Q3 \leq t \leq 1974:Q4) \times (-1.6)$ $+ 1(t = 175:Q1) \times (-0.4)$

All inflation rates are computed as $\pi_t = 400 \times \ln(P_t/P_{t-1})$.

All data are from FRED except the price deflator for imports, which is from the NIPA tables available on the BEA website.

Estimates of the Phillips Curve: $\hat{\eta}_t = \sum_{i=0}^4 \beta_i (u_{t-i} - \hat{u}_{t-i}) + Controls + e_t$

Where:

- $\hat{\eta}_t = \hat{\phi}_t(L)(1-L)\pi_t = \pi_t - \tau_{t-1/t-1}$, with $\tau_{t-1/t-1}$ the estimate of the permanent component in the UCSV model (Stock and Watson (2007)).
- \hat{u}_t is a one-sided band-pass estimate of \bar{u}_t associated with periods greater than 60 quarters.

Estimates of $\beta(1) = \sum_{i=0}^4 \beta_i$

Unemployment Rate	1960:Q2-2013:Q3	1960:Q2-1983:Q4	1984:Q1-2013:Q3
All workers	-0.20 (0.04)	-0.21 (0.06)	-0.19 (0.06)
Workers unemployed less than 27 weeks	-0.31 (0.08)	-0.32 (0.08)	-0.30 (0.14)

The regressions contain the following controls: Nix_on_t , Nix_off_t , $\pi_t^{PCE} - \pi_t^{PCE_LFE}$ (lags 1-4), $1(t \geq 1984:Q1) \times (\pi_t^{PCE} - \pi_t^{PCE_LFE})$ (lags 1-4), and $\pi_t^{NonPetImports} - \pi_t^{GDP}$ (lags 0-4).