Inflated Concerns: Exposure to Past Inflationary Episodes and Preferences for Price Stability*

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Abstract

Using individual-level survey data for both advanced economies and emerging markets spanning over 40 years for 42 countries, we show that cohorts who have had higher exposure to past inflationary episodes (levels, as well as to more persistent or to more volatile inflation), systematically express higher concerns over rising prices. The link between past high inflation exposure and expressed concerns over price stability is particularly strong when an individual's exposure occurs in the latter part of her working-age (as in lifecycle theory). The impact of past exposure to high inflation on contemporaneous preferences over price stability increases when surveyed in the midst of high ongoing inflation and with macroeconomic instability (as measured by GDP growth volatility), but diminishes with the quality of institutions.

Keywords: Price Stability, Inflation, Individual Preferences, Learning from Experience

JEL Classification: E31, E71, D12

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1 Introduction

Do the costs of being exposed to inflation in the past affect individuals' perceptions of inflation and make them worry more about inflation in the present?[1] In other words, does exposure to inflation generate information that individuals recur to when new episodes surprise them, which might shape individuals' views and attitudes about inflation?

In this paper we tackle these questions for a broad sample of advanced countries and emerging market economies using historical data going back to the early 1900s and exploiting systematic time-series of individual-level, cross-country surveys starting in the early 1980s. We look into different ways through which inflation experience may affect economic agents and how macroeconomic and institutional variables affect that learning from experience. More precisely, we combine a historical database of inflation for 42 countries with individual-level surveys spanning over 40 years to study how exposure to past episodes of high inflation can affect individual views about the risks of inflation. In particular, for each cohort in a country (defined by the year in which an individual was born), we construct a measure of exposure to past inflationary episodes which we then relate to an individual's concerns about inflation. Further, the survey data allow us to construct two gauges of concerns over inflation—a strong concern measure and a moderate concern one. Our strategy exploits within-country, between age group/cohort variation in exposure to inflationary episodes, and our identification strategy hinges on pre-exposure cross-cohort parallel trend.

Our findings show that individuals who have lived through past inflationary episodes express higher concerns over rising prices. A one standard deviation increase in exposure to high inflationary episodes (close to 6 additional years) increases the likelihood of expressing strong and moderate concerns over inflation by about 0.8 percentage points. The latter implies roughly a 3 percent increase in the likelihood of expressing strong concerns over inflation relative to an ex-ante uniform distribution. That is, given a uniform distribution that assigns equal probabilities to the different options in the survey—in this case, 25 percent to each of the survey's 4 options for every question—the likelihood of expressing concern about rising prices increases to 28 percent. Alternatively, taking our 154 country-year distribution of survey data, such effects are comparable to the share of individuals expressing strong concerns over inflation increasing from the median value to the 75^{th} percentile. Results are robust to the use of different thresholds for a rate of inflation to be deemed as "high inflation", as well as to alternative measures of exposure to high inflation, including to the persistence of high inflation (that may trigger indexations schemes) and to a higher volatility of inflation

[1] For the real costs of inflation, Haberger and Edwards (1980) show that high inflation countries exhibit weaker performance, while Friedman (1969) point to the efficiency losses of inflation, and Fischer (1981) documents that the cost of the inflation tax are larger than regular taxes, in part owing to the distortion in resource allocation that they generate. For a comprehensive survey on high inflation see Heymann and Leijonhufvud (1995).

(as countries typically learn to live with high inflation if the latter is stable, in which case volatility points to larger, discrete jumps conveying new inflationary information).

Our results also suggest that current inflation and macroeconomic instability (as given by real GDP growth volatility) amplify the impact of past exposure on concerns over inflation, although in the case of ongoing inflation, results are statistically significant only for moderate concerns—presumably because during a bout of inflation more individuals are affected by inflation regardless of their past experience. By contrast, a higher quality bureaucratic apparatus, which is broadly associated with better institutions, dampens the impact of past inflation exposure on concerns over inflation, arguably a sign of higher trust in the central bank's ability to keep inflation at bay.

We also find that the timing of exposure matters. High inflation episodes affecting individuals in the latter part of their working age have a significant impact on strong and moderate concerns over inflation. Exposure during an individual's early working age years and during retirement do not affect the likelihood of expressing strong concerns, but may affect moderate concerns, depending on the threshold to identify high inflation that we use. This is consistent with a lifecycle-type behavior whereby the typical individual is indebted in her younger years and own assets in her older years, such that inflation leaves more pronounced scars in the latter phase. We also find some evidence of "recency bias," (as in Malmendier and Nagel, 2016) as the impact of exposure to past high inflation is larger when we discount individuals' experiences occurring the more remote past. We further investigate the role of exposure to high inflation episodes in determining concerns about economic outcomes, more broadly, and find that it does not explain differences among individuals with regards to growth concerns. This points to the direct and unique link between inflation experience and inflation concerns, but not a broader impact on other macroeconomic variables.

Our results are robust to different samples and to concerns about violations of our identification assumptions. The relevance of exposure to past episodes of high inflation as a predictor of concerns over inflation remains when we include younger individuals in the estimation, when we exclude countries with the top five highest inflation rates in our sample, and when we control for additional individual level characteristics. To dispel worries about the potential violation of our cross-cohort parallel trends identification assumption, we conduct a placebo exercise where we build a measure of "exposure" to high inflation episodes 25 years prior to the cohort's year of birth. We find that this measure is not statistically significant, which reassures our strategy.

The literature on past inflation and inflation expectations is relatively small (as most of it is quite recent), but can be separated in two large groups. One avenue of exploration focuses on how past events/exposure impact current episodes (and their expectation). The

other avenue uses surveys of self-perception of individuals' exposure, and how that correlates with current expectations—in our case, inflation expectations. Our paper falls more in the former rather than in the latter camp.

Specifically, our paper contributes to the literature that studies the importance of lived experiences in shaping perceptions about current/future economic outcomes, also called "experience-based learning" (Giuliano and Spilimbergo, 2023). More generally, this focuses on how personal experiences impact societal preferences through the learning involved in the experience. Important contributions in this strand of the literature include Malmendier and Nagel (2016) and Binder and Makridis (2020). The former exploit consumer surveys for the US and find that differences in inflation experiences across cohorts strongly predict differences in the expectations of these cohorts regarding future inflation levels.[2] The latter find, using high frequency data on gas prices in the US, that consumer sentiment becomes more pessimistic with rising gas prices. This effect is strongest for consumers who lived through the recessionary oil crises in the 1970s, consistent with models of learning from personal experience. That is, consumers who personally experienced the 1970s oil crises widely continue to associate higher energy prices with recessions. Malmendier and Nagel (2011) show that past experiences affect broader economic attitudes. They show that exposure to the great depression has an impact on stock market participation and views about future stock returns. In the same line, Malmendier (2021) looks at FOMC voting since 1951. She documents how votes have been influenced by FOMC members' personal inflation experience—and how the latter affect their inflation expectations and actual votes. She finds that a one standard deviation increase in having experienced inflation result in the probability of a more hawkish vote to increase by about one third (and less dovish by about one third).

Our paper is aligned with all the above-mentioned papers in highlighting the importance of past experience and, conceptually, that individuals tend to put a larger weight on personal experience to form their expectations. All of these studies focus on single economies and only advances countries, however. Our work is broader as we include advanced as well as emerging economies and we do so over a long time span.

Expanding the analysis to a broader set of countries is important, as there is evidence that households in high inflation countries tend to be also more informed about inflation, pointing to potential differences across countries, especially among advanced economies and emerging markets (Cavallo, Cruces and Perez-Truglio, 2017). However, compared to our paper, Cavallo, Cruces and Perez-Truglio (2017) focus is on differences in the current inflation context rather than past experience. Essentially, they compare reactions of individuals in the US—a country with a low inflation environment—with Argentina, where inflation is

[2]Braggion and others (2023) find that exposure to past inflation results in higher inflation expectations for the case of Germany.

currently (and historically) a problem.

Within the same camp of experience-based learning some have explored how individual level characteristics affect views about economic prospects. Das and others (2020) document, by way of surveys, that people with higher income or higher education are more optimistic about future macroeconomic developments. D'Acunto, Malmendier, and Weber (2022) also find similar results in the case of inflation and show that other demographic characteristics such as gender and race are also associated with differences in inflation expectations.[3] Our empirical analysis is informed by these studies and in fact confirms many of the relationships previously documented.

More broadly, Giuliano and Spilimbergo (2023) survey a large body of literature (economic, sociologic, political) about how aggregate shocks impact preference and beliefs formation. They document how macroeconomic shocks affect individuals' preferences (political preferences, risk attitudes, and trust in institutions) as well as individuals' beliefs, and how the timing of the shock matters in their formation.

Within the second broad camp, which relates beliefs based on self-perception and how that translates into inflation expectations, is Salle, Gorodnichenko, and Coibion (2023). They use a carefully crafted 2022 survey in the Netherlands (and some laboratory experiments) to assess the impact of self-perceived past inflation hardness on current inflation expectations. Specifically, they find that during the recent inflationary event, individuals that recall having experienced prior disinflationary episodes were projecting lower inflation going forward. Their experience points to the effectiveness of central banks (in a country such as the Netherlands) being able to contain the inflationary event—as compared with individuals that have not self-perceived to have lived through inflationary episodes.[4] Our work is complementary to theirs in that, instead of focusing on people's perceptions, we focus on cohorts' actual experience of inflationary episodes, defined in a systematic manner. Moreover, our sample looks into 42 countries (including advanced economies and emerging markets) though surveys starting in 1980.

Methodologically, our paper follows closely Acemoglu and others (forthcoming). The authors study how past exposure to democracy affects contemporaneous support to democracy and find that only successful democracies (in the sense of yielding strong growth and equity) breed their own support. We adapt their measure of exposure to the context of inflation and use similar survey datasets as the ones used by them.

Relatedly, but more focused on the characteristic of surveys, Weber and others (2021)

[3]D'Acunto, Malmendier and Weber (2021) and (2022) show that part of these differences across gender and race stem from direct exposure to price signals. For example, women are more likely to be witness changes in grocery prices, which, in turn, affects their expectation formation (see also D'Acunto and others, 2020).

[4]See also Allinger and Rumbler (2023) for the case of former transition economies.

describe the problems of inflation expectations surveys review existing evidence about the role of the various channels used to explain the underlying differences in perceived and expected inflation. The latter include exposure to heterogeneous price signals. Contrary to our work, however, they state that one "dimension that might bias inflation expectations is agents' limited memory of past prices," while we find that past inflation episodes, when related to high inflation, do matter in peoples perception of the importance of inflation.

It is also important to mention what we do not do. We do not directly control for price/wage indexation. Although this may be an important dimension of analysis, we lack the data to properly incorporate it in our analysis, especially given the historical dimension of our exercise. This limitation notwithstanding, the large set of fixed effects including in our analysis partly controls for such country-time varying characteristics. We also not take into account the role of migration. People from different countries—and thus experiences—may have more or less tolerance for inflation. Unfortunately, the surveys only include migration data in the last two waves, and we lack information about migrants' country of origin and their exposure to high inflation. We are also unable to explore in more detail whether the variation in the price of specific items (e.g, food and energy prices) weigh differently on the link between past experiences and current concerns about inflation. Although this would be interesting to dig into, we leave it for future research, in particular owing to data limitations.

The rest of the paper is organized as follows. Section 2 discusses the data used in the analysis. Section 3 presents the empirical strategy used to gauge the impact of exposure to high inflation on concerns over inflation. Section 4 presents the main results as well as extensions and robustness exercises. Section 5 concludes.

2 Data

In this section, we describe our main data sources and our definition of high inflation episodes.

2.1 Survey Data

Our analysis relies on the World Value Surveys. These are nationally representative surveys conducted since the early 1980s in selected high-income countries and since the late 1980s in the wider sample of countries. Interviews are conducted in the local languages and questions are designed to assess the respondent's attitudes towards a set of economic, institutional, and social issues.

We focus on two questions gauging each individual's relative preference for economic outcomes over other social and political outcomes. Our main interest will be in studying

preferences over price stability, but we also include a question which allows us to study preferences over other economic outcomes, namely economic growth. In particular, for each country-year, the survey asks the following questions. The first and main question in our analysis asks individuals to express which of the following four options is more important: (a) maintaining order in the nation, (b) giving people more say in important government decision, (c) fighting rising prices, or (d) protecting freedom of speech. Subsequently, individuals are asked to name the second most important. The second question asks to express which of the following four options is the most important (second most important): (a) a high level of economic growth, (b) making sure this country has strong defense forces, (c) seeing that people have more say about how things are done at their jobs and communities, or (d) trying to make our cities and countryside more beautiful.

Using these two questions, we construct pairs of dummies establishing individual preferences over price stability and economic growth. For each outcome, we define a "strong preference" dummy which equals one if the individual ranked the relevant option as the most important. Thus, the "strong preference for price stability" dummy equals one if the individual ranked "fighting rising prices" as the most important of the four options in the first question. Similarly, we define a "moderate preference" dummy if the individual ranked the relevant outcome variable as second most important.

In addition, we use demographic and socio-economic information about the individual. The variables considered include age, year of birth, a dummy variable taking a value of one if the individual is male, a dummy that equals one if the individual is single (as opposed to married, divorced or a widower), a set of education dummies (low education and medium level of education), a set of income dummies,[5] and a set of occupational status dummies.[6] Finally, we use information on the size of the individuals town of residence to construct a set of dummies capturing the town size.

2.2 Inflation Data

Our goal is to assign an inflation state (high inflation or low inflation) to each year of the period between the beginning of the individual's working age and the year of each survey.[7] Since our surveys begin in the 1980s, we need to construct an inflation dataset

[5]The questionnaire reports the individual's income and reports a variable that places the individual in the country's income distribution. Using this information, we construct a low income dummy, which takes value one if the individual's income falls in the 30^{th} percentile of the country's income distribution, a middle income dummy, which takes value one if the individual's income falls between the 30^{th} and 70^{th} percentile of the country's income distribution, and a high income dummy, which takes value one if the individual's income is above the 70^{th} percentile of the income distribution.

[6]Students, houseworkers, and the "other" category are reported as out of the labor force. Full time and part time workers, as well as self-employed individuals are categorized as employed.

[7]As will be discussed, we set the beginning of the individuals working age at 15.

containing information from at least the 1930s (since some individuals in the initial survey years may have been born in the early 1900s, thus entering their working age at around the 1920s/30s).

For advanced economies, we rely on information from the Jordà-Schularick-Taylor Macrohistory database (Jordà, Schularick, and Taylor, 2017). This dataset contains inflation information starting from the mid-1800s. For Latin American countries we rely on the data from Jácome and Pienknagura (2022), who assemble a historical database of macroeconomic variables (including inflation) for a sample of 17 Latin American countries starting in the 1920s/1930s depending on the country. For other countries, we rely on the IMF's International Finance Statistics (IFS) historical records, which date back to the mid-1930s and on data from the World Development Indicators (WDI), which start in the 1960s. Note that in the historical records, different countries report different price indices. Nevertheless, because our focus will be on inflation, particularly high inflation episodes, not in the price level, these differences will be of second order significance. Our final inflation database contains an unbalanced panel of 42 advanced and emerging markets countries with data starting in most cases in the mid-1930s (and in some cases before that).[8] The list of countries in the analysis is presented in Table 1.

Figure 1 documents the evolution of inflation in the countries in our sample. It shows the median inflation value in each year, together with the 25^{th} and 75^{th} percentile value of the within-year cross-country distribution. It shows relatively high inflation levels in the late 1940s (probably as an outcome of the second world war), a spike in the mid-70s, associated with the oil-price shock, a gradual decline in median inflation in between the early 1980s and the 2020s, and a post-COVID spike. Notice, however, that the 75^{th} percentile inflation value increased substantially in the late 1980s/early 1990s as many EMDEs experienced episodes of high inflation. The high level of variability in the 1980s in our sample is also visible when studying the coefficient of variation, which spikes around this period.

2.3 Exposure to High Inflation Episodes

The key variable in our analysis is the individuals exposure to high inflation episodes. We operationalize exposure to high inflation episodes by capturing the number of years that individual i, of age a, in country c, experienced high inflation from the beginning of her working age to the year of the survey, s.[9] In particular, we construct high inflation exposure (HIE) as follows:

[8] In countries established after 1936 the inflation data begins in the year the country was founded. For example, this is the case of former British and French colonies in the Middle East, South Asia, and East Asia.

[9] Our index of high inflation exposure follows closely the "Exposure to Democracy" variable constructed in Acemoglu and others (forthcoming).

$$HIE_{c,s,a} = \sum_{t=s-a+k}^{s} \mathbb{1}(\pi_{c,t} > \overline{\pi}_c) \tag{1}$$

where k is the beginning of an individual's working age, a is the individual's age at the time of the survey(s), $\mathbb{1}$ is an indicator function, and $\overline{\pi}_c$ is country c's high inflation threshold. We set k=15, a common threshold used in labor surveys to construct the working age population. As is discussed in more details when discussing results, we extend and modify equation (1) in a number ways, to address issues such as persistent episodes of high inflation, high inflation volatility, and "recency bias".

Note that we are not able to specifically capture an individual's lived inflation experience. First, even if they were born there, respondents may have lived portions of their lives away from the survey country. Second, we use national inflation levels, when in fact there may be subnational differences in inflation. Nevertheless, our cohort-specific measure of HIE should be a good approximation to an individual's exposure.

An important piece in the construction of our HIE variable is the inflation threshold, with no clear definition of what constitutes "high inflation". Thus, in the analysis we arbitrarily use two types of thresholds. The first, sets thresholds according to the inflation distribution of the entire sample of country-years (starting in 1936). We present results for two thresholds: 25 percent yearly inflation, which approximately corresponds to the 90^{th} percentile of the distribution, and 50 percent, which approximately corresponds to the 95^{th} percentile. A second type of threshold is constructed using country-specific inflation distributions. We choose a threshold of the 75^{th} percentile of the country-specific distribution. In all countries we set a minimum threshold of 10 percent, to avoid type-1 errors, as some countries have relatively low inflation rates throughout our sample.

Figure 2 shows the distribution of exposure across the seven waves of the surveys we use in our exercise. Median exposure increased in the 1990s, as more countries in EMDEs experienced high inflation, especially during the 1970s and 1980s—reflected in surveys during the 1990s. In recent waves the median individual has experienced lower exposure, but we see a high degree of heterogeneity.

3 Empirical Strategy

Our empirical strategy is to exploit age group-country-year-level variation in the history of inflation in order to estimate the link between exposure to high inflation and preferences for price stability. To do so, we estimate the following specification:

$$y_{i,c,s,a} = \beta * HIE_{c,s,a} + \theta' * X_{i,c,s,a} + \epsilon_{i,c,s,a} \tag{2}$$

where i, c, s and a are, respectively, individual, country, year of interview and age indices. y is a dummy variable capturing preferences for price stability (main focus) or other economic outcomes (growth). In addition, $X_{i,c,s,a}$ is a vector of individual controls that includes: country-year of interview, age, and year of birth fixed effects, gender dummies, occupational status dummies, income dummies, educational dummies, and marital status dummies. In some robustness exercises we also include dummies identifying the size of the respondent's city. Our parameter of interest throughout the paper will be β.

The set of fixed effect included in our analysis has two implications. First, country-year fixed effects allow us to control for all time varying country-specific variables that could affect preferences over inflation and other economic variables. These include current inflation, growth, fiscal variables, and inequality. From the point of view of interpreting our results, the set of fixed effects included in the regressions mean that we assess how past exposure to high inflation mold preferences over price stability by comparing in each year individuals of the same age/cohort across countries, and individuals of different age in a given country.

The fundamental assumption behind specification (1) is that two individuals of a similar age in different countries differ in their views about price stability (up to a constant) primarily due to differences in their exposure to high inflation. To test for the robustness of our assumption, we follow a similar approach as Acemoglu and others (forthcoming) and construct a placebo measure of exposure, which captures high inflation episodes in the 25 years prior to the individual's birth. In addition, we explore whether exposure to high inflation affects preferences over other economic outcomes.

In addition to estimating equation (2), we implement two extensions. First, we allow β to vary depending on when exposure to inflation occurs. In particular, we split exposure into three buckets: exposure in an individual's early years (ages 15 to 40), exposure in the late working years (40-65), and exposure after retirement (65+). In this case, we estimate the following equation:

$$y_{i,c,s,a} = \beta_y * HIE_{c,s,a}^{15-40} + \beta_m * HIE_{c,s,a}^{40-65} + \beta_o * HIE_{c,s,a}^{65+} + \theta' * X_{i,c,s,a} + \epsilon_{i,c,s,a} \qquad (3)$$

Where now the goal is to assess the sign and significance of the three coefficients, β_y, β_m, and β_o.

In the second extension we study whether the elasticity of the individual's preference over price stability varies with country-specific variables, namely the current level of inflation, macroeconomic volatility (as measured by a time-varying coefficient of variation of GDP per capita growth), and the quality of a country's bureaucracy (a proxy for institutional quality), as captured in $z_{c,t}$. In practical terms, we estimate the following variation of equation (2):

$$y_{i,c,s,a} = \beta * HIE_{c,s,a} + \gamma * HIE_{c,s,a} * z_{c,t} + \theta' * X_{i,c,s,a} + \epsilon_{i,c,s,a} \quad (4)$$

Where in this case our parameter of interest is γ.

In all our estimations we allow the error terms to be correlated among individuals in the same country-year. Thus, our standard errors are clustered at this level of aggregation.

4 Results

In this section, we showcase our estimated effects based on equations (2)-(4). We begin by presenting the baseline estimates of the impact of exposure to high inflation on concerns over price stability. Then we explore some extensions to our baseline specification. First, we explore whether the information that affect individuals' attitudes hinges more on exposure to persistent high inflation spells or on discrete changes providing more information than high but stable inflation (by exploring the role of the volatility of inflation). We also show how more recent inflation exposure matters more than older exposure. Then we allow for heterogeneity in the impact of exposure based on the time/age of exposure. We also investigate non-linearities, by looking at the marginal impact of current inflationary exposure, increased macroeconomic instability, and the strength of the country's institutions. Finally, we present results for a series of robustness exercises.

4.1 Baseline Results

Table 2 shows the baseline results from equation (2). First, note that concerns over inflation are robustly correlated with key demographic characteristics. Individuals in lower income brackets express higher concerns (strong and moderate) over inflation relative to individual in higher income brackets. A similar relationship emerges when looking at education levels—individuals with lower education levels are more likely to express concerns over inflation. This finding gives credence to the fact that the inflationary tax is regressive; it disproportionately affects individuals who are less capable to hedge against inflation, typically low-income individuals (see Erosa and Ventura, 2002). All these relationships are also consistent with previous studies (see D'Acunto, Malmendier and Weber, 2022, for a survey). Single individuals are less likely to express concerns over inflation, as do men (a finding that is consistent with D'Acunto, Malmendier, and Weber, 2021). The individual's occupation status also affects concerns over inflation, but only in the case of strong concerns.

Turning to our variable of interest, Table 2 shows that individuals who have lived through past inflationary episodes express higher concerns over rising prices. The impact of exposure to past high inflation is positive and statistically significant and is robust to different

high inflation thresholds. Past exposure affects both strong inflation concerns (columns 1-3) and moderate inflation concerns (columns 4-6), and the point estimate for an additional year of exposure is larger for strong concerns. Establishing whether the two coefficients are different from a statistical point of view is, however, not possible given that the two coefficients are from different estimated equations.

Moreover, our estimates indicate that the impact of past high inflation exposure is also significant from an economic standpoint. A one standard deviation increase in exposure to high inflationary episodes, which depending on the threshold is between 5 and 6 additional years of exposure, increases the likelihood of expressing strong and moderate concerns over inflation by about 0.8 percentage points—which is roughly a 3 percent increase in the likelihood of expressing strong concerns over inflation relative to an ex-ante uniform distribution assigning equal probabilities to all options in the survey. That is akin to increasing from a 25 percent probability (in the uniform distribution) to 28 percent of likelihood of being concern about inflation. An alternative way to gauge the economic importance of our estimate is to map it to shares of the population expressing strong concerns over inflation—a 0.8 percentage point increase in the likelihood of expressing high concerns is comparable to an increase in the share of individuals expressing strong concerns over inflation from the median value found in our 154 country-year surveys to the 75^{th} percentile.

So far, we have not distinguished between cohorts whose exposure occurred due to a long spell of high inflation and those whose exposure was due to scattered years of high inflation. Table 3 zooms into this difference by constructing a measure of exposure to long spells of high inflation, which accounts for the role of inflation exposure to persistent inflationary episode as the diver of inflation concerns. More precisely, for each country-cohort, we compute the longest spell of high inflation that the cohort has experienced up to year t. Our findings suggest that the length of high inflation spells has a positive and statistically significant impact on strong inflation concerns, but not on moderate ones. Moreover, the increase in probability of an additional consecutive year of high inflation is similar to that of our overall high inflation exposure measure (Table 2). As with the overall high inflation exposure gauge, results are not affected by the choice of high inflation threshold. Furthermore, this strengthen the results, as persistent inflationary episodes are likely to create a larger toll (in terms of the cost associated with experiencing high inflation), and thus a stronger reaction and awareness. They may also be associated to wage or cost indexation schemes that try to mitigate such events. In either case, our baseline results hold.

Another relevant issue goes beyond the level of inflation, and relates to whether there is more information in changes in inflation (especially large ones) rather than just high levels. Presumably, a country can adapt to high but predictable levels of inflation without necessarily large real costs—and thus affect inflation concerns more strongly. We test for this by

replacing our metric of exposure to inflation by one of exposure to highly volatility inflation. That is, now the dummy that measures inflation exposure is constructed by identifying the years in which the rolling standard deviation of 5-year inflation is larger than three thresholds: the 90^{th} and 95^{th} percentile of the total distribution, and the 75th percentile of the country-specific distribution. Results are presented in Table 4 and show that exposure to volatile inflation affects strong preferences for price stability, but does not affect moderate preferences.

To further investigate the relevance of high and volatile inflation, as oppose to high but stable inflation, Table 5 presents results of an exercise where the high inflation episodes are divided between those that coincided with a large year-on-year change in inflation and those that did not. The definition of large change that we use to operationalize this is exercise, is such that the change in inflation from year to year must exceed one standard deviation of inflation in the five years prior to the event.

We find that that exposure to past high and accelerating inflation results in a more pronounced impact on strong concerns over inflation compared to exposure to other episodes of high inflation. This is illustrated by the fact that the coefficient of the count stemming from episodes where inflation accelerated (columns 1-3) is twice as large compared to the coefficient for other high inflation episodes (columns 4-6) for all high inflation thresholds used in this paper

Another important consideration when studying how past experiences affect current perceptions about economic outcomes is the fact there may be "recency" bias. In fact, Malmendier and Nagel (2016) show that more recent experiences play a more prominent role. We modify our measure of exposure to allow for "depreciation" of inflationary experiences. We implement this by assuming that past experiences decay at a rate of δ percent per year. More specifically, we modify (1) such that our discounted exposure measure is now:

$$HIE_{c,s,a} = \sum_{t=s-a+k}^{s} \delta^{s-t} \mathbb{1}(\pi_{c,t} > \overline{\pi}_c) \tag{5}$$

where we assume that $\delta = 0.95$.

Table 6 shows results using the discounted high inflation exposure measure. The impact of past exposure to high inflation remains positive and statistically significant across thresholds for strong concerns. For moderate concerns, the impact is not statistically significant for the 50 percent threshold. This is consistent with our baseline results, where statistical significance was weakest for that threshold. Note that the point estimate for the measure of exposure that incorporates discounting of past experiences is larger in magnitude compared to the baseline. However, there is also less variation in the former (roughly one third of the standard variation), which means that in economic terms the two imply similar

changes in attitudes towards inflation.

4.2 Exploring Heterogeneity Based on the Timing of Exposure

We turn next to studying whether the timing of exposure to high inflation matters when assessing the impact of past experience on concerns over inflation. There are several reasons why timing may matter. For example, young workers, who are in general net debtors, may suffer less from an inflationary episode compared to a worker who has built savings over the span of his working age. Even absent savings considerations, individuals at a more advanced stage of their working life are more likely to have a larger number of dependents, thus exacerbating the impact of cost-of-living increases. Thus, the mapping from exposure to high inflation to concerns over inflation may be colored by the economic costs that the high inflation episode exerted on the individual.

To assess potential heterogeneity based on the timing of high inflation exposure, we break exposure into three periods: exposure between the age of 15 and 40, the early working age, exposure between 40 and 65, late working age exposure, and exposure after 65. For each age range, we compute the number of years each cohort experienced high inflation, thus constructing an index similar to (1) for each of the three age ranges. Having constructed these measures, we estimate equation (3).

Results in Table 7 show that the timing of exposure matters. Exposure in the latter part of an individual's work life is strongly associated with strong and moderate inflation concerns, regardless of the high-inflation threshold we use. By contrast, exposure during the initial years of an individual's work life is statistically significant only in the case of moderate concerns when we use the 75^{th} percentile threshold, while exposure after the retirement age is statistically significant only when considering the 25 percent and 50 percent thresholds and moderate concerns. These findings are consistent with the arguments made earlier—high inflation episodes leave a stronger mark in an individual's life when they impose bigger economic pain.

4.3 Exploring Non-Linearities

So far, we have assumed that the impact of history on concerns over price stability is unaffected by current economic conditions or other country characteristics. In this section we explore a set of variables that plausibly affect the relationship between an individual's exposure to past inflation and current attitudes—current inflation levels, macroeconomic volatility, and the quality of a country's bureaucracy. High levels of inflation may increase individual's awareness about the costs of inflation, especially in the case of individuals who experienced such episodes in the past. A similarly logic applies to growth volatility (which we

proxy by the 5-year rolling coefficient of variation of GDP per capita growth), as a proxy for macroeconomic instability. By contrast, a more able bureaucracy and stronger institutions are likely better prepared to deal with inflationary pressures, thus appeasing concerns about inflation and its costs from individual's who experienced such hardships in the past.

To test for the possibility of such amplification/dampening effects, we extend the specification in (2) by adding an interaction term between exposure to past high inflation and each of the three variable of interest (equation 4). Note that given our fixed effects, our specification already controls for the direct impact of each variable on inflation concerns.

Table 8 studies the interaction between past inflation exposure and current inflation. In the case of strong concerns, it shows that, while the coefficient for the interaction term is positive, which means that higher inflation levels today make concerns over inflation more salient among individuals with higher past high inflation exposure, the effects are not statistically significant. Effects are more clearly visible in the case of moderate concerns, where the sign of the interaction term is positive and statistically significant in the case of the 25 percent and 50 percent thresholds. Also note that, compared to the case of strong concerns, the magnitude of the coefficient for the interaction term is larger.

One possible explanation for why current inflation levels do not amplify the impact of past inflation exposure on strong concerns while they do for moderate concerns, is that in periods of high inflation a larger share of the population expresses strong concerns over inflation, regardless of their past experience. In fact, a simple regression gauging the relationship between the likelihood of expressing strong concerns over inflation and current inflation levels shows that the two are strongly correlated (Table 9). By contrast, the likelihood of expressing moderate concerns appears to be uncorrelated with contemporaneous inflation levels.

We further study the impact of variables that amplify/dampen the effect of past inflation exposure by estimating the marginal effects of bureaucratic quality (as a proxy for good institutions) and the volatility of the growth rate of real GDP per capita (using the latter as a proxy for macroeconomic instability). We present these results in Tables 10 and 11, respectively. We observe that stronger institutions reduce the impact of past exposure to inflation on individuals' current concerns over inflation. We see that the interaction of the HIE and bureaucratic quality is negative and statistically significant (Table 10). Thus, though we still observe how more exposure to past inflation increases perceptions of rising prices as a problem, the impact is lower in economies with stronger institutions. This result may be linked to the finding in Salles and others (2023), who document that for the Netherlands, individuals that self-perceive themselves as having been exposed to high inflation expect lower inflation when facing an inflationary episode on the basis of having experienced successful disinflation in the past. In turn, more unstable economies seem to have stronger perceptions

of inflation, as the impact of their previous exposure to inflation increases along with the volatility of real GDP per capita growth (Table 11).

4.4 Extensions and Robustness of Baseline Results

Once concern about our results, is that they may be driven by a few countries that experienced hyperinflation episodes, mostly in emerging markets. To study whether this the case, Table 12 presents results for our baseline specification (equation 2) excluding the five countries who have experienced the highest yearly inflation rate in our sample.[10] Note that, in the case of strong concerns, the point estimate and statistical significance of the coefficient for our HIE variable is not affected by the exclusion of the five countries, if anything the points estimate is slightly higher. Point estimates and statistical significance of the HIE variable does fall in the case of moderate concerns, but in most cases the results remain statistically significant. Thus, our results do appear to be robust to the exclusion of these countries.

Table 13 further explores the robustness of our results by studying the impact of the HIE once we use a broader sample of respondents and when we include other demographic characteristics. In particular, we first extend our sample to include individuals over 15 years of age[11], and then use our original sample but include dummy variables controlling for the size of the town the respondent lives in.[12] Results show that the inclusion of individuals ages 15-25 reduces the point estimates of our HIE variable and its statistical significance. This is not surprising, given that most of these individuals, by construction have an HIE close to zero, thus dampening the variation in our right-hand side variable. Despite this, we still find that the HIE coefficient remains statistically significant at standard significance levels. Turning to our exercise that controls for town-size, results show that the impact of the HIE on concerns over inflation is virtually unchanged by the inclusion of these dummies.

Our final robustness exercise is aimed at tackling potential violations of our parallel trends assumption. Key to interpreting our results is the assumption that, absent differences in exposure to past inflation, different cohorts would be on parallel trends. To test for potential violation of this assumption, we follow Acemoglu and others (forthcoming) and construct a placebo exposure variable for each cohort. In particular, we modify equation (1) to compute pre-birth "exposure". In particular, for each cohort, we count the number of

[10]The five countries are Argentina (peak inflation over 3080 percent in 1989), Bolivia (peak inflation over 8170 in 1985), Germany (peak inflation over 1e11 in 1923), Nicaragua (peak inflation over 7750 percent in 1991) and Peru (peak inflation over 7480 percent in 1990).

[11]Note that, while we start our exposure measure at 15 years old, our estimation results so far have only used individuals age 25 years and older.

[12]We create a middle-size town dummy which takes value one if the respondents town is between 50,000 and 100,000 inhabitants, and a large-size town dummy if the town is over 100,00 inhabitants.

years in which the country experienced high inflation in the 25 years prior to the cohort's birth. If this pre-birth "exposure" variable explains concerns over inflation, this would entail a potential violation of our assumption.

Reassuringly, Table 14 shows that pre-birth placebo exposure does not seem to be associated with inflation concerns. The coefficient is not statistically significant, and the point estimate is substantially smaller than those found in our baseline exercise. This is supportive evidence of the validity of the assumptions behind our empirical exercise.

We conclude by assessing how exposure to past inflation relates to concerns about other economic outcomes. One possibility is that an individual's lived experience, specifically regarding past inflation, affects his/her views about economic outcomes generally. Exploiting the full range of questions in the WVS, we explore whether exposure to past inflation affects growth concerns. Following a similar approach as with inflation, we estimate equation (1) for strong and moderate concerns about growth as our left-hand side variables.

Table 15 shows that exposure to past inflation is not robustly linked to growth concerns. The coefficient for the HIE is negative and significant only for one of our three thresholds in the case of strong concerns about growth and is not statistically significant for moderate concerns. This suggests that exposure to inflation does not necessarily affect an individual's overall focus about the state of the economy. In other words, inflation exposure affects only inflation expectations but not a broader set of macroeconomic variables.

5 Conclusions

History matters. Individuals who have lived through past inflationary episodes express higher concerns over rising prices. This includes not only high inflation but also persistent and highly volatile inflation episodes. The effects are comparable to an increase in the share of individuals expressing strong concerns over inflation from the median value found in our 154 country-year surveys to the 75^{th} percentile. And where those individuals are in their life cycle matters, as those in their prime saving age are more concerned than younger people—presumably as the latter already (on average) have saving, while the former probably debt.

Our results also show that current inflation (akin to an inflation shock) and GDP growth volatility (associated with higher macroeconomic instability) amplify the impact of past exposure on concerns over inflation. By contrast, a higher quality bureaucratic apparatus, which is broadly associated with better institutions, dampens the impact of past inflation exposure on concerns over inflation, arguably a sign of higher trust in the central bank's ability to keep inflation at bay.

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A Figures and Tables

Figure 1: Cross-Country Distribution of Inflation over Time—1945-2021

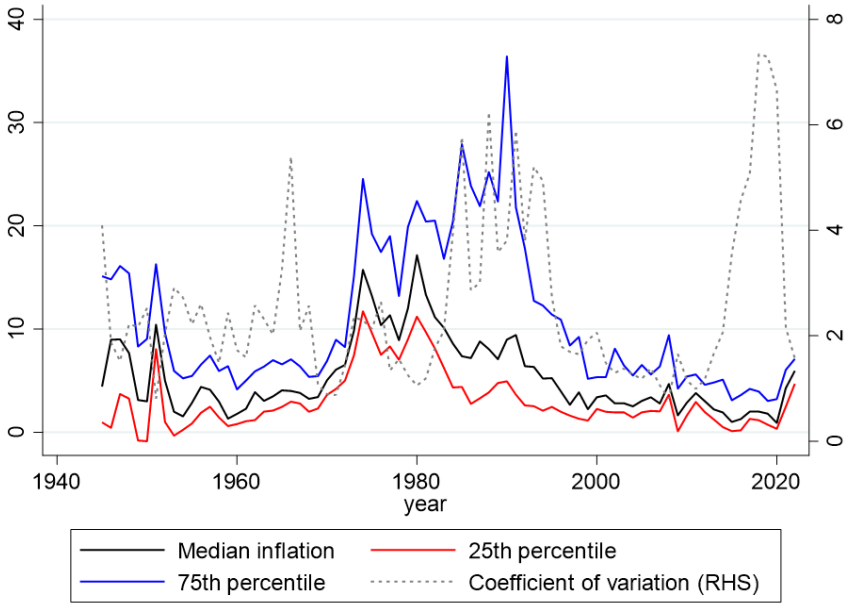
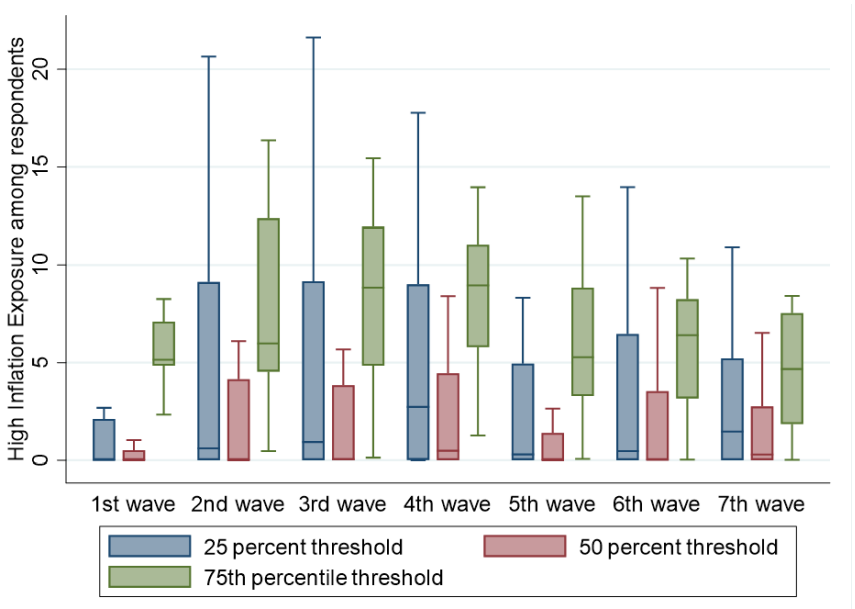


Figure 2: Distribution of High Inflation Exposure Among Respondents—By Survey Wave



Note: Survey waves were conducted in the following years: Wave 1, 1981-84, Wave 2, 1989-93, Wave 3, 1994-98, Wave 4, 1999-2004, Wave 5, 2005-09, Wave 6, 2010-2014, Wave 7, 2017-2022.

Table 1: Sample of Countries in the Analysis

Advanced Economies	Emerging Markets
Australia, Canada, Finland, France, Germany, Israel, Italy, Japan, Republic of Korea, The Netherlands, Norway, New Zealand, Spain, Sweden, Switzerland, United Kingdom, United States	Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, Egypt, El Salvador, Guatemala, India, Indonesia, Iraq, Islamic Republic of Iran, Lebanon, Mexico, Malaysia, Nicaragua, Peru, Philippines, South Africa, Thailand, Turkiye Uruguay, Rep. Bol. of Venezuela

Table 2: High Inflation Exposure and Concerns over Price Stability

	Strong Inflation Concerns			Moderate Inflation Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
High Inflation Exposure (HIE)	0.0013***	0.0016**	0.0013**	0.0011**	0.0010*	0.0014**
	(0.0005)	(0.0006)	(0.0006)	(0.0004)	(0.0006)	(0.0005)
Low income dummy	0.0516***	0.0516***	0.0515***	0.0199***	0.0199***	0.0198***
	(0.0047)	(0.0047)	(0.0047)	(0.0055)	(0.0055)	(0.0055)
Middle income dummy	0.0188***	0.0188***	0.0188***	0.0182***	0.0182***	0.0182***
	(0.0035)	(0.0035)	(0.0035)	(0.0036)	(0.0036)	(0.0036)
Low education dummy	0.0827***	0.0828***	0.0826***	0.0345***	0.0346***	0.0344***
	(0.0062)	(0.0063)	(0.0062)	(0.0068)	(0.0068)	(0.0068)
Intermediate education dummy	0.0404***	0.0404***	0.0403***	0.0258***	0.0257***	0.0257***
	(0.0042)	(0.0042)	(0.0042)	(0.0040)	(0.0040)	(0.0040)
Single dummy	-0.0140***	-0.0139***	-0.0139***	-0.0105***	-0.0105***	-0.0104***
	(0.0033)	(0.0033)	(0.0033)	(0.0031)	(0.0031)	(0.0031)
Male dummy	-0.0263***	-0.0263***	-0.0263***	-0.0047	-0.0047	-0.0047
	(0.0026)	(0.0026)	(0.0026)	(0.0030)	(0.0030)	(0.0030)
Retired dummy	-0.0032	-0.0035	-0.0027	0.0001	-0.0001	0.0008
	(0.0050)	(0.0050)	(0.0050)	(0.0047)	(0.0047)	(0.0047)
Out of labor force dummy	0.0183***	0.0183***	0.0183***	0.0002	0.0002	0.0002
	(0.0044)	(0.0044)	(0.0044)	(0.0037)	(0.0037)	(0.0037)
Unemployed dummy	0.0126**	0.0126**	0.0129***	0.0020	0.0020	0.0023
	(0.0049)	(0.0049)	(0.0049)	(0.0048)	(0.0048)	(0.0048)
Constant	0.1712***	0.1729***	0.1666***	0.2326***	0.2349***	0.2264***
	(0.0043)	(0.0041)	(0.0065)	(0.0050)	(0.0049)	(0.0065)
Observations	198,674	198,674	198,674	198,674	198,674	198,674
R-squared	0.0892	0.0891	0.0891	0.0353	0.0353	0.0354

Note: Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 3: Exposure to Persistent High Inflation and Concerns over Price Stability

	Strong Inflation Concerns			Moderate Inflation Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
Consecutive years of HIE	0.0012**	0.0015**	0.0018***	0.0008	0.0005	0.0007
	(0.0005)	(0.0007)	(0.0006)	(0.0005)	(0.0007)	(0.0006)
Low income dummy	0.0516***	0.0516***	0.0514***	0.0199***	0.0199***	0.0199***
	(0.0047)	(0.0047)	(0.0047)	(0.0055)	(0.0055)	(0.0055)
Middle income dummy	0.0188***	0.0188***	0.0188***	0.0182***	0.0182***	0.0182***
	(0.0035)	(0.0035)	(0.0035)	(0.0036)	(0.0036)	(0.0036)
Low education dummy	0.0828***	0.0829***	0.0828***	0.0346***	0.0347***	0.0347***
	(0.0063)	(0.0063)	(0.0062)	(0.0068)	(0.0068)	(0.0068)
Intermediate education dummy	0.0403***	0.0403***	0.0405***	0.0257***	0.0256***	0.0257***
	(0.0042)	(0.0042)	(0.0042)	(0.0040)	(0.0040)	(0.0040)
Single dummy	-0.0139***	-0.0139***	-0.0135***	-0.0104***	-0.0104***	-0.0103***
	(0.0033)	(0.0033)	(0.0033)	(0.0031)	(0.0031)	(0.0031)
Male dummy	-0.0263***	-0.0263***	-0.0263***	-0.0047	-0.0048	-0.0048
	(0.0026)	(0.0026)	(0.0026)	(0.0030)	(0.0030)	(0.0030)
Retired dummy	-0.0036	-0.0034	-0.0035	-0.0002	-0.0001	-0.0001
	(0.0050)	(0.0050)	(0.0050)	(0.0047)	(0.0047)	(0.0047)
Out of labor force dummy	0.0182***	0.0183***	0.0182***	0.0002	0.0002	0.0001
	(0.0044)	(0.0044)	(0.0044)	(0.0037)	(0.0037)	(0.0037)
Unemployed dummy	0.0127**	0.0126**	0.0130***	0.0020	0.0020	0.0021
	(0.0049)	(0.0049)	(0.0048)	(0.0048)	(0.0048)	(0.0048)
Constant	0.1729***	0.1736***	0.1670***	0.2350***	0.2363***	0.2334***
	(0.0041)	(0.0041)	(0.0057)	(0.0049)	(0.0049)	(0.0061)
Observations	198,674	198,674	198,674	198,674	198,674	198,674
R-squared	0.0891	0.0891	0.0892	0.0353	0.0353	0.0353

Note: Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 4: High Inflation Volatility Exposure and Concerns over Price Stability

	Strong Inflation Concerns			Moderate Inflation Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
High Inflation Volatility Exposure (HIVE)	0.0017***	0.0019***	0.0015***	0.0009*	0.0005	0.0004
	(0.0005)	(0.0007)	(0.0005)	(0.0005)	(0.0007)	(0.0005)
Low income dummy	0.0517***	0.0517***	0.0515***	0.0200***	0.0200***	0.0199***
	(0.0047)	(0.0047)	(0.0047)	(0.0055)	(0.0055)	(0.0055)
Middle income dummy	0.0188***	0.0188***	0.0187***	0.0182***	0.0182***	0.0182***
	(0.0035)	(0.0035)	(0.0035)	(0.0036)	(0.0036)	(0.0036)
Low education dummy	0.0827***	0.0828***	0.0827***	0.0346***	0.0347***	0.0346***
	(0.0062)	(0.0062)	(0.0062)	(0.0068)	(0.0068)	(0.0068)
Intermediate education dummy	0.0404***	0.0403***	0.0401***	0.0257***	0.0256***	0.0255***
	(0.0042)	(0.0042)	(0.0042)	(0.0040)	(0.0040)	(0.0040)
Single dummy	-0.0141***	-0.0139***	-0.0139***	-0.0105***	-0.0104***	-0.0104***
	(0.0033)	(0.0033)	(0.0033)	(0.0031)	(0.0031)	(0.0031)
Male dummy	-0.0263***	-0.0263***	-0.0263***	-0.0047	-0.0048	-0.0048
	(0.0026)	(0.0026)	(0.0026)	(0.0030)	(0.0030)	(0.0030)
Retired dummy	-0.0026	-0.0026	-0.0022	0.0004	0.0001	0.0003
	(0.0049)	(0.0049)	(0.0050)	(0.0047)	(0.0047)	(0.0046)
Out of labor force dummy	0.0184***	0.0183***	0.0183***	0.0002	0.0002	0.0002
	(0.0044)	(0.0044)	(0.0044)	(0.0037)	(0.0037)	(0.0037)
Unemployed dummy	0.0125**	0.0124**	0.0125**	0.0019	0.0019	0.0019
	(0.0049)	(0.0049)	(0.0049)	(0.0048)	(0.0048)	(0.0048)
Constant	0.1709***	0.1728***	0.1677***	0.2343***	0.2364***	0.2349***
	(0.0042)	(0.0040)	(0.0052)	(0.0050)	(0.0049)	(0.0057)
Observations	198,674	198,674	198,674	198,674	198,674	198,674
R-squared	0.0892	0.0891	0.0891	0.0353	0.0353	0.0353

Note: Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation volatility distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 5: High Inflation Exposure and Strong Concerns over Price Stability: High and Accelerating Inflation vs. High and Stable Inflation

Inflation Threshold:	25 percent (1)	50 percent (2)	75^{th} percentile (3)	25 percent (4)	50 percent (5)	75^{th} percentile (6)
HIE, large year-on-year change	0.0034***	0.0041***	0.0035**			
	(0.0012)	(0.0015)	(0.0015)			
HIE, small year-on-year change				0.0018***	0.0021**	0.0014*
				(0.0007)	(0.0011)	(0.0008)
Low income dummy	0.0516***	0.0516***	0.0515***	0.0516***	0.0516***	0.0515***
	(0.0047)	(0.0047)	(0.0047)	(0.0047)	(0.0047)	(0.0047)
Middle income dummy	0.0188***	0.0188***	0.0188***	0.0188***	0.0188***	0.0188***
	(0.0035)	(0.0035)	(0.0035)	(0.0035)	(0.0035)	(0.0035)
Low education dummy	0.0826***	0.0828***	0.0827***	0.0827***	0.0828***	0.0827***
	(0.0062)	(0.0062)	(0.0062)	(0.0062)	(0.0063)	(0.0062)
Intermediate education dummy	0.0404***	0.0404***	0.0403***	0.0404***	0.0403***	0.0402***
	(0.0042)	(0.0042)	(0.0042)	(0.0042)	(0.0042)	(0.0042)
Single dummy	-0.0141***	-0.0140***	-0.0140***	-0.0139***	-0.0138***	-0.0138***
	(0.0033)	(0.0033)	(0.0033)	(0.0033)	(0.0033)	(0.0033)
Male dummy	-0.0263***	-0.0263***	-0.0263***	-0.0263***	-0.0263***	-0.0263***
	(0.0026)	(0.0026)	(0.0026)	(0.0026)	(0.0026)	(0.0026)
Retired dummy	-0.0029	-0.0034	-0.0023	-0.0035	-0.0035	-0.0030
	(0.0049)	(0.0050)	(0.0049)	(0.0050)	(0.0050)	(0.0050)
Out of labor force dummy	0.0184***	0.0183***	0.0183***	0.0182***	0.0183***	0.0183***
	(0.0044)	(0.0044)	(0.0044)	(0.0044)	(0.0044)	(0.0044)
Unemployed dummy	0.0126**	0.0126**	0.0128***	0.0126**	0.0126**	0.0129***
	(0.0049)	(0.0049)	(0.0049)	(0.0049)	(0.0049)	(0.0049)
Constant	0.1711***	0.1727***	0.1669***	0.1720***	0.1736***	0.1696***
	(0.0043)	(0.0041)	(0.0061)	(0.0042)	(0.0041)	(0.0062)
Observations	198,674	198,674	198,674	198,674	198,674	198,674
R-squared	0.0892	0.0891	0.0891	0.0891	0.0891	0.0891

Note: Large changes are defined as year-on-year changes in inflation that exceed the standard deviation of the last five years prior to the change. Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation volatility distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 6: High Inflation Exposure and Concerns over Price Stability, Recency Bias

	Strong Inflation Concerns			Moderate Inflation Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
High Inflation Exposure (HIE), discounted	0.0039**	0.0040*	0.0049***	0.0035**	0.0024	0.0033*
	(0.0016)	(0.0021)	(0.0019)	(0.0016)	(0.0019)	(0.0019)
Low income dummy	0.0515***	0.0516***	0.0515***	0.0199***	0.0199***	0.0199***
	(0.0047)	(0.0047)	(0.0047)	(0.0055)	(0.0055)	(0.0055)
Middle income dummy	0.0188***	0.0188***	0.0188***	0.0182***	0.0182***	0.0182***
	(0.0035)	(0.0035)	(0.0035)	(0.0036)	(0.0036)	(0.0036)
Low education dummy	0.0827***	0.0828***	0.0826***	0.0345***	0.0347***	0.0345***
	(0.0063)	(0.0063)	(0.0062)	(0.0068)	(0.0068)	(0.0068)
Intermediate education dummy	0.0403***	0.0403***	0.0403***	0.0257***	0.0256***	0.0257***
	(0.0042)	(0.0042)	(0.0042)	(0.0040)	(0.0040)	(0.0040)
Single dummy	-0.0140***	-0.0139***	-0.0139***	-0.0106***	-0.0105***	-0.0105***
	(0.0033)	(0.0033)	(0.0033)	(0.0031)	(0.0031)	(0.0031)
Male dummy	-0.0263***	-0.0263***	-0.0263***	-0.0047	-0.0047	-0.0047
	(0.0026)	(0.0026)	(0.0026)	(0.0030)	(0.0030)	(0.0030)
Retired dummy	-0.0035	-0.0036	-0.0030	-0.0001	-0.0002	0.0002
	(0.0050)	(0.0050)	(0.0050)	(0.0047)	(0.0047)	(0.0047)
Out of labor force dummy	0.0182***	0.0183***	0.0183***	0.0002	0.0002	0.0002
	(0.0044)	(0.0044)	(0.0044)	(0.0037)	(0.0037)	(0.0037)
Unemployed dummy	0.0126**	0.0126**	0.0130***	0.0020	0.0020	0.0022
	(0.0049)	(0.0049)	(0.0049)	(0.0048)	(0.0048)	(0.0048)
Constant	0.1694***	0.1723***	0.1596***	0.2309***	0.2346***	0.2259***
	(0.0048)	(0.0044)	(0.0082)	(0.0054)	(0.0051)	(0.0082)
Observations	198,674	198,674	198,674	198,674	198,674	198,674
R-squared	0.0891	0.0891	0.0891	0.0353	0.0353	0.0353

Note: Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 7: High Inflation Exposure and Concerns over Price Stability, Timing of Exposure

	Strong Inflation Concerns			Moderate Inflation Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
HIE, 15-40 years old	0.0007	0.0009	0.0006	0.0008	0.0006	0.0011**
	(0.0005)	(0.0007)	(0.0005)	(0.0005)	(0.0006)	(0.0005)
HIE, 40-65 years old	0.0022***	0.0026***	0.0031***	0.0015***	0.0016**	0.0021***
	(0.0006)	(0.0008)	(0.0008)	(0.0005)	(0.0008)	(0.0007)
HIE, 65+ years old	0.0025	0.0048	0.0030	0.0043*	0.0066**	0.0000
	(0.0034)	(0.0050)	(0.0031)	(0.0024)	(0.0028)	(0.0024)
Low income dummy	0.0517***	0.0517***	0.0516***	0.0200***	0.0200***	0.0198***
	(0.0047)	(0.0047)	(0.0047)	(0.0055)	(0.0055)	(0.0055)
Middle income dummy	0.0188***	0.0188***	0.0188***	0.0182***	0.0182***	0.0182***
	(0.0035)	(0.0035)	(0.0035)	(0.0036)	(0.0036)	(0.0036)
Low education dummy	0.0824***	0.0827***	0.0822***	0.0343***	0.0345***	0.0342***
	(0.0063)	(0.0063)	(0.0062)	(0.0068)	(0.0069)	(0.0068)
Intermediate education dummy	0.0404***	0.0404***	0.0405***	0.0258***	0.0257***	0.0258***
	(0.0042)	(0.0042)	(0.0042)	(0.0040)	(0.0040)	(0.0040)
Single dummy	-0.0141***	-0.0140***	-0.0142***	-0.0106***	-0.0106***	-0.0106***
	(0.0033)	(0.0033)	(0.0033)	(0.0031)	(0.0031)	(0.0031)
Male dummy	-0.0263***	-0.0263***	-0.0263***	-0.0047	-0.0047	-0.0047
	(0.0026)	(0.0026)	(0.0026)	(0.0030)	(0.0030)	(0.0030)
Retired dummy	-0.0028	-0.0033	-0.0022	0.0005	0.0001	0.0009
	(0.0050)	(0.0050)	(0.0049)	(0.0046)	(0.0047)	(0.0047)
Out of labor force dummy	0.0184***	0.0184***	0.0185***	0.0003	0.0003	0.0003
	(0.0044)	(0.0044)	(0.0044)	(0.0037)	(0.0037)	(0.0037)
Unemployed dummy	0.0126**	0.0126**	0.0132***	0.0020	0.0020	0.0025
	(0.0049)	(0.0049)	(0.0049)	(0.0048)	(0.0048)	(0.0047)
Constant	0.1723***	0.1733***	0.1647***	0.2332***	0.2351***	0.2268***
	(0.0042)	(0.0041)	(0.0066)	(0.0050)	(0.0049)	(0.0067)
Observations	198,674	198,674	198,674	198,674	198,674	198,674
R-squared	0.0892	0.0892	0.0893	0.0354	0.0353	0.0354

Note: Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 8: High Inflation Exposure and Concerns over Price Stability, Heterogeneity by Current Inflation

	Strong Inflation Concerns			Moderate Inflation Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
HIE	0.0013***	0.0015**	0.0012**	0.0011**	0.0006	0.0013**
	(0.0005)	(0.0007)	(0.0006)	(0.0005)	(0.0006)	(0.0006)
HIE*inflation	0.0001	0.0007	0.0007	0.0004*	0.0038**	0.0018
	(0.0002)	(0.0016)	(0.0017)	(0.0002)	(0.0018)	(0.0020)
Low income dummy	0.0516***	0.0516***	0.0515***	0.0199***	0.0199***	0.0198***
	(0.0047)	(0.0047)	(0.0047)	(0.0055)	(0.0055)	(0.0055)
Middle income dummy	0.0188***	0.0188***	0.0188***	0.0182***	0.0182***	0.0182***
	(0.0035)	(0.0035)	(0.0035)	(0.0036)	(0.0036)	(0.0036)
Low education dummy	0.0827***	0.0828***	0.0826***	0.0345***	0.0347***	0.0344***
	(0.0062)	(0.0063)	(0.0062)	(0.0068)	(0.0068)	(0.0068)
Intermediate education dummy	0.0404***	0.0404***	0.0403***	0.0258***	0.0257***	0.0257***
	(0.0042)	(0.0042)	(0.0042)	(0.0040)	(0.0040)	(0.0040)
Single dummy	-0.0140***	-0.0139***	-0.0139***	-0.0105***	-0.0104***	-0.0105***
	(0.0033)	(0.0033)	(0.0033)	(0.0031)	(0.0031)	(0.0031)
Male dummy	-0.0263***	-0.0263***	-0.0263***	-0.0047	-0.0047	-0.0047
	(0.0026)	(0.0026)	(0.0026)	(0.0030)	(0.0030)	(0.0030)
Retired dummy	-0.0032	-0.0035	-0.0027	0.0001	-0.0002	0.0008
	(0.0050)	(0.0050)	(0.0050)	(0.0047)	(0.0047)	(0.0047)
Out of labor force dummy	0.0183***	0.0183***	0.0183***	0.0002	0.0001	0.0002
	(0.0044)	(0.0044)	(0.0044)	(0.0037)	(0.0037)	(0.0037)
Unemployed dummy	0.0126**	0.0126**	0.0129***	0.0020	0.0019	0.0023
	(0.0049)	(0.0049)	(0.0049)	(0.0048)	(0.0048)	(0.0048)
Constant	0.1711***	0.1725***	0.1660***	0.2324***	0.2327***	0.2248***
	(0.0042)	(0.0042)	(0.0067)	(0.0050)	(0.0050)	(0.0067)
Observations	198,674	198,674	198,674	198,674	198,674	198,674
R-squared	0.0892	0.0891	0.0891	0.0354	0.0353	0.0354

Note: Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 9: Strong and Moderate Inflation Concerns and Current Inflation Levels

	Strong Inflation Concerns	Moderate Inflation Concerns
	(1)	(2)
inflation	0.0016***	-0.0000
	(0.0005)	(0.0004)
Constant	0.2041***	0.2645***
	(0.0066)	(0.0065)
Observations	239,971	239,971
R-squared	0.0611	0.0212

Note: Standard errors clustered at the country-year level in parenthesis. All specifications include year and country fixed effects.
*** p<0.01, ** p<0.05, * p<0.1

Table 10: Stronger Institutions Reduce the Impact of past Exposure to High Inflation

	Strong Inflation Concerns			Moderate Inflation Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
HIE	0.0037***	0.0049***	0.0072***	0.0004	-0.0002	0.0020
	(0.0012)	(0.0018)	(0.0015)	(0.0016)	(0.0023)	(0.0014)
HIE*Bureaucratic Quality	-0.0010**	-0.0014*	-0.0025***	0.0003	0.0005	-0.0003
	(0.0005)	(0.0008)	(0.0006)	(0.0006)	(0.0010)	(0.0006)
Low income dummy	0.0526***	0.0526***	0.0528***	0.0206***	0.0207***	0.0206***
	(0.0050)	(0.0050)	(0.0049)	(0.0058)	(0.0058)	(0.0058)
Middle income dummy	0.0186***	0.0186***	0.0186***	0.0189***	0.0189***	0.0189***
	(0.0037)	(0.0037)	(0.0037)	(0.0038)	(0.0038)	(0.0038)
Low education dummy	0.0851***	0.0852***	0.0848***	0.0334***	0.0335***	0.0333***
	(0.0064)	(0.0064)	(0.0064)	(0.0072)	(0.0072)	(0.0072)
Intermediate education dummy	0.0422***	0.0422***	0.0429***	0.0250***	0.0249***	0.0250***
	(0.0042)	(0.0042)	(0.0042)	(0.0041)	(0.0041)	(0.0041)
Single dummy	-0.0131***	-0.0130***	-0.0131***	-0.0118***	-0.0117***	-0.0118***
	(0.0034)	(0.0034)	(0.0034)	(0.0032)	(0.0032)	(0.0032)
Male dummy	-0.0275***	-0.0275***	-0.0277***	-0.0040	-0.0040	-0.0040
	(0.0027)	(0.0027)	(0.0027)	(0.0031)	(0.0031)	(0.0031)
Retired dummy	-0.0038	-0.0040	-0.0026	0.0023	0.0021	0.0029
	(0.0052)	(0.0053)	(0.0050)	(0.0049)	(0.0048)	(0.0049)
Out of labor force dummy	0.0198***	0.0198***	0.0197***	-0.0001	-0.0001	-0.0001
	(0.0046)	(0.0046)	(0.0046)	(0.0040)	(0.0040)	(0.0040)
Unemployed dummy	0.0147***	0.0147***	0.0152***	0.0027	0.0027	0.0031
	(0.0053)	(0.0053)	(0.0052)	(0.0051)	(0.0051)	(0.0051)
Constant	0.1759***	0.1776***	0.1762***	0.2344***	0.2366***	0.2293***
	(0.0044)	(0.0042)	(0.0065)	(0.0054)	(0.0052)	(0.0069)
Observations	183,579	183,579	183,579	183,579	183,579	183,579
R-squared	0.0861	0.0861	0.0864	0.0315	0.0315	0.0315

Note: Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 11: Lower Macroeconomic Instability Reduces the Impact of past Exposure to High Inflation

	Strong Inflation Concerns			Moderate Inflation Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
HIE	0.0013***	0.0015**	0.0012**	0.0011**	0.0009	0.0013**
	(0.0005)	(0.0007)	(0.0006)	(0.0004)	(0.0006)	(0.0006)
HIE*CV of GDP per capita growth	0.0000***	0.0000**	0.0000**	0.0000***	0.0000***	0.0000**
	(0.0000)	(0.0000)	(0.0000)	(0.0000)	(0.0000)	(0.0000)
Low income dummy	0.0516***	0.0516***	0.0514***	0.0200***	0.0200***	0.0199***
	(0.0047)	(0.0047)	(0.0047)	(0.0056)	(0.0056)	(0.0056)
Middle income dummy	0.0187***	0.0187***	0.0187***	0.0185***	0.0185***	0.0185***
	(0.0035)	(0.0035)	(0.0035)	(0.0036)	(0.0036)	(0.0036)
Low education dummy	0.0826***	0.0828***	0.0826***	0.0345***	0.0347***	0.0344***
	(0.0062)	(0.0063)	(0.0062)	(0.0068)	(0.0068)	(0.0068)
Intermediate education dummy	0.0404***	0.0404***	0.0403***	0.0258***	0.0257***	0.0257***
	(0.0042)	(0.0042)	(0.0042)	(0.0040)	(0.0040)	(0.0040)
Single dummy	-0.0137***	-0.0136***	-0.0136***	-0.0109***	-0.0108***	-0.0108***
	(0.0033)	(0.0033)	(0.0033)	(0.0031)	(0.0031)	(0.0031)
Male dummy	-0.0261***	-0.0261***	-0.0261***	-0.0046	-0.0046	-0.0046
	(0.0026)	(0.0026)	(0.0027)	(0.0030)	(0.0030)	(0.0030)
Retired dummy	-0.0031	-0.0033	-0.0025	0.0002	0.0001	0.0010
	(0.0050)	(0.0050)	(0.0050)	(0.0047)	(0.0047)	(0.0047)
Out of labor force dummy	0.0183***	0.0183***	0.0183***	-0.0001	-0.0001	-0.0001
	(0.0044)	(0.0044)	(0.0044)	(0.0037)	(0.0037)	(0.0037)
Unemployed dummy	0.0129***	0.0129***	0.0132***	0.0018	0.0018	0.0022
	(0.0049)	(0.0049)	(0.0049)	(0.0048)	(0.0048)	(0.0048)
Constant	0.1704***	0.1720***	0.1659***	0.2319***	0.2340***	0.2258***
	(0.0043)	(0.0041)	(0.0065)	(0.0050)	(0.0049)	(0.0065)
Observations	197,757	197,757	197,757	197,757	197,757	197,757
R-squared	0.0896	0.0895	0.0895	0.0355	0.0355	0.0355

Note: Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 12: High Inflation Exposure and Concerns over Price Stability: Exclusion of Countries with Top Five Inflation Rates

	Strong Inflation Concerns			Moderate Inflation Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
High Inflation Exposure (HIE)	0.0015***	0.0020**	0.0016**	0.0010**	0.0007	0.0015**
	(0.0005)	(0.0008)	(0.0006)	(0.0005)	(0.0008)	(0.0006)
Low income dummy	0.0500***	0.0500***	0.0498***	0.0193***	0.0193***	0.0192***
	(0.0050)	(0.0050)	(0.0050)	(0.0060)	(0.0060)	(0.0060)
Middle income dummy	0.0187***	0.0187***	0.0188***	0.0188***	0.0188***	0.0188***
	(0.0037)	(0.0037)	(0.0037)	(0.0038)	(0.0038)	(0.0038)
Low education dummy	0.0785***	0.0786***	0.0784***	0.0287***	0.0289***	0.0286***
	(0.0064)	(0.0064)	(0.0064)	(0.0073)	(0.0073)	(0.0073)
Intermediate education dummy	0.0398***	0.0398***	0.0398***	0.0226***	0.0225***	0.0226***
	(0.0046)	(0.0046)	(0.0046)	(0.0042)	(0.0042)	(0.0042)
Single dummy	-0.0145***	-0.0144***	-0.0143***	-0.0095***	-0.0094***	-0.0093***
	(0.0036)	(0.0036)	(0.0036)	(0.0033)	(0.0033)	(0.0033)
Male dummy	-0.0249***	-0.0249***	-0.0249***	-0.0048	-0.0049	-0.0048
	(0.0028)	(0.0028)	(0.0028)	(0.0032)	(0.0032)	(0.0032)
Retired dummy	-0.0036	-0.0038	-0.0029	-0.0034	-0.0035	-0.0028
	(0.0053)	(0.0053)	(0.0053)	(0.0048)	(0.0048)	(0.0048)
Out of labor force dummy	0.0205***	0.0205***	0.0205***	-0.0006	-0.0006	-0.0006
	(0.0046)	(0.0046)	(0.0046)	(0.0040)	(0.0040)	(0.0040)
Unemployed dummy	0.0121**	0.0121**	0.0126**	-0.0003	-0.0004	0.0001
	(0.0052)	(0.0052)	(0.0052)	(0.0049)	(0.0049)	(0.0049)
Constant	0.1754***	0.1770***	0.1678***	0.2381***	0.2405***	0.2303***
	(0.0044)	(0.0043)	(0.0072)	(0.0052)	(0.0050)	(0.0072)
Observations	178,181	178,181	178,181	178,181	178,181	178,181
R-squared	0.0911	0.0910	0.0910	0.0369	0.0369	0.0369

Note: Excludes Argentina, Bolivia, Germany, Nicaragua and Peru, which recorded the highest inflation rates in our sample. Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 13: High Inflation Exposure and Concerns over Price Stability: Additional Controls and Alternative Samples

	Strong Inflation Concern						Moderate Inflation Concern					
Inflation Threshold:	25 percent		50 percent		75^{th} percentile		25 percent		50 percent		75^{th} percentile	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
High Inflation Exposure (HIE)	0.0009**	0.0013***	0.0009*	0.0016**	0.0012**	0.0013**	0.0011***	0.0011**	0.0011**	0.0016**	0.0016***	0.0013**
	(0.0004)	(0.0005)	(0.0005)	(0.0006)	(0.0005)	(0.0006)	(0.0004)	(0.0004)	(0.0005)	(0.0006)	(0.0004)	(0.0006)
Low income dummy	0.0481***	0.0511***	0.0482***	0.0512***	0.0481***	0.0510***	0.0180***	0.0197***	0.0180***	0.0512***	0.0179***	0.0510***
	(0.0041)	(0.0048)	(0.0041)	(0.0048)	(0.0041)	(0.0047)	(0.0053)	(0.0055)	(0.0053)	(0.0048)	(0.0053)	(0.0047)
Middle income dummy	0.0188***	0.0187***	0.0188***	0.0186***	0.0189***	0.0187***	0.0162***	0.0181***	0.0161***	0.0186***	0.0163***	0.0187***
	(0.0031)	(0.0035)	(0.0031)	(0.0035)	(0.0031)	(0.0035)	(0.0034)	(0.0036)	(0.0034)	(0.0035)	(0.0034)	(0.0035)
Low education dummy	0.0813***	0.0815***	0.0815***	0.0817***	0.0811***	0.0815***	0.0365***	0.0339***	0.0368***	0.0817***	0.0362***	0.0815***
	(0.0058)	(0.0061)	(0.0058)	(0.0061)	(0.0058)	(0.0061)	(0.0067)	(0.0068)	(0.0067)	(0.0061)	(0.0067)	(0.0061)
Intermediate education dummy	0.0391***	0.0398***	0.0390***	0.0398***	0.0390***	0.0397***	0.0258***	0.0255***	0.0257***	0.0398***	0.0257***	0.0397***
	(0.0038)	(0.0042)	(0.0038)	(0.0042)	(0.0038)	(0.0041)	(0.0037)	(0.0040)	(0.0037)	(0.0042)	(0.0037)	(0.0041)
Single dummy	-0.0160***	-0.0136***	-0.0159***	-0.0135***	-0.0161***	-0.0135***	-0.0087***	-0.0104***	-0.0086***	-0.0135***	-0.0088***	-0.0135***
	(0.0031)	(0.0033)	(0.0031)	(0.0033)	(0.0031)	(0.0033)	(0.0027)	(0.0031)	(0.0027)	(0.0033)	(0.0027)	(0.0033)
Male dummy	-0.0254***	-0.0263***	-0.0254***	-0.0263***	-0.0253***	-0.0264***	-0.0030	-0.0047	-0.0030	-0.0263***	-0.0030	-0.0264***
	(0.0024)	(0.0026)	(0.0024)	(0.0026)	(0.0024)	(0.0026)	(0.0025)	(0.0030)	(0.0025)	(0.0026)	(0.0025)	(0.0026)
Retired dummy	-0.0058	-0.0033	-0.0060	-0.0035	-0.0050	-0.0027	-0.0003	0.0001	-0.0005	-0.0035	0.0007	-0.0027
	(0.0049)	(0.0050)	(0.0049)	(0.0050)	(0.0049)	(0.0050)	(0.0046)	(0.0047)	(0.0046)	(0.0050)	(0.0047)	(0.0050)
Out of labor force dummy	0.0139***	0.0183***	0.0140***	0.0183***	0.0140***	0.0183***	0.0005	0.0002	0.0005	0.0183***	0.0006	0.0183***
	(0.0036)	(0.0044)	(0.0036)	(0.0044)	(0.0036)	(0.0044)	(0.0030)	(0.0037)	(0.0030)	(0.0044)	(0.0030)	(0.0044)
Unemployed dummy	0.0136***	0.0127**	0.0135***	0.0127**	0.0140***	0.0131***	-0.0008	0.0021	-0.0008	0.0127**	-0.0003	0.0131***
	(0.0044)	(0.0049)	(0.0043)	(0.0049)	(0.0044)	(0.0049)	(0.0042)	(0.0048)	(0.0042)	(0.0049)	(0.0042)	(0.0049)
Large town dummy		-0.0106		-0.0105		-0.0105		-0.0056		-0.0105		-0.0105
		(0.0065)		(0.0065)		(0.0065)		(0.0037)		(0.0065)		(0.0065)
Mid-sized town dummy		-0.0059		-0.0059		-0.0060		-0.0045		-0.0059		-0.0060
		(0.0075)		(0.0075)		(0.0075)		(0.0061)		(0.0075)		(0.0075)
Constant	0.1733***	0.1750***	0.1746***	0.1767***	0.1681***	0.1703***	0.2317***	0.2347***	0.2333***	0.1767***	0.2244***	0.1703***
	(0.0038)	(0.0046)	(0.0037)	(0.0045)	(0.0052)	(0.0068)	(0.0044)	(0.0051)	(0.0043)	(0.0045)	(0.0051)	(0.0068)
Sample	¿15	¿25	¿15	¿25	¿15	¿25	¿15	¿25	¿15	¿25	¿15	¿25
Observations	239,924	198,674	239,924	198,674	239,924	198,674	239,924	198,674	239,924	198,674	239,924	198,674
R-squared	0.0871	0.0892	0.0870	0.0892	0.0871	0.0892	0.0352	0.0354	0.0352	0.0892	0.0353	0.0892

Note: Standard errors clustered at the country-year level in parenthesis. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 14: High Inflation Exposure and Concerns over Price Stability: Placebo Exercise

	Strong Inflation Concerns			Moderate Inflation Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
High Inflation Exposure (HIE) placebo	-0.0005	-0.0005	-0.0005	0.0004	0.0008	0.0006
	(0.0005)	(0.0009)	(0.0005)	(0.0006)	(0.0009)	(0.0006)
Low income dummy	0.0522***	0.0522***	0.0522***	0.0205***	0.0205***	0.0205***
	(0.0047)	(0.0047)	(0.0047)	(0.0055)	(0.0055)	(0.0055)
Middle income dummy	0.0190***	0.0190***	0.0190***	0.0183***	0.0183***	0.0183***
	(0.0035)	(0.0035)	(0.0035)	(0.0036)	(0.0036)	(0.0036)
Low education dummy	0.0822***	0.0822***	0.0822***	0.0343***	0.0343***	0.0343***
	(0.0062)	(0.0062)	(0.0062)	(0.0069)	(0.0069)	(0.0069)
Intermediate education dummy	0.0400***	0.0400***	0.0399***	0.0254***	0.0254***	0.0255***
	(0.0042)	(0.0042)	(0.0042)	(0.0040)	(0.0040)	(0.0040)
Single dummy	-0.0135***	-0.0135***	-0.0135***	-0.0102***	-0.0102***	-0.0102***
	(0.0033)	(0.0033)	(0.0033)	(0.0031)	(0.0031)	(0.0031)
Male dummy	-0.0264***	-0.0264***	-0.0264***	-0.0050	-0.0050	-0.0050
	(0.0026)	(0.0026)	(0.0026)	(0.0030)	(0.0030)	(0.0030)
Retired dummy	-0.0026	-0.0027	-0.0023	0.0002	0.0001	-0.0003
	(0.0050)	(0.0050)	(0.0051)	(0.0048)	(0.0048)	(0.0047)
Out of labor force dummy	0.0185***	0.0185***	0.0185***	0.0002	0.0002	0.0002
	(0.0044)	(0.0044)	(0.0044)	(0.0038)	(0.0038)	(0.0038)
Unemployed dummy	0.0126**	0.0126**	0.0126***	0.0019	0.0019	0.0019
	(0.0048)	(0.0048)	(0.0048)	(0.0048)	(0.0048)	(0.0048)
Constant	0.1774***	0.1769***	0.1782***	0.2365***	0.2367***	0.2352***
	(0.0041)	(0.0040)	(0.0041)	(0.0049)	(0.0049)	(0.0051)
Observations	198,674	198,674	198,674	198,674	198,674	198,674
R-squared	0.0884	0.0884	0.0884	0.0346	0.0346	0.0346

Note: Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1

Table 15: High Inflation Exposure and Growth Concerns

	Strong Growth Concerns			Moderate Growth Concerns		
Inflation Threshold:	25 percent	50 percent	75^{th} percentile	25 percent	50 percent	75^{th} percentile
	(1)	(2)	(3)	(4)	(5)	(6)
High Inflation Exposure (HIE)	-0.0013**	-0.0009	-0.0008	0.0005	0.0005	-0.0000
	(0.0005)	(0.0007)	(0.0007)	(0.0003)	(0.0005)	(0.0004)
Low income dummy	-0.0347***	-0.0347***	-0.0346***	0.0150***	0.0150***	0.0150***
	(0.0073)	(0.0073)	(0.0073)	(0.0038)	(0.0038)	(0.0038)
Middle income dummy	-0.0040	-0.0040	-0.0041	0.0156***	0.0156***	0.0156***
	(0.0053)	(0.0053)	(0.0053)	(0.0031)	(0.0031)	(0.0031)
Low education dummy	-0.0578***	-0.0581***	-0.0579***	-0.0111**	-0.0111**	-0.0110**
	(0.0095)	(0.0095)	(0.0095)	(0.0047)	(0.0047)	(0.0047)
Intermediate education dummy	-0.0061	-0.0059	-0.0059	-0.0063**	-0.0063**	-0.0064**
	(0.0059)	(0.0059)	(0.0059)	(0.0031)	(0.0031)	(0.0031)
Single dummy	-0.0236***	-0.0237***	-0.0238***	0.0040	0.0041	0.0041
	(0.0041)	(0.0041)	(0.0041)	(0.0033)	(0.0033)	(0.0033)
Male dummy	0.0336***	0.0337***	0.0337***	-0.0092***	-0.0092***	-0.0092***
	(0.0035)	(0.0035)	(0.0035)	(0.0023)	(0.0023)	(0.0023)
Retired dummy	0.0006	0.0008	0.0003	0.0014	0.0013	0.0013
	(0.0055)	(0.0055)	(0.0054)	(0.0037)	(0.0037)	(0.0038)
Out of labor force dummy	-0.0109***	-0.0109***	-0.0109***	-0.0066**	-0.0066**	-0.0066**
	(0.0041)	(0.0041)	(0.0041)	(0.0029)	(0.0029)	(0.0030)
Unemployed dummy	-0.0198***	-0.0198***	-0.0200***	0.0049	0.0049	0.0049
	(0.0046)	(0.0046)	(0.0046)	(0.0039)	(0.0039)	(0.0038)
Constant	0.5085***	0.5055***	0.5096***	0.1893***	0.1901***	0.1916***
	(0.0064)	(0.0062)	(0.0077)	(0.0040)	(0.0039)	(0.0047)
Observations	198,674	198,674	198,674	198,674	198,674	198,674
R-squared	0.1582	0.1582	0.1582	0.0514	0.0514	0.0514

Note: Standard errors clustered at the country-year level in parenthesis. Regressions include individuals age 25 and up. All specifications include year, country-year and cohort fixed effects. The 75^{th} percentile threshold is calculated based on the country-specific inflation distribution.
*** p<0.01, ** p<0.05, * p<0.1