

Macro Roundup Article

Headline: [The Inflation Debate Is Cooling](#)

Article Link: <https://www.nytimes.com/2023/05/26/opinion/inflation-fed-blanchard-bernanke.html>

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Publication	Krugman Works Out
Publication Date	May 30, 2023

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Summary: Even if you believe that excessive government spending played a big role in the initial rise in inflation, future inflation will reflect more persistent factors — which, in Olivier Blanchard and Ben Bernanke analysis, means focusing on the labor market, which they say is still overheated and needs to cool. The six-million-job question is whether this cooling off needs to involve a large rise in unemployment. The paper is actually fairly optimistic on that question, suggesting that “immaculate disinflation,” inflation coming down without any significant rise in unemployment, may be possible, and that even if it isn’t, those grim projections we were hearing a year ago about the need for many years of high unemployment no longer seem plausible. The ratio of vacancies to the unemployed as their measure of labor market tightness. And what has been really striking since late 2022 is that vacancies have come way down without any rise in unemployment. Related: What Caused the U.S. Pandemic-Era Inflation? and Inflation: A Series of Unfortunate Events vs. Original Sin

Primary Topic: Inflation

Topics: GDP, Inflation, Monetary Policy, Op-Ed/Blog Post

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