

Macro Roundup Article

Headline: [An Analysis of Pandemic-Era Inflation In 11 Economies](#)

Article Link: <https://www.piie.com/sites/default/files/2024-05/wp24-11.pdf>

Author(s)	Ben Bernanke and Olivier Blanchard
Publication	Peterson Institute for International Economics
Publication Date	May 20, 2024

Tweet: [@benbernanke](#) and [@ojblanchard1](#) find that pandemic-era inflation across ten countries was initially driven by transient price shocks, but as these effects receded, tight labor markets and wage inflation became more significant and persistent factors.

Summary: This cross-country summary presents the conclusions of studies by ten central banks and our own work for the United States. Consistent with our original findings for the United States, there is wide agreement [re] global increases in energy and food prices and supply disruptions in key sectors. As of this writing (March '24), these shocks have receded substantially, accounting for most of the global cooling of inflation. The prominence of shocks to prices does not preclude a role for labor markets, however: Also consistent with earlier results, in many, although not all, countries, post-pandemic labor markets became quite tight, presumably reflecting strong aggregate demand together with constraints on labor supply. Tight labor markets in turn contributed to wage inflation, and consequently to price inflation. Importantly, although the inflationary effects of tight labor markets were initially much smaller than the effects of shocks to prices, they were more persistent. Thus, as the shocks to prices faded or reversed, wage inflation has become the larger factor behind the remaining price inflation, which may make further reductions in inflation more difficult to achieve

Related Articles: The Big Picture: Back to the Future and Is Nominal Wage Growth Starting to Slow? and Money and Inflation

Primary Topic: Inflation

Topics: Academic paper, Business Cycle, Database, GDP, Inflation, Monetary Policy, Weekly

PDF File URL: <https://www.edwardconard.com/wp-content/uploads/2024/05/An-Analysis-of-Pandemic-Era-Inflation.pdf>

Permalink: <https://www.edwardconard.com/macro-roundup/benbernanke-and-ojblanchard1-find-that-pandemic-era-inflation-across-ten-countries-was-initially-driven-by-transient-price-shocks-but-as-these-effects-receded-tight-labor-markets-and-wage-inflation-became-more-significant-and-persistent-factors?view=detail>

Featured Image Link: <https://www.edwardconard.com/wp-content/uploads/2024/05/21073-an-analysis-of-pandemic-era-inflation-in-11-economies-featured-thumbnail-image.png>