

Macro Roundup Article

Headline: [Why Did So Many Economists Get Disinflation Wrong?](#)

Article

Link: <https://www.nytimes.com/2023/11/07/opinion/economists-disinflation-economy.html>

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Tweet: [@paulkrugman](#) argues disinflation has gotten us close to the Fed's 2% target without a recession or a large rise in unemployment. He also notes that trying to lower the price level to its pre-inflationary level is "almost always" a bad idea.

Summary: If you want a measure that's closer to how people currently spend their money, you want the Harmonized Index of Consumer Prices. "Core" inflation is actually the highest, because owners' equivalent rent, for technical reasons, tends to lag far behind actual market rents — which rose a lot last year but have leveled off. One reason the Fed prefers that P.C.E. deflator over the Consumer Price Index, by the way, is that it puts less weight on those questionable housing prices. The bottom line is that disinflation is real — indeed, spectacular. Are we all the way back to 2 percent inflation? Probably not, although there's a real angels dancing on the head of a pin feel to the debate over the right measure of underlying inflation, and even over what that term really means. But we've gotten most of the way there, without a recession or even a large rise in unemployment. Related: U.S. Wage Growth Is Slowing, Somewhat and An Update from Our CIOs: Entering the Second Stage of Tightening and Why No Recession (Yet)?

Primary Topic: Business Cycle

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

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