

Macro Roundup Article

Headline: [Unions' Inflation Warning?](#)

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Tweet: .@EthanYWu at @ft shares Blackrock analysis forecasting declining American labor force participation rates driven by aging. This implies that economic activity "will need to run at a lower level to avoid persistent wage and price inflation,"

Summary: The participation rate, or the share of people aged 16 and over that have or are looking for work, nosedived when the pandemic hit [orange line above]. Some of that sharp decline has been made up as people return. But we don't see it recovering further because the effects of an aging population account for most of the remaining shortfall. More people have hit 64 years old, the age at which most retire. That's taken 1.3M out of the workforce as of October, we find. Another 630,000 left as the pandemic caused fewer people to work past retirement age and hastened retirement for people coming up to 64. That implies the workforce will keep shrinking relative to the population. Economic activity will need to run at a lower level to avoid persistent wage and price inflation, especially in the labor-heavy services sector.

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Primary Topic: Unemployment/Participation

Topics: Database, Op-Ed/Blog Post, Quote, Theory, Unemployment/Participation, Wages/Income, Workforce

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