

Macro Roundup Article

Headline: [When Should We Declare Victory Over Inflation?](#)

Article Link: <https://www.nytimes.com/2022/12/02/opinion/inflation-percent-jobs-report.html>

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Tweet: [.@paulkrugman agrees with @ojblanchard1's case for an inflation target of 3% vs. 2%, perhaps without officially announcing the policy.](#)

Summary: Many economists believe that a little bit of inflation helps to “lubricate” the economy. An ever-changing economy often requires that prices of some goods (and wages for some workers) fall relative to prices and wages elsewhere. But price and wage cuts are hard to achieve. If the price of widgets needs to fall relative to the price of gizmos, it’s easier to do this with rising gizmo prices rather than falling widget prices, so adjustment is easier if overall inflation is somewhat positive. On the other hand, there’s a lot to be said for more or less stable prices, and in particular for an inflation rate low enough that people don’t have to think about it much. I’m with Blanchard and others in believing that it’s OK to stop at 3, maybe without admitting that we’re doing it.

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Primary Topic: Inflation

Topics: GDP, Inflation, Monetary Policy, Op-Ed/Blog Post, Quote, Sell-by Date

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