The Fed - Demand-Supply imbalance during the Covid-19 pandemic The role of fiscal policy

Author:François de Soyres, Ana Maria Santacreu, and Henry Young

Date:2022-08-01

Keyword:NA

Url:[click here](https://www.federalreserve.gov/econres/ifdp/demand-supply-imbalance-during-the-covid-19-pandemic-the-role-of-fiscal-policy.htm)

Attachment:[click here](https://www.federalreserve.gov/econres/ifdp/files/ifdp1353.pdf)

From:IFDP-working\_paper

To mitigate the health and economic fallout from the COVID-19 pandemic, governments worldwide engaged in massive fiscal support programs. We show that generous fiscal support contributed to an increase in the demand for consumption goods during the pandemic, but industrial production did not adjust quickly enough to meet the sharp increase in demand. This imbalance between supply and demand across countries led to high inflation. Our findings suggest a sizable role for fiscal policy in affecting price stability.