

Inflation: Why's, who's, & how's

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Overview

Why should we care?

The present picture

Whose side to pick?

Future paths

Why should we care?

Why should we care?

“The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists.”¹

1: Joan Robinson. *Collected Economic Papers*, 1980, Vol. 2 p. 17.

Why should we care?

Quick poll:

bit.ly/3gKU7cm



Consumer Price Index

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The **Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. Average price data for select utility, automotive fuel, and food items are also available.

NOTICES

- » Correction of CPI files [Read More](#) »
- » Starting in January 2022, weights for the Consumer Price Index are calculated based on consumer expenditure data from 2019-2020. The BLS considered interventions, but decided to maintain normal procedures. [Read More](#) »
- » Updated seasonal factors introduced February 8, 2022 [Read More](#) »

CHARTS

12-month percentage change, Consumer Price Index, selected categories, January 2022, not seasonally adjusted

NEWS RELEASES

[CPI for all items rises 0.6% in January; food, electricity, and shelter indexes increase](#)

Why should we care?

Inflation is REAL

Continuously rising price level

Falling value of money

Why should we care?



Why should we care?

Cost-push

Demand-pull

Wage bargaining

Full capacity?

Oil price shocks

Output gap

The present picture

The present picture

 ECONOMY

The New York Times

Inflation probably climbed at fastest pace in four decades in January.

Consumer Price Index data released on Thursday could show the biggest annual price increase since early 1982.

The present picture

Consumer Price Index: All items

Change from a Year ago

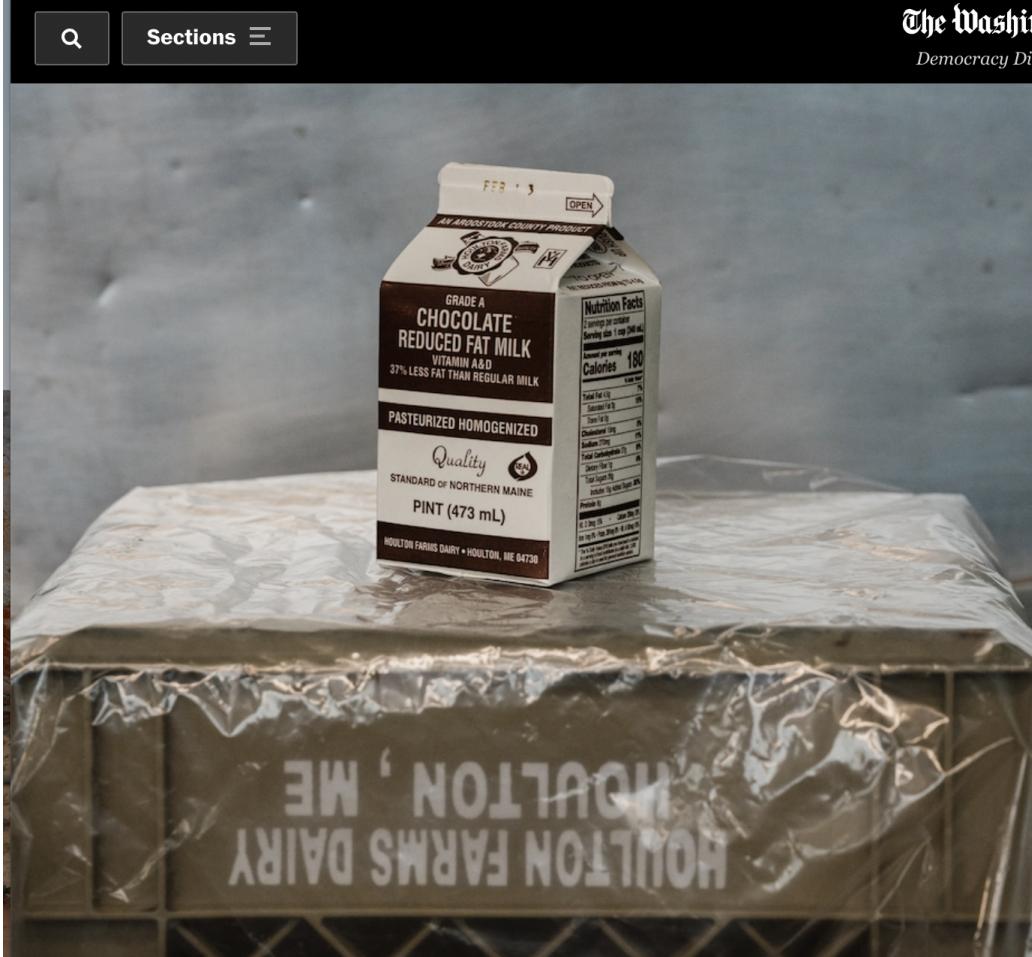


Source: BLS.

The present picture

What categories matter?

The present picture



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What happened to the chocolate milk? In rural Maine, a supply chain mystery.

Whose side to pick?

Whose side to pick?

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Opinion: On inflation, we can learn from the mistakes of the past – or repeat them



By Lawrence H. Summers

Contributing columnist



February 3, 2022 at 6:38 p.m. EST

A year ago I warned that “there is a chance that macroeconomic stimulus on a scale closer to World War II levels than normal recession levels will set off inflation pressures of a kind we have not seen in a generation.”

Whose side to pick?

The largest errors a year ago came from a deep faith in inertia. After 40 years of almost totally stable inflation, most observers failed to recognize that pursuing fiscal and monetary policy on a transcendent scale to increase demand, at a time when covid-19 was likely to curtail the supply of labor and goods, risked generating a huge overflow of demand. Similarly, after an extended post-financial-crisis period of sluggish growth, they failed to appreciate just how quickly the economy could shift from being demand-constrained to supply-constrained.

Whose side to pick?

Politics

Senator Manchin Casts More Doubt on Biden's Agenda With Blast on Inflation

- West Virginia Democrat calls on Fed to act on rising prices
- Manchin wants tax hikes on companies, wealthy, capital gains



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Whose side to pick?

A Balanced Response to Inflation

Feb 7, 2022 | JOSEPH E. STIGLITZ

Although it is anyone's guess what will happen next with inflation, the data show that there is no reason to react rashly with large across-the-board interest-rate hikes. The economy is working through an unprecedented transition that could ultimately be a boon for workers; but only if policymakers let the process play out.



JOSEPH E. STIGLITZ

Writing for PS since 2001

304 Commentaries

Whose side to pick?

The New York Times

SUBSCRIBER-ONLY NEWSLETTER

Paul Krugman

OPINION

Wonking Out: Very Serious Folk Economics

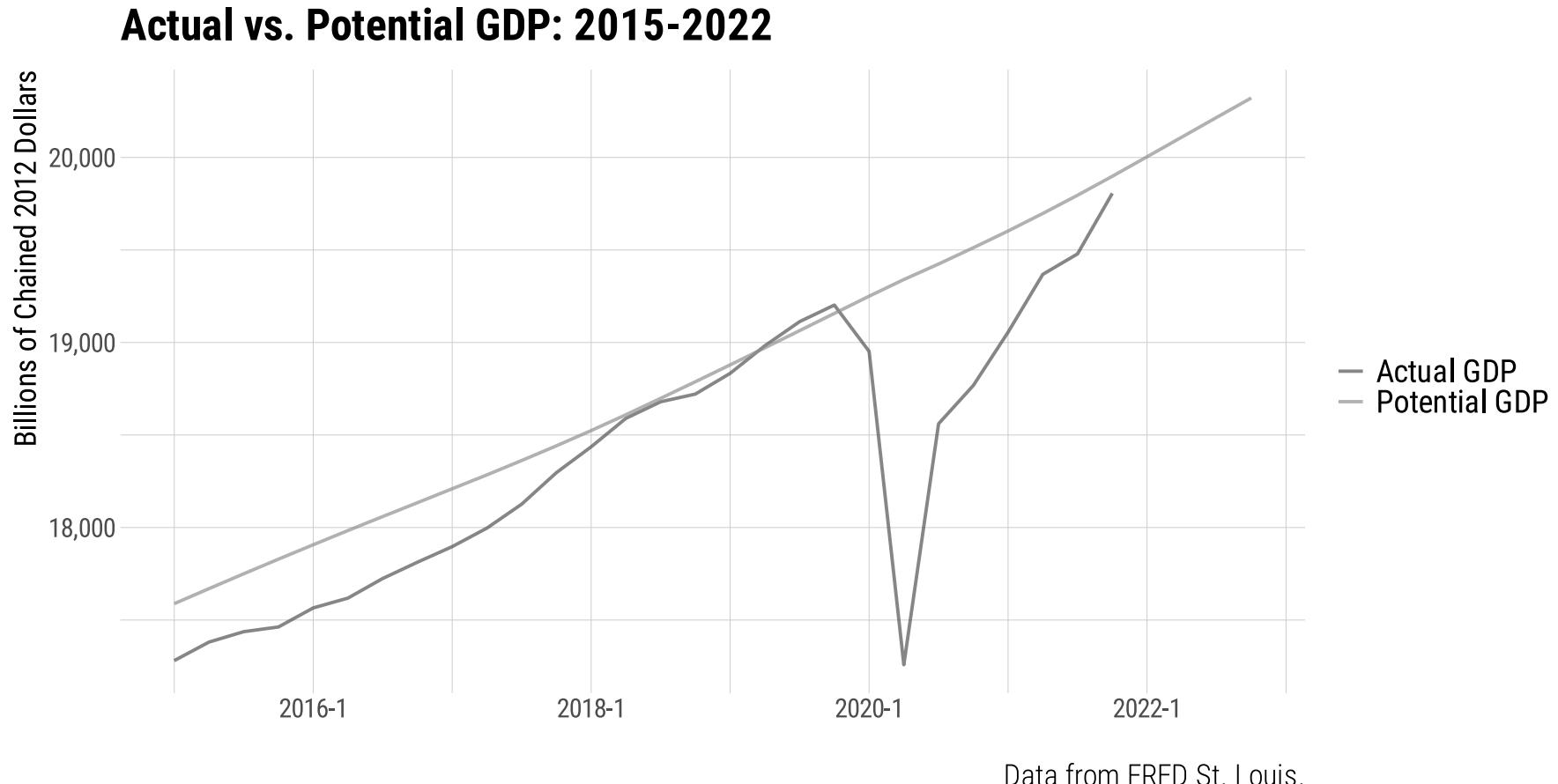
Feb. 11, 2022



By [Paul Krugman](#)
Opinion Columnist

Future paths

Future paths

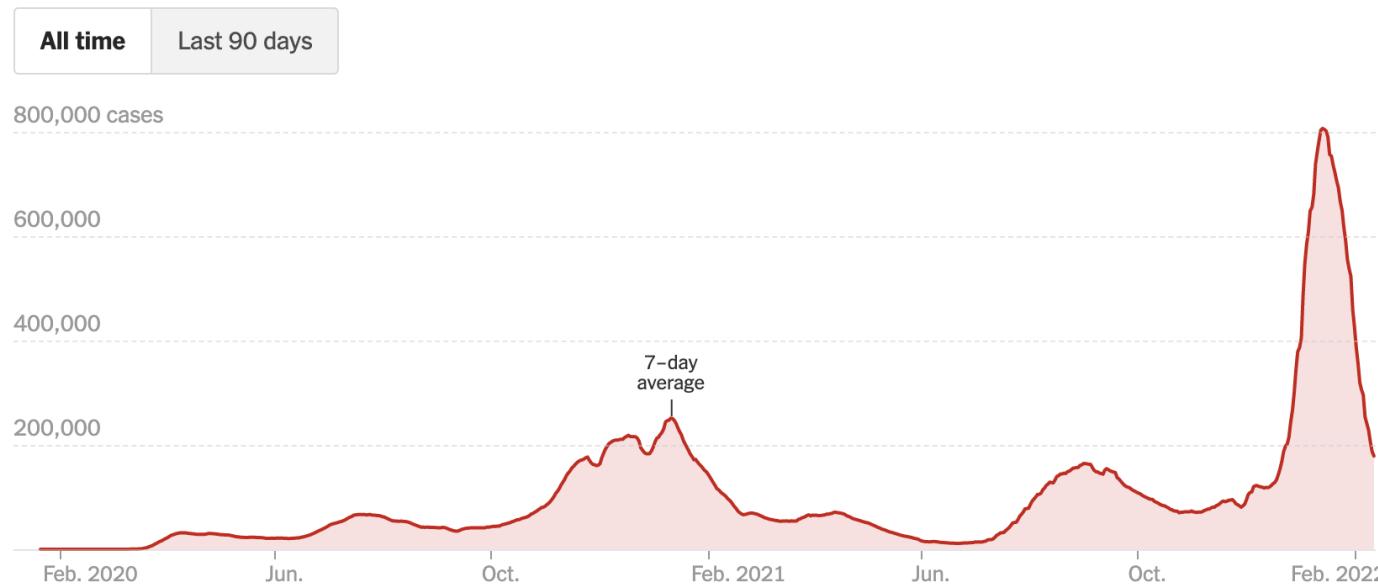


Future paths

Coronavirus in the U.S.: Latest Map and Case Count

Updated Feb. 13, 2022

New reported cases



Vaccinations

	AT LEAST ONE DOSE	FULLY VACCINATED
All ages	76%	64%
5 and up	81%	68%
65 and up	95%	89%

[See more details >](#)

[About this data](#)

State of the virus

Update for Feb. 11

Future paths

CLIMATE

The New York Times

'Build Back Better' Hit a Wall, but Climate Action Could Move Forward

Some Democrats want to forge ahead with a stand-alone climate bill, but their solution could mean abandoning other parts of President Biden's agenda.

Thank you!