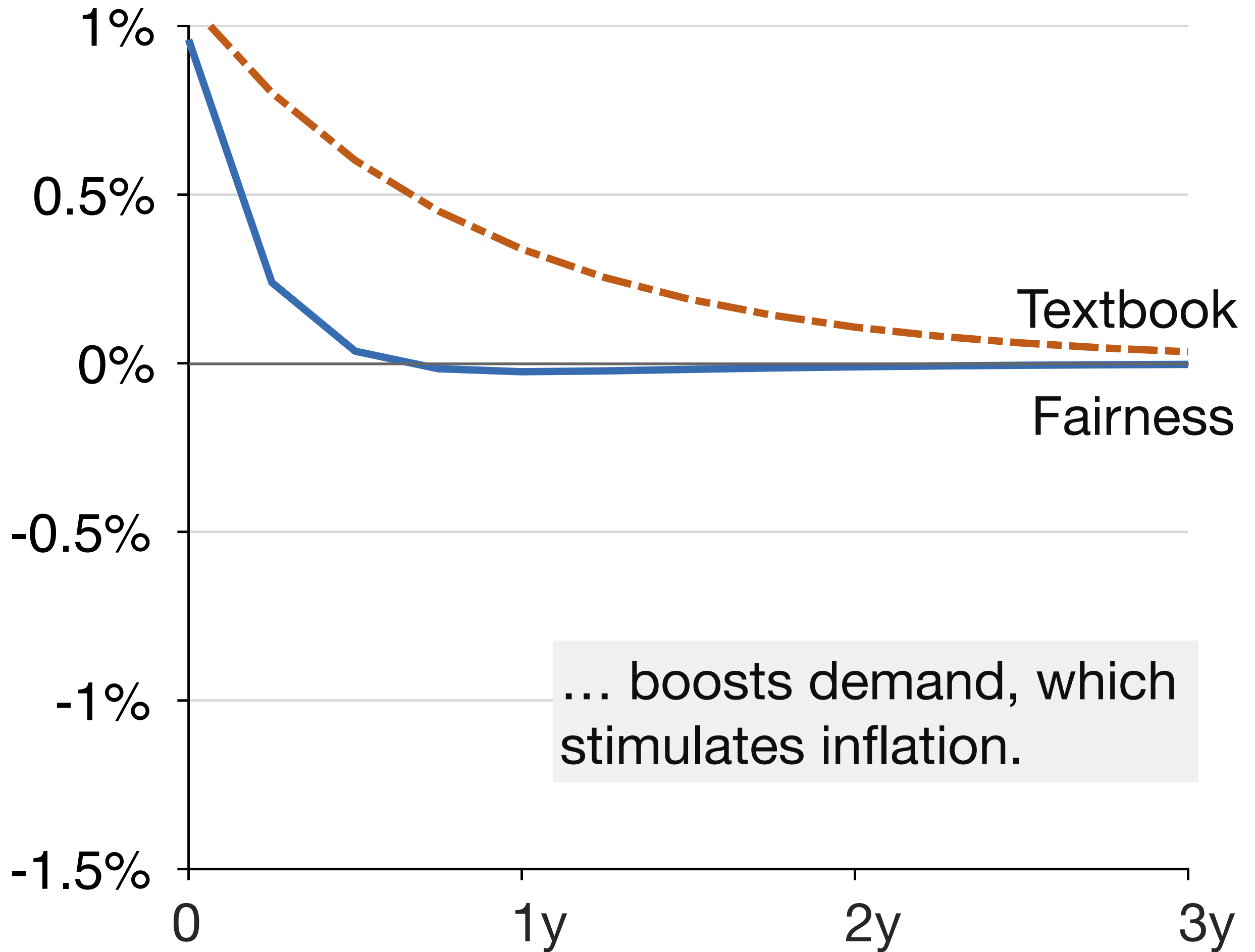
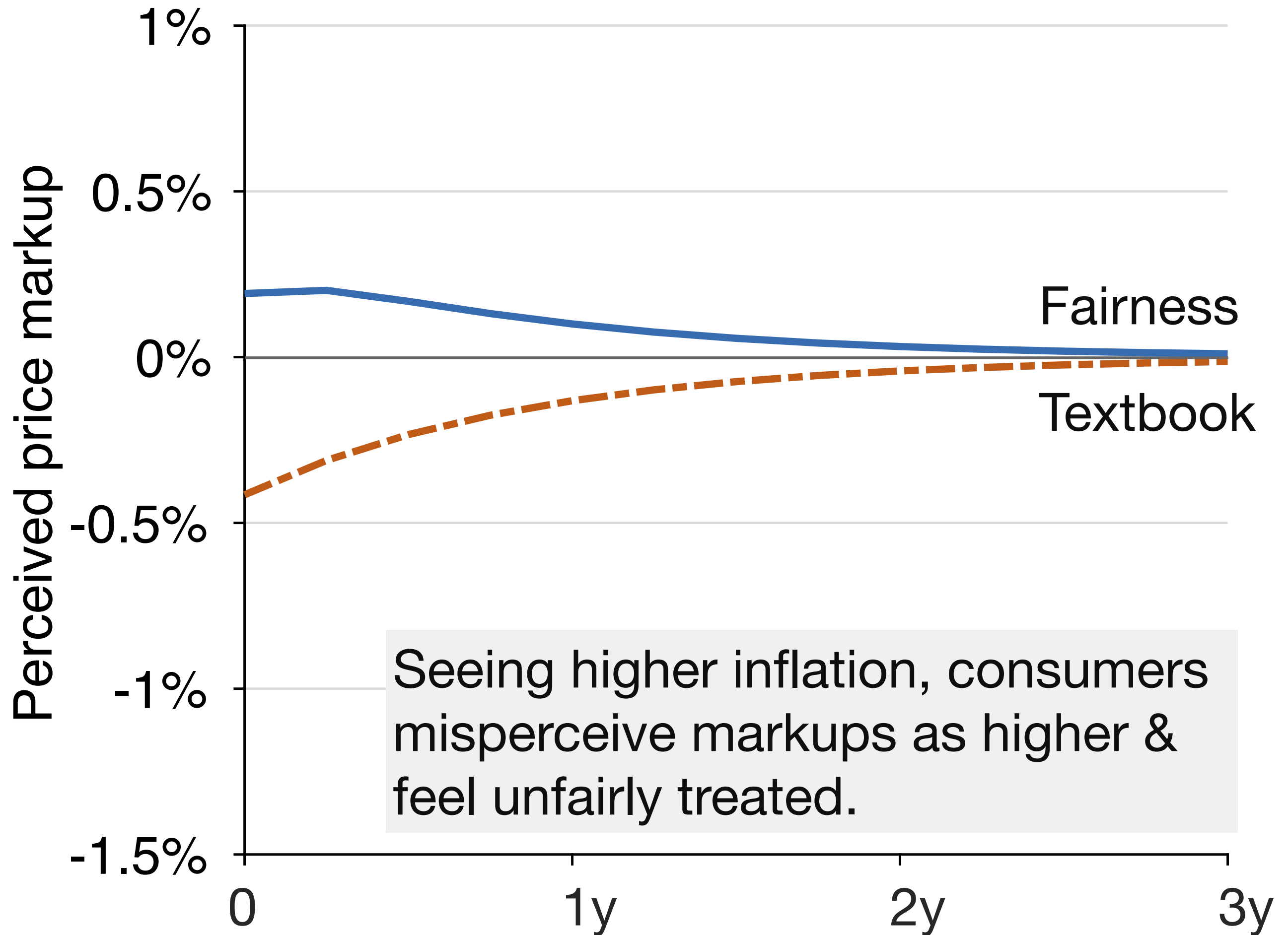
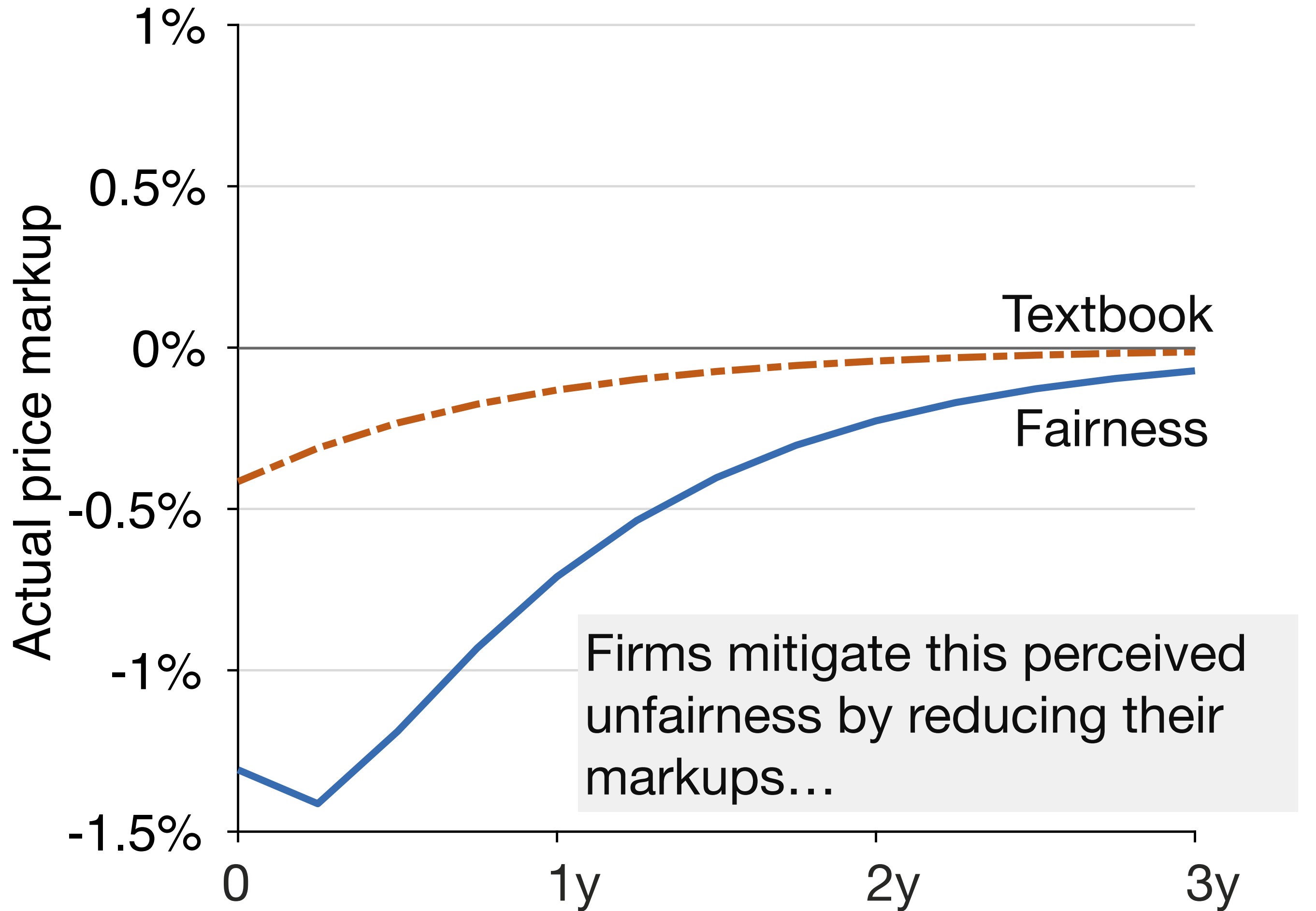


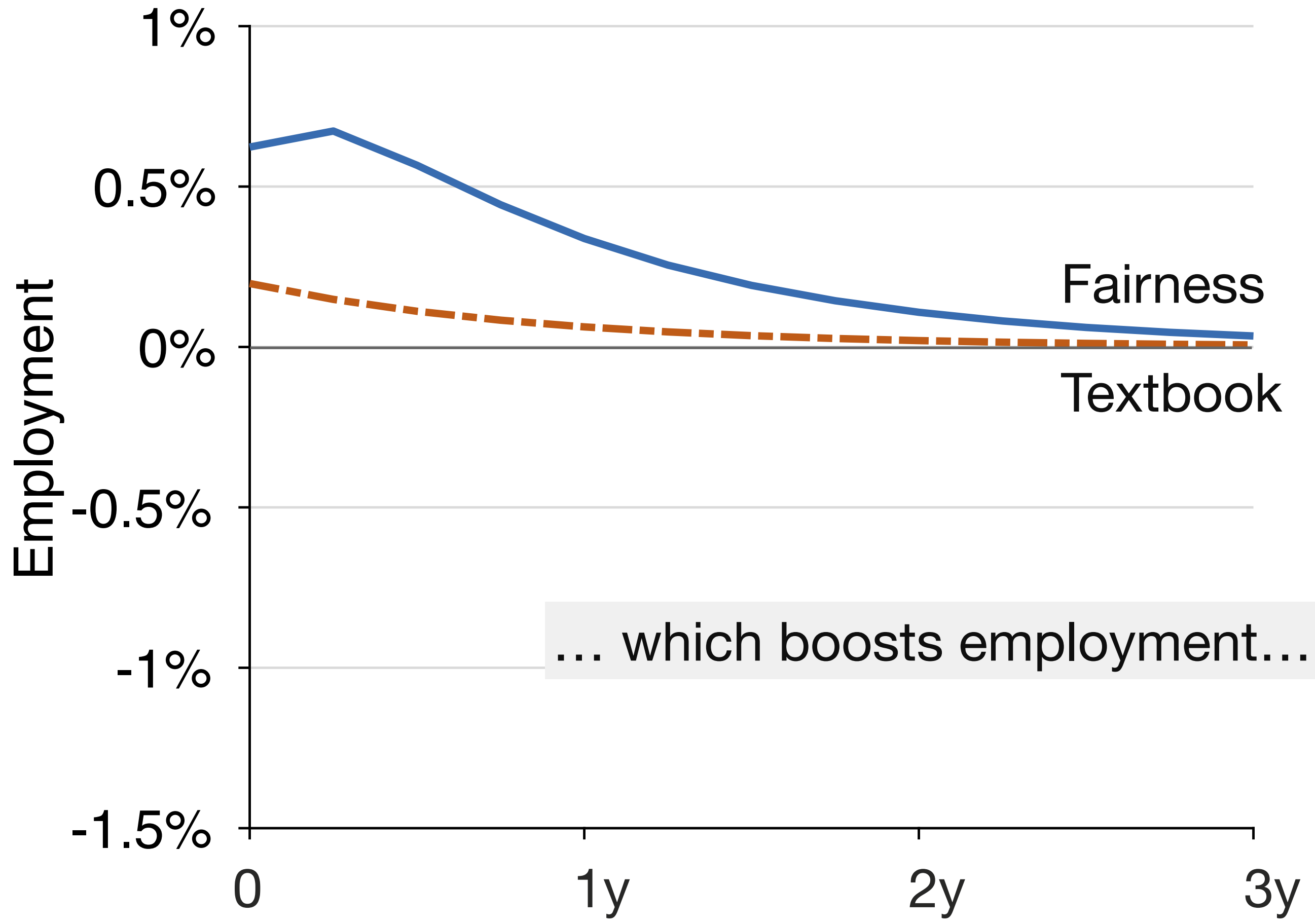
Inflation rate





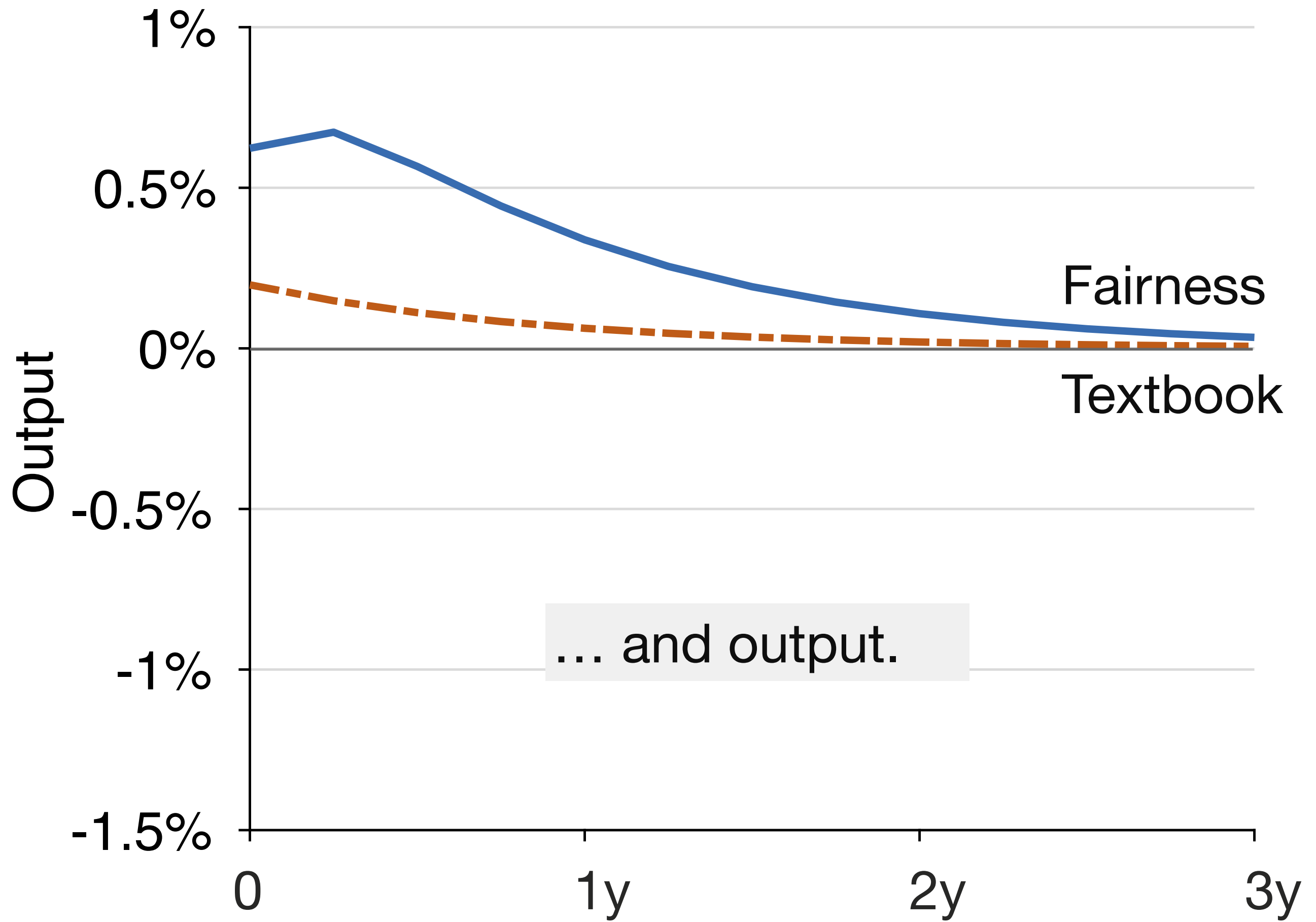
Seeing higher inflation, consumers misperceive markups as higher & feel unfairly treated.

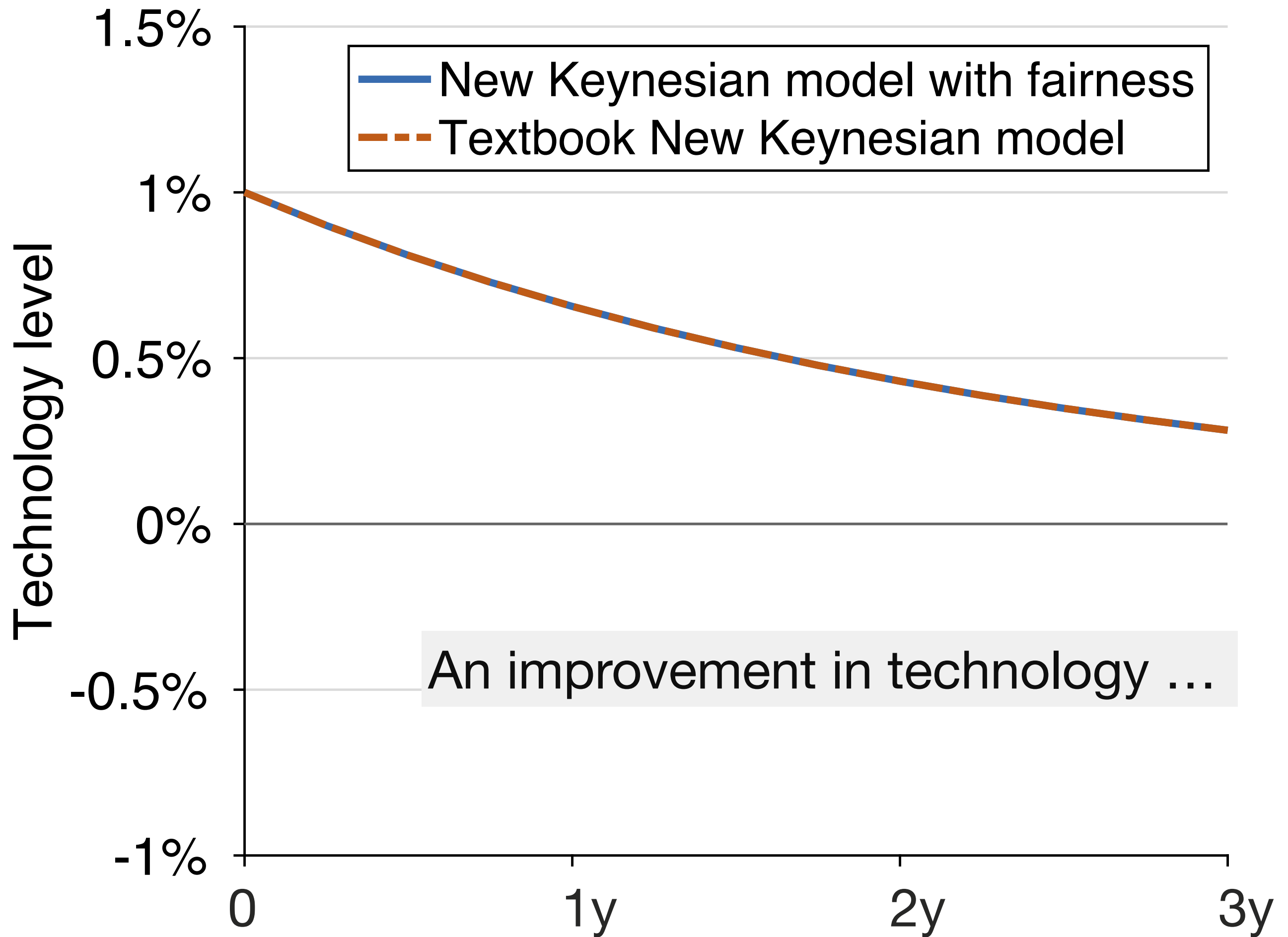




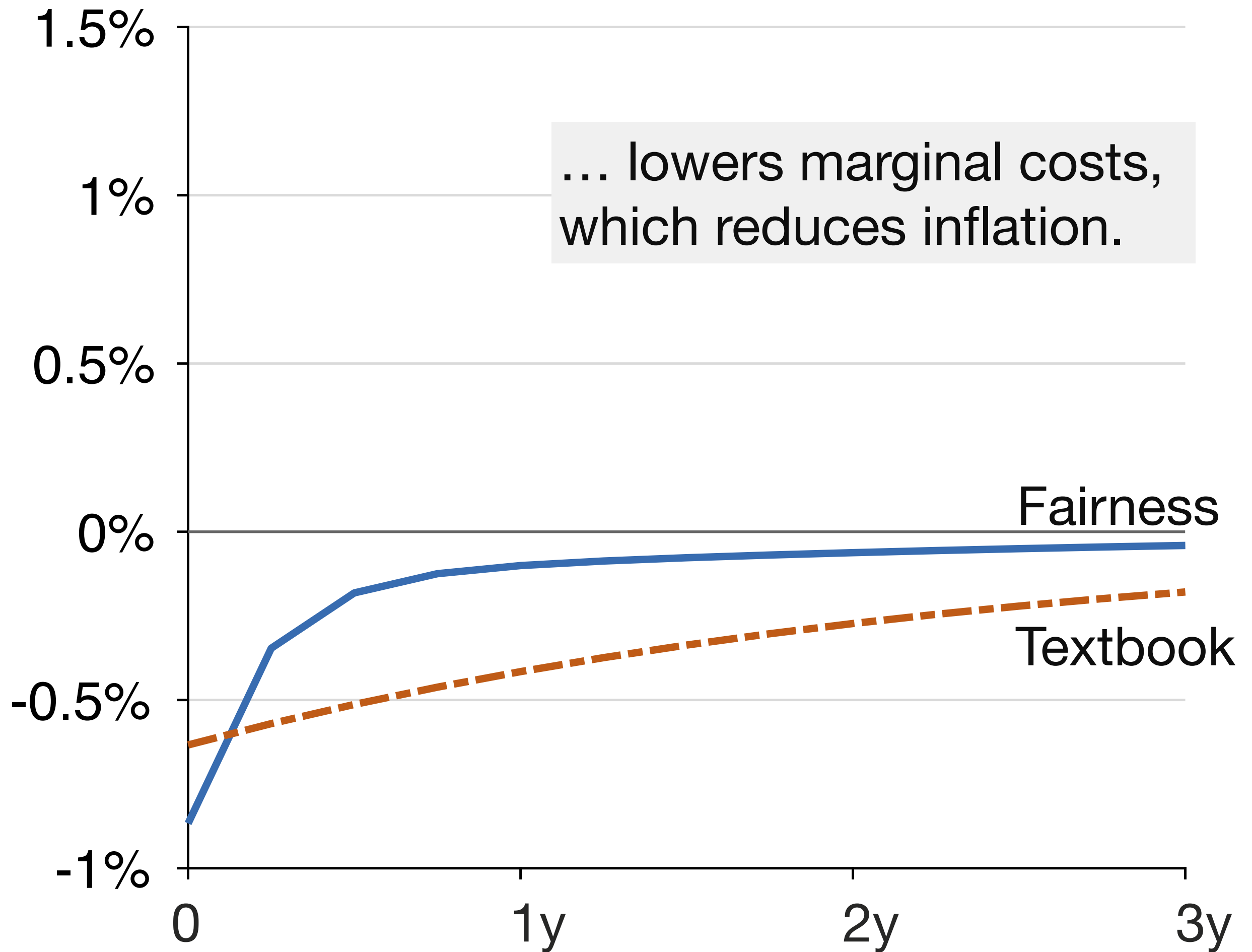
... which boosts employment...

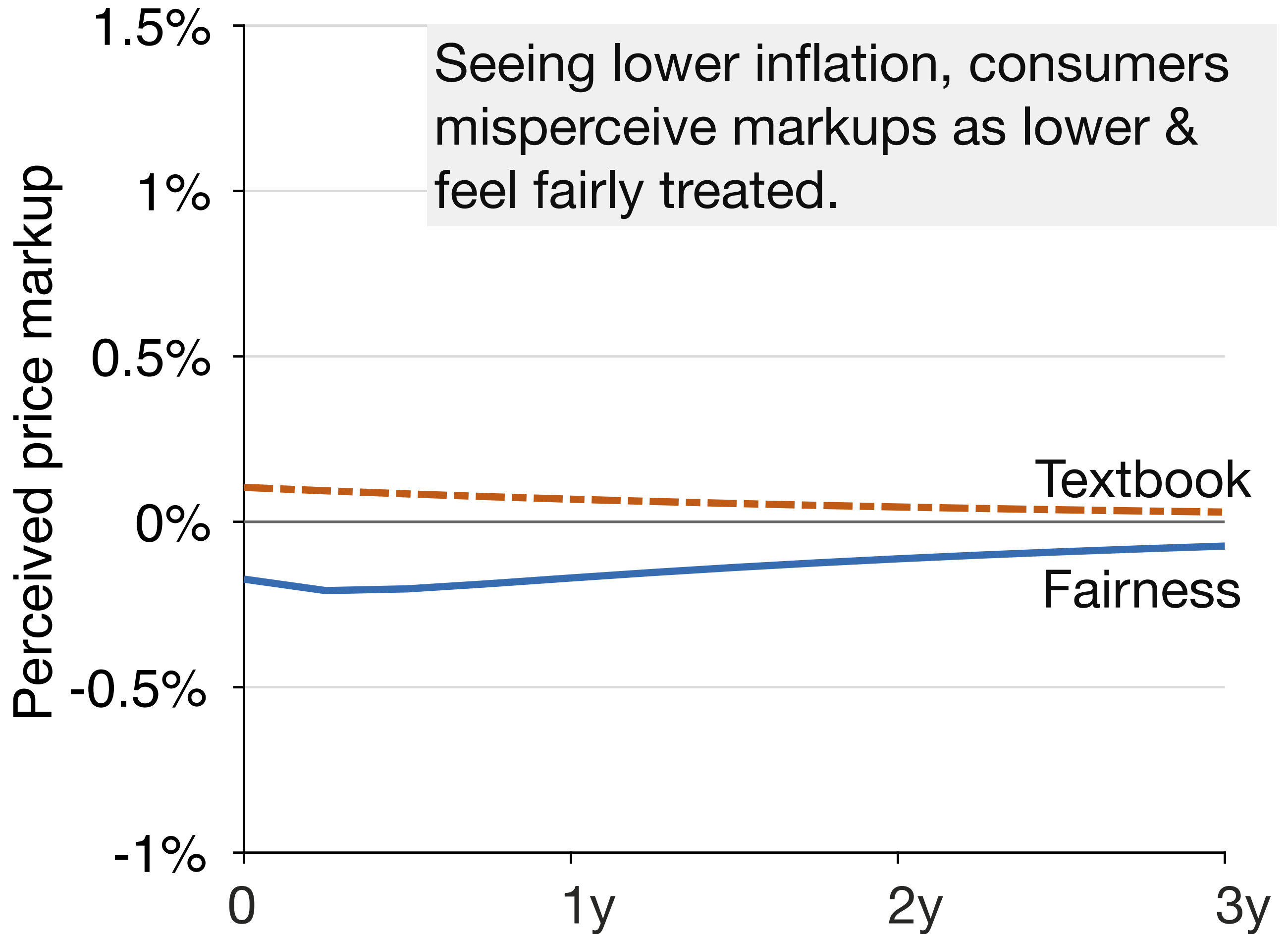




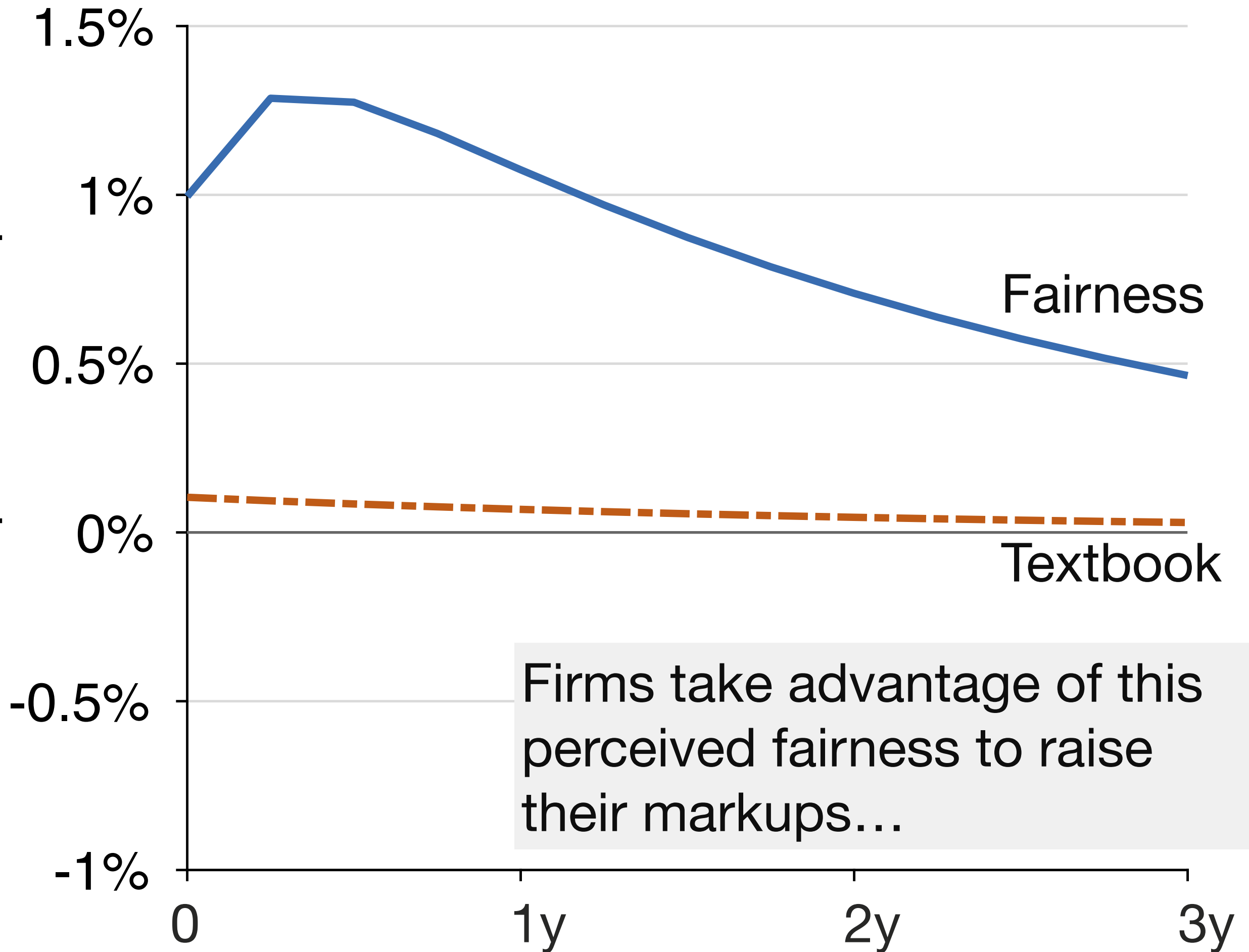


Inflation rate





Actual price markup



Firms take advantage of this perceived fairness to raise their markups...

Employment

... which reduces employment.

