

Comments on
**“Wage-Price Spirals:
What is the Historical Evidence”**
*by Jorge Alvarez, John Bluedorn,
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September 2023

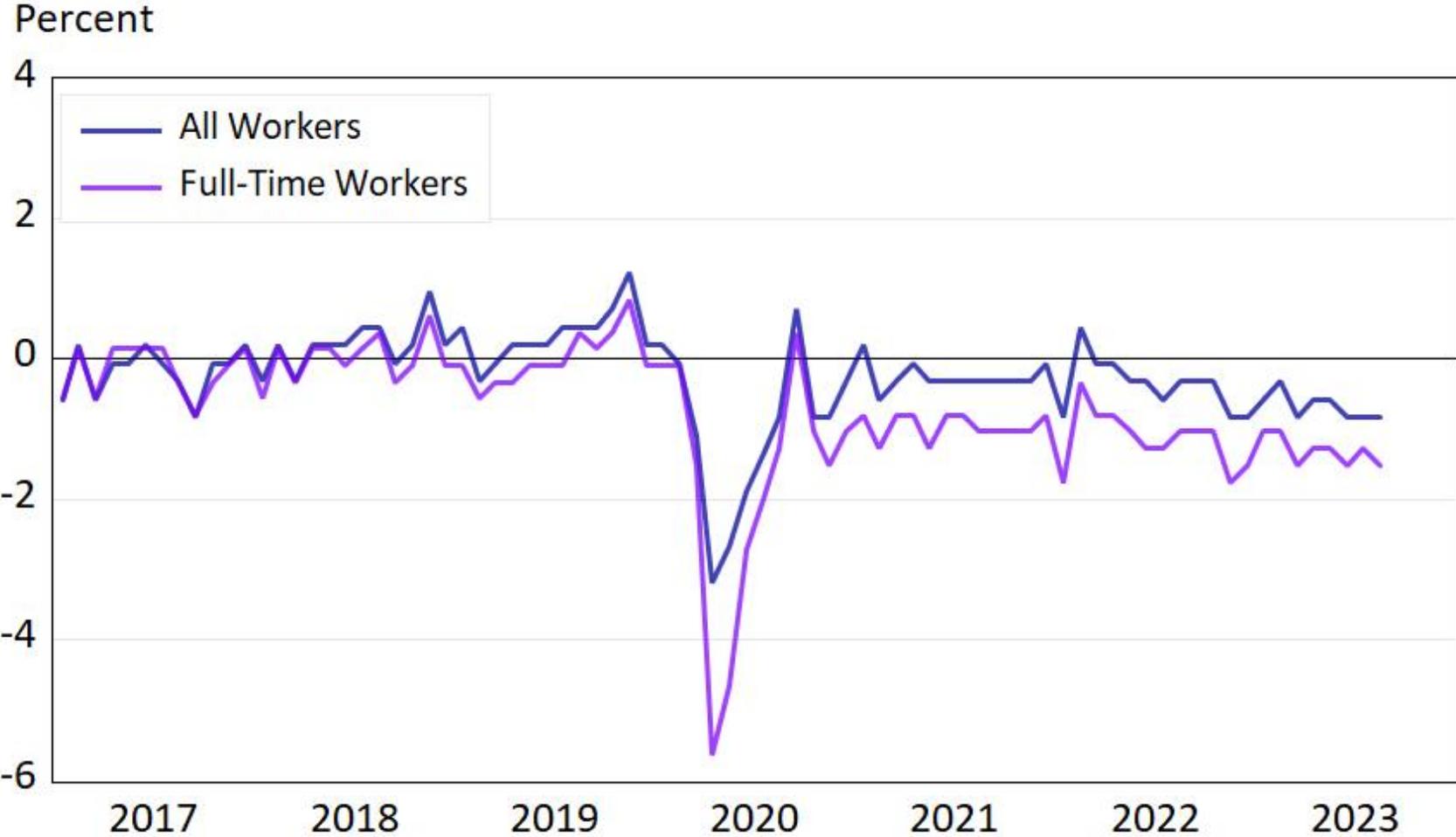
***These remarks solely reflect the views of the discussant
and should not be interpreted as reflecting the views of
any other person or institution.***

Measurement Issues

- **Workforce composition**
- **Weekly hours**
- **Non-wage compensation**
- **Hourly vs. salaried workers**
- **Job stayers vs. job switchers**

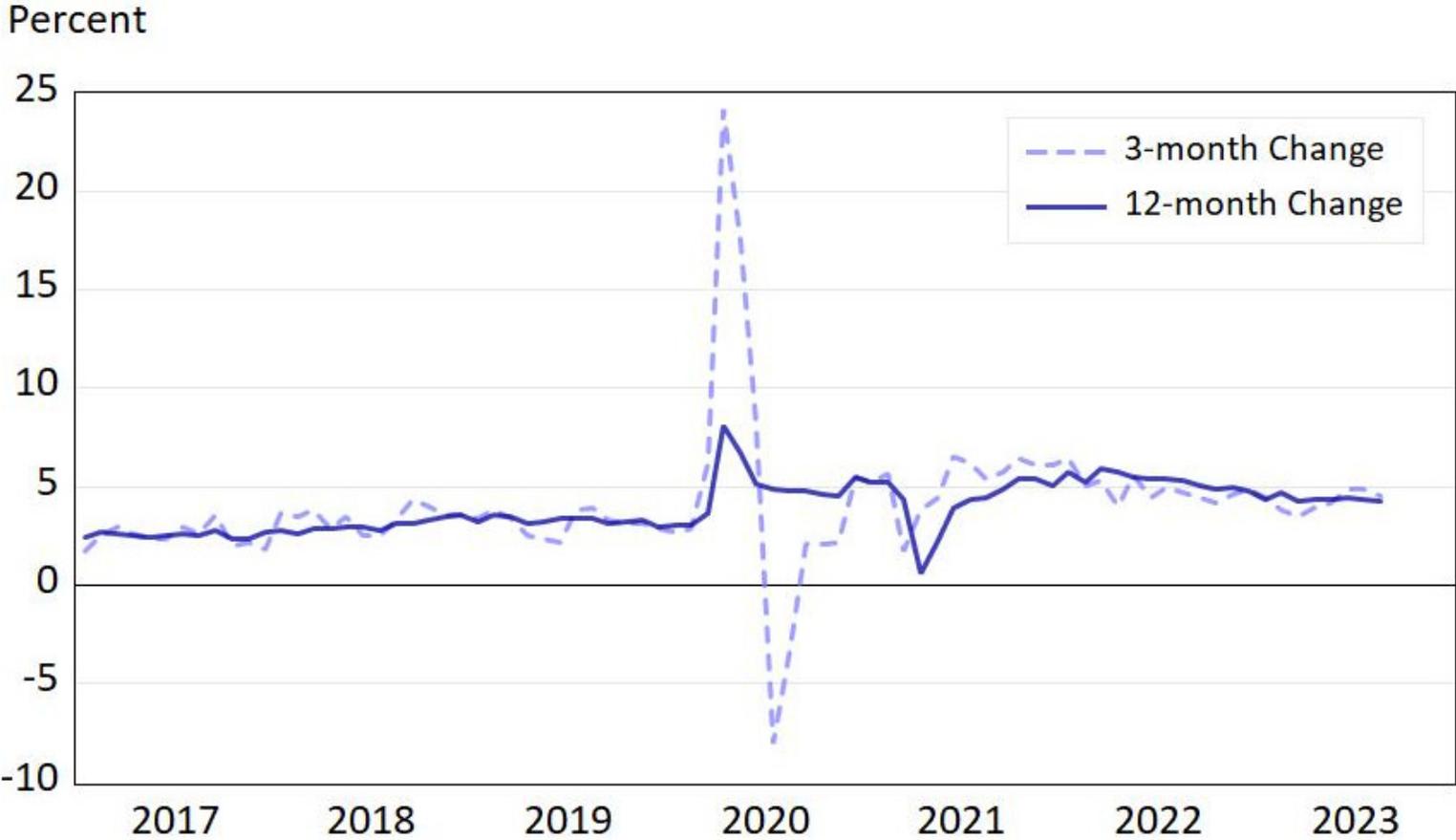
Average Weekly Hours

(% Deviation from 2015-19 Average)



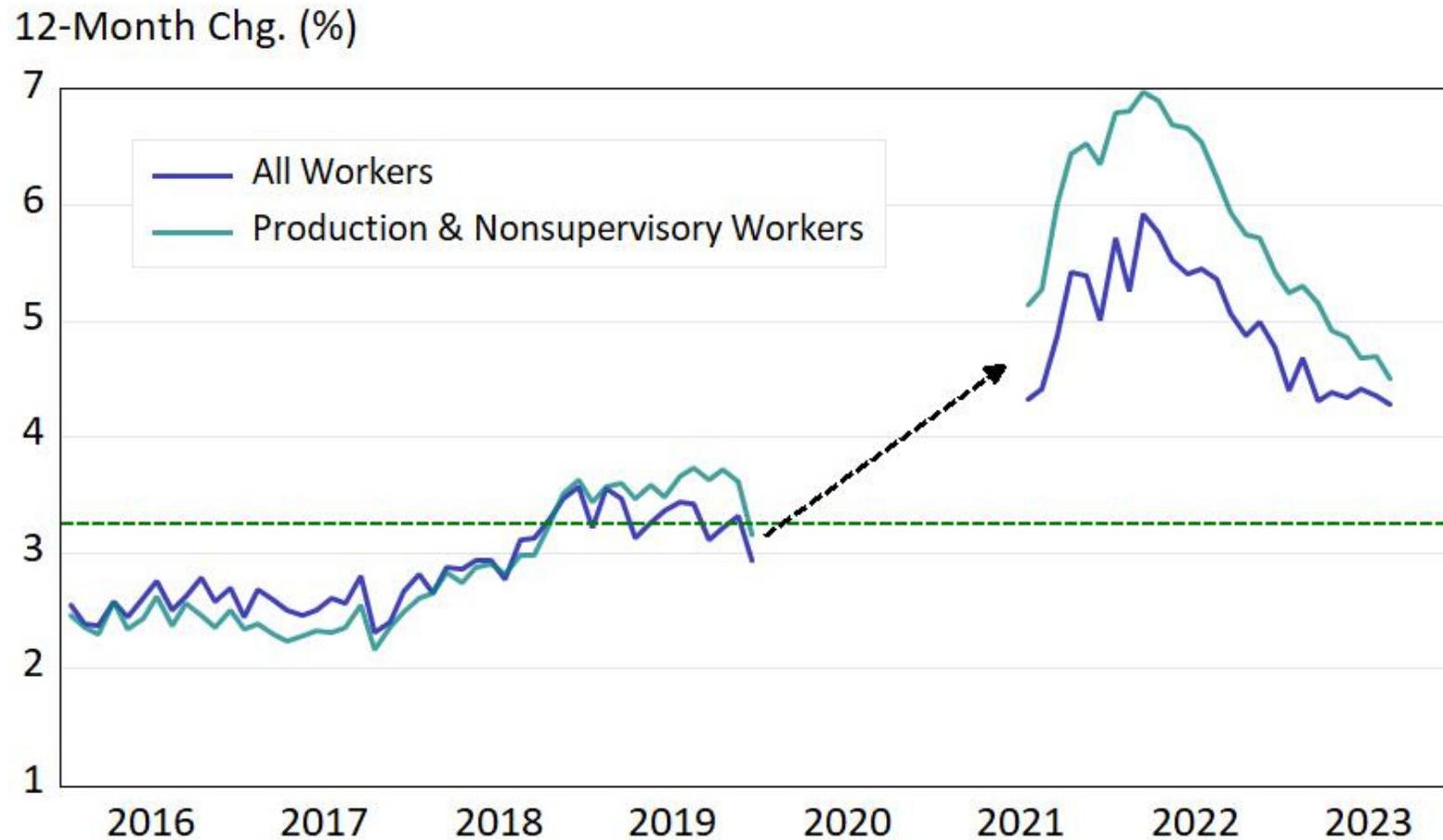
Source: Bureau of Labor Statistics

Average Hourly Earnings and Changes in Workforce Composition



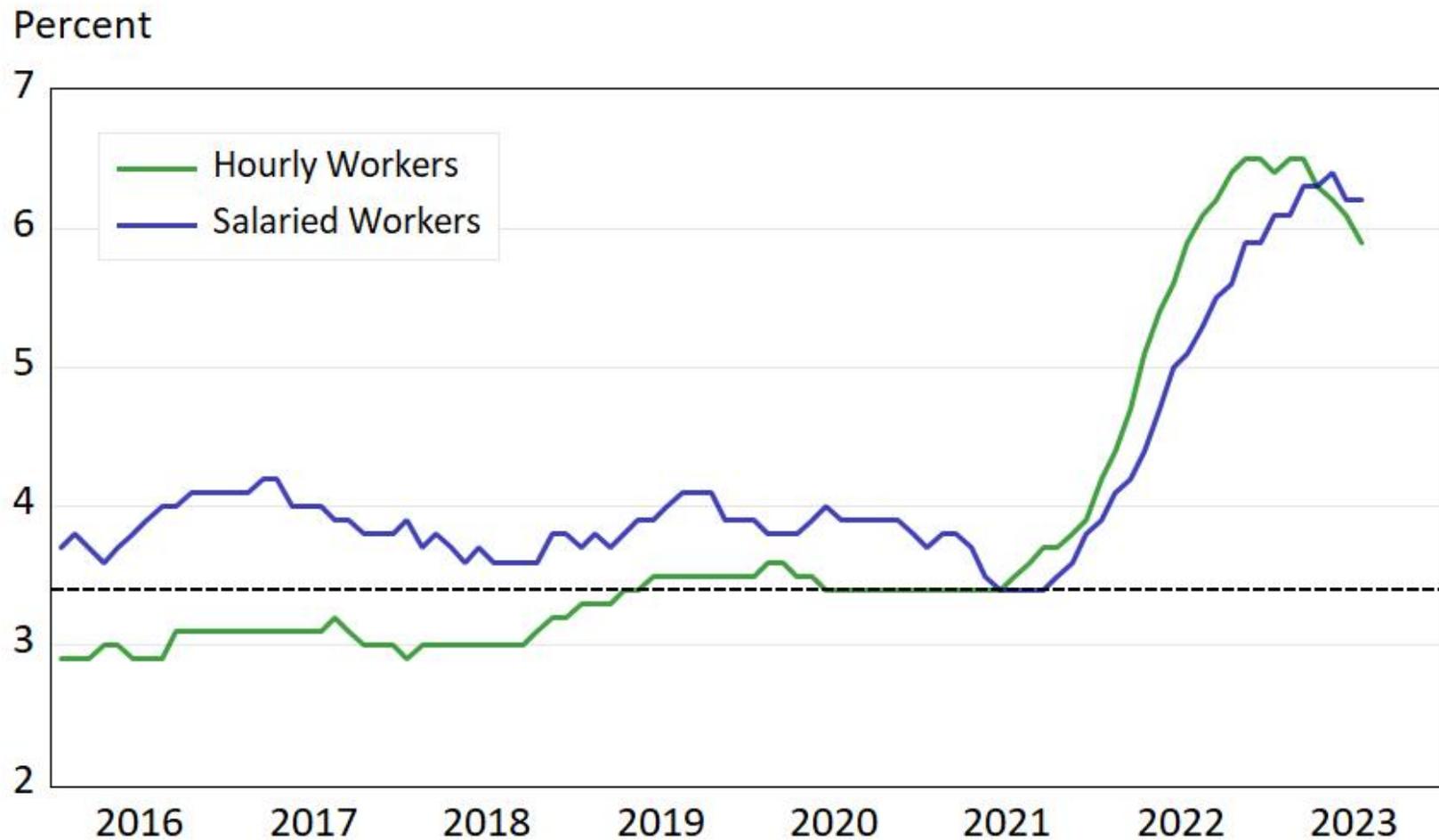
Source: Bureau of Labor Statistics

Average Hourly Earnings of Hourly vs. Salaried Workers



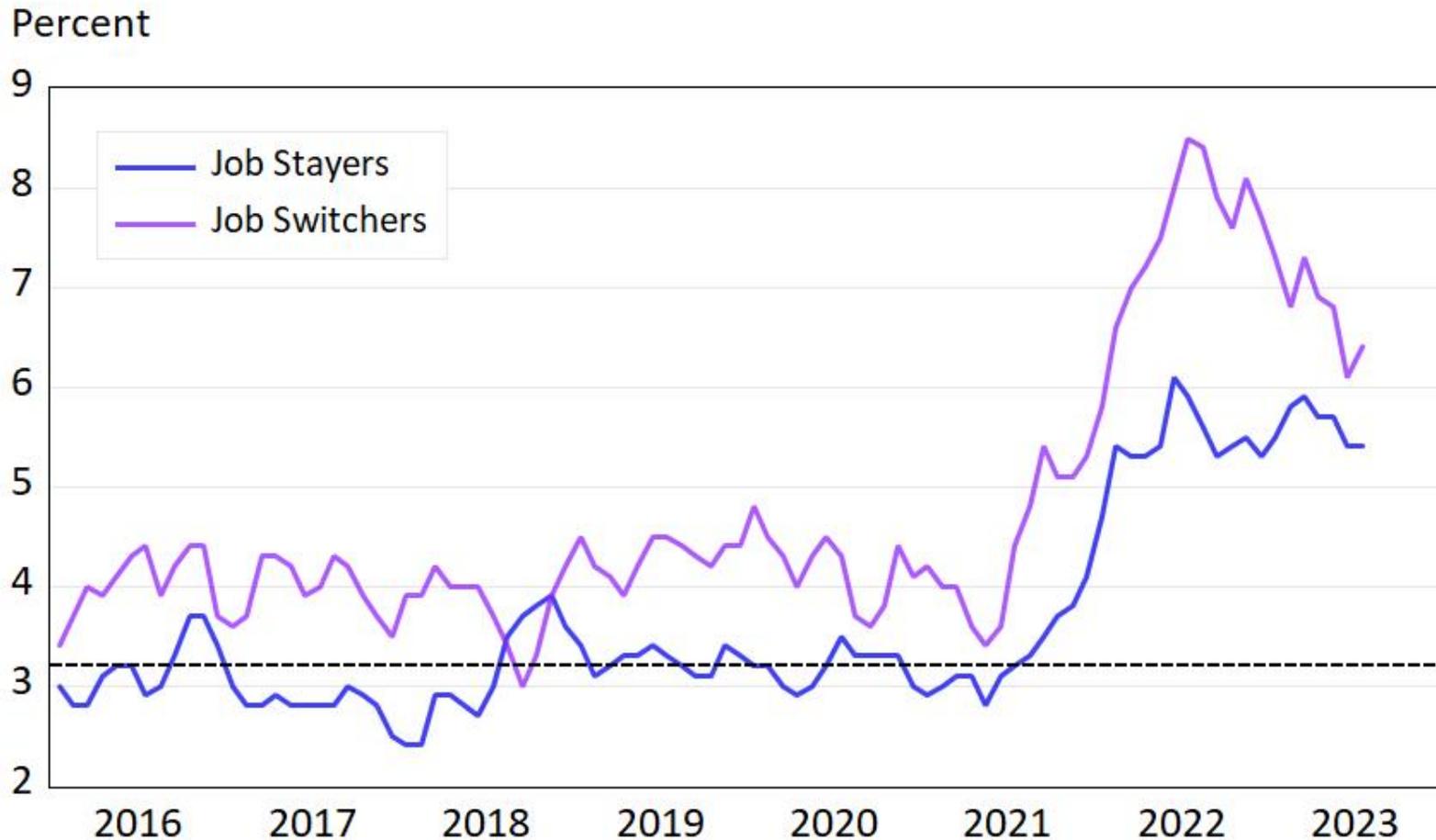
Source: Bureau of Labor Statistics

Nominal Wage Growth using Micro Data



Source: Atlanta Fed Wage Tracker

Nominal Wage Growth of Job Stayers vs. Switchers

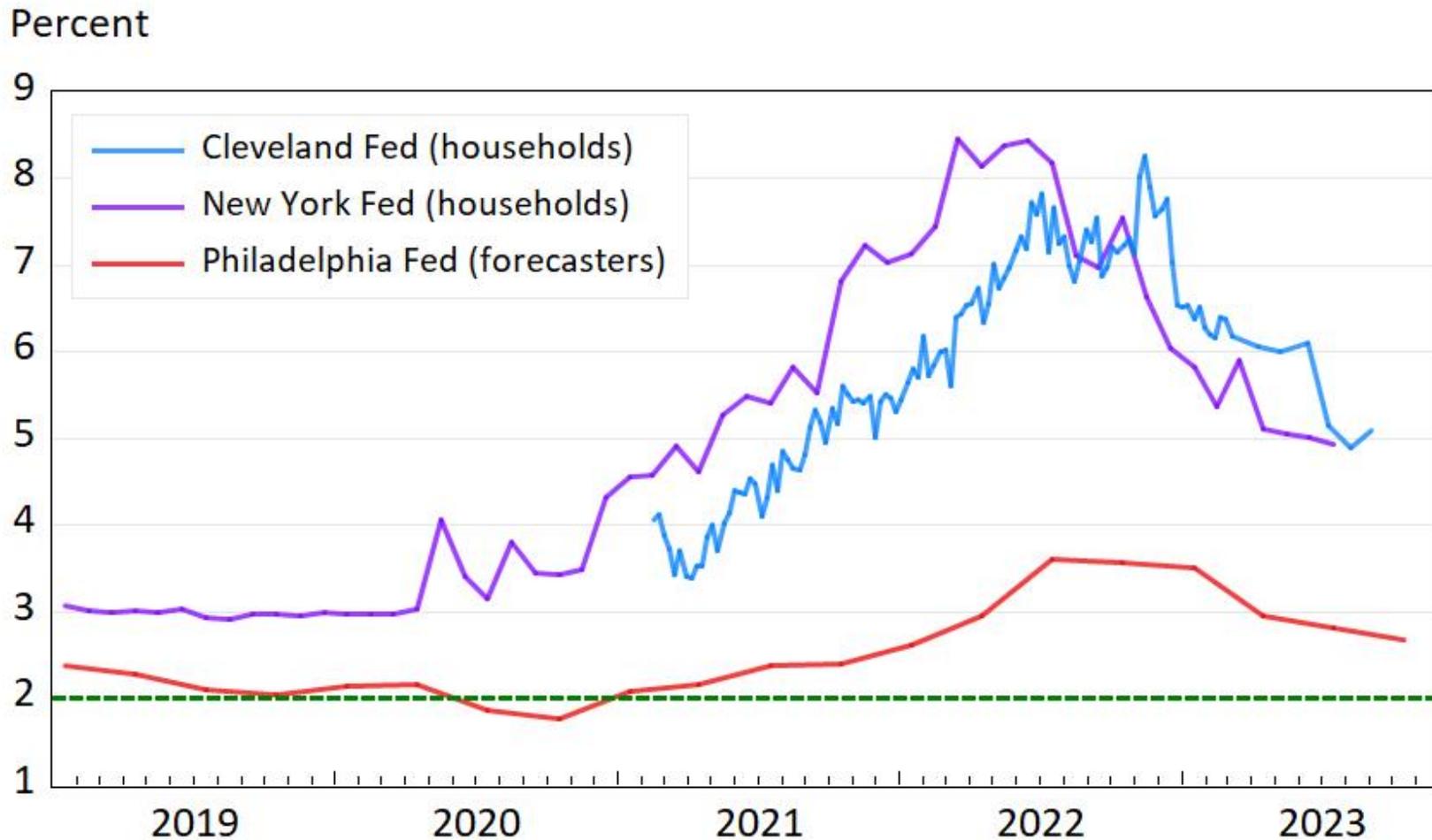


Source: Atlanta Fed Wage Tracker

Analytical Issues

- **Measuring Labor Market Tightness**
 - *Is unemployment rate a sufficient statistic?*
 - *What about labor force participation, etc.?*
- **Inflation Expectations**
 - *Is the Wage Phillips Curve backward-looking or forward-looking?*
 - *Whose inflation expectations are relevant?*

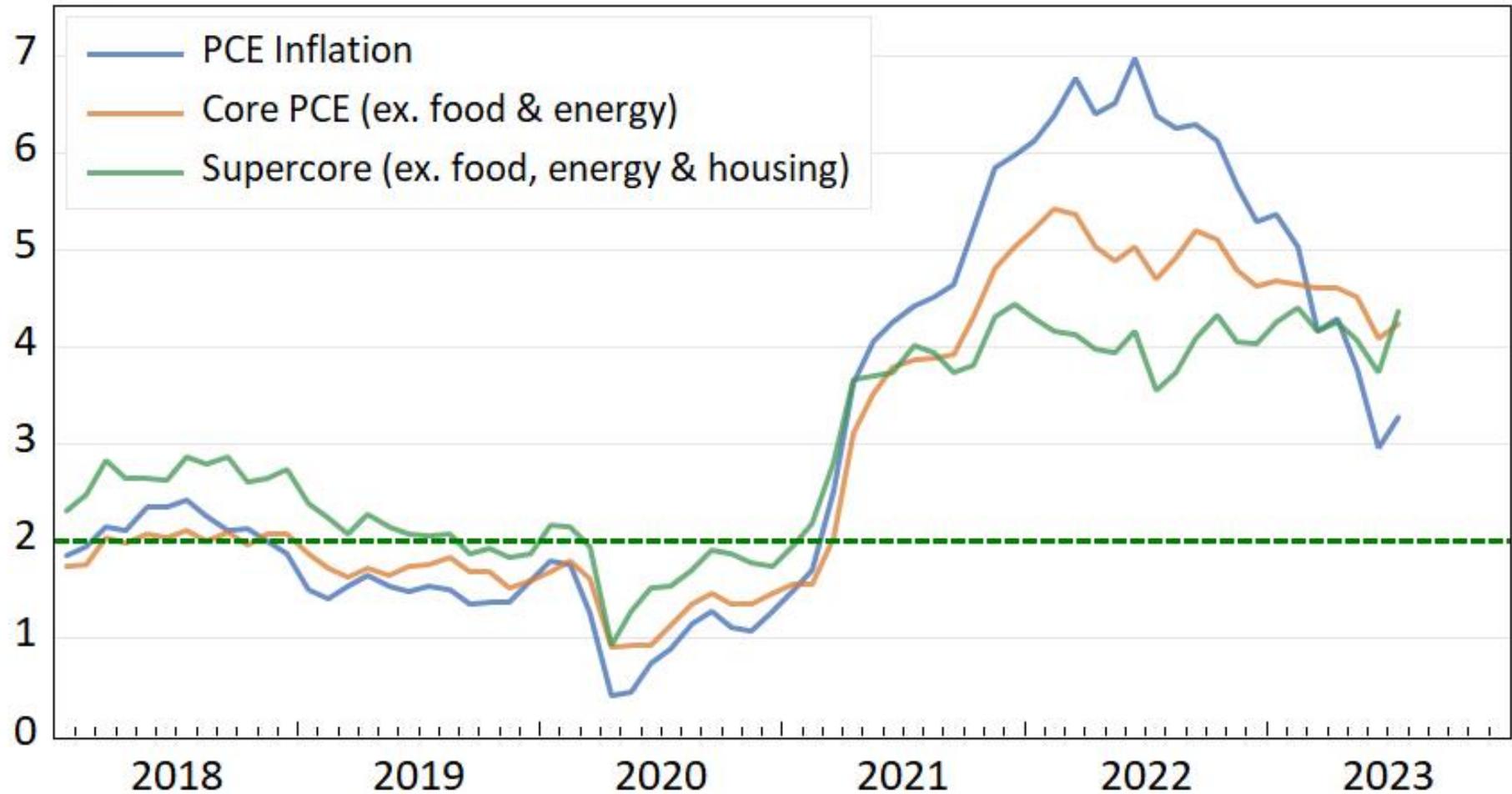
One-Year-Ahead Inflation Expectations



Sources: Cleveland Fed (cebra.org/indirect-consumer-inflation-expectations); NY Fed (median point forecast); Philly Fed (survey of professional forecasters)

Assessing Inflation Trends

Percent

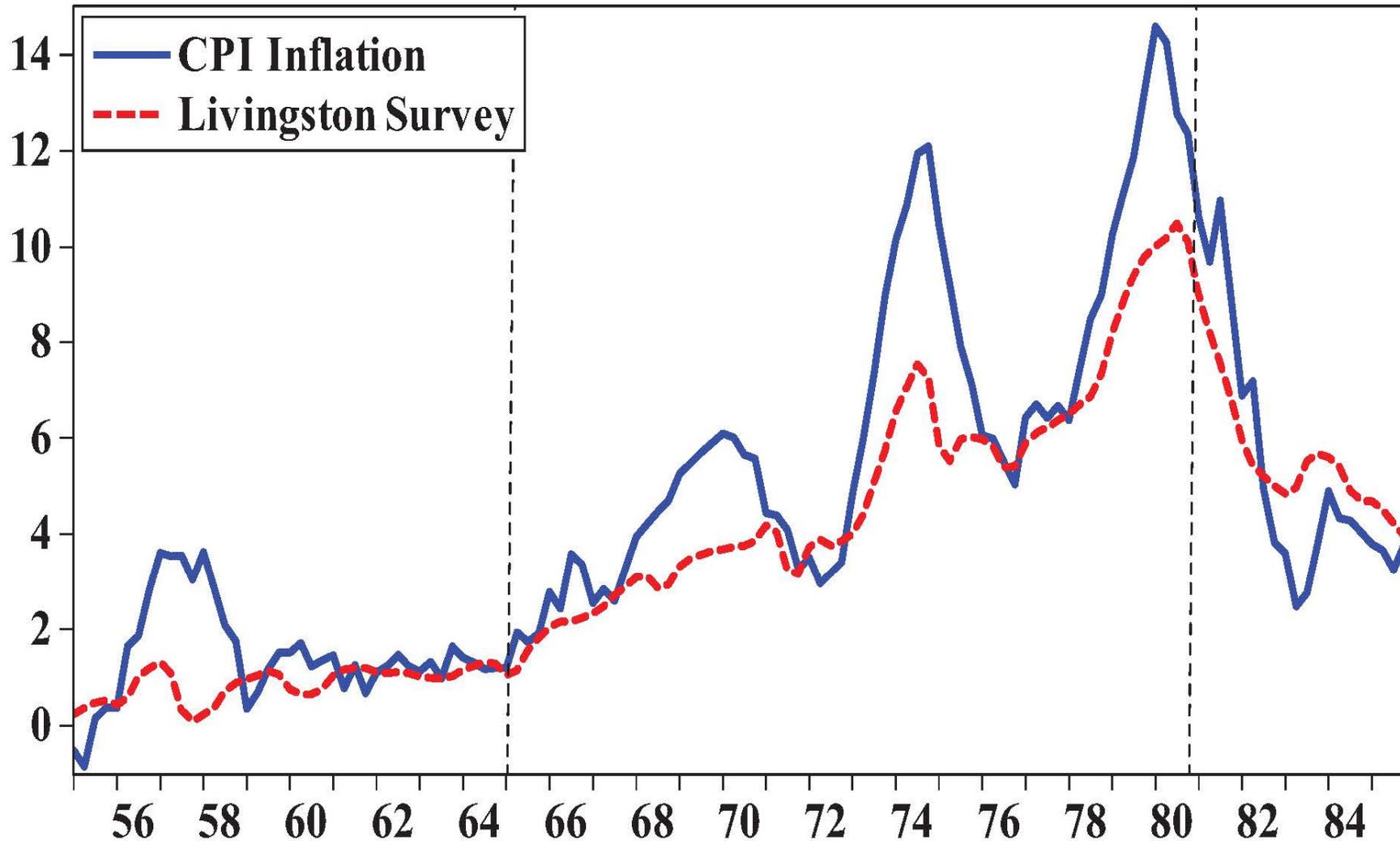


Source: Bureau of Economic Analysis

Revisiting the Great Inflation

- **Political Pressures**
- **Lack of Credibility**
- **Stop-Start Monetary Policies**
- **Upward Drift in Inflation Expectations**

Actual and Expected Inflation



Source: A. Levin & J. Taylor (2013)

Perspectives on the Great Inflation

November 1966



“Could stand some escalation.”

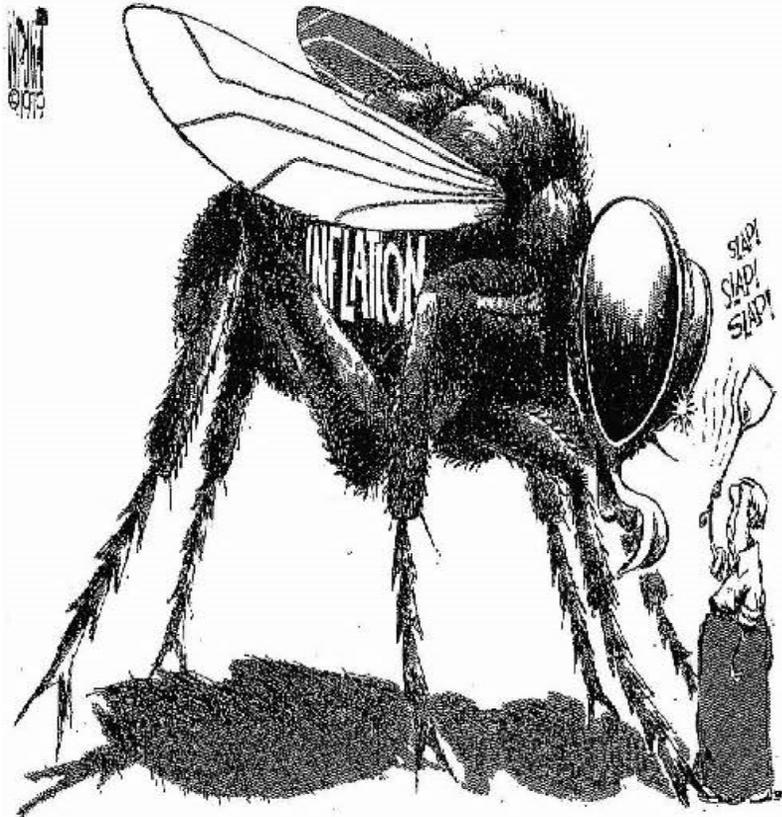
December 1969



“Signals—hut,...,hut?”

Perspectives on the Great Inflation

March 1979



"The fly vs. the flyswatter."

March 1980



"New! Long-Range Anti-Inflation Ammo"