Discussion of:

Supply Chain Constraints and Inflation

by Diego Comin and Robert C. Johnson

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University of Chicago

NBER Conference on The Rise of Global Supply Chains

December 2021

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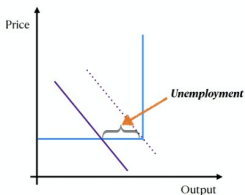
  So no need to think about goods/durables?

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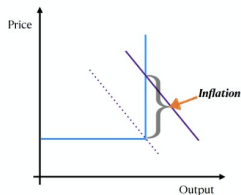
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- But, isn't that just about **relative**, not average, prices?

  Yes, but what about downward nominal rigidity?

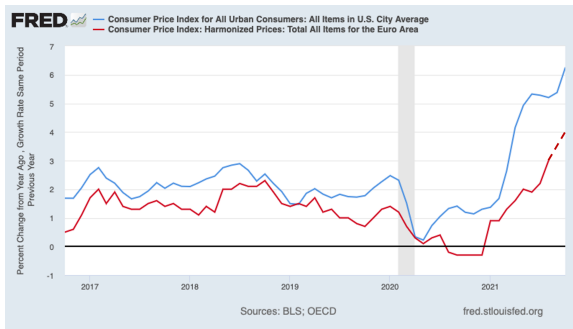Source: Guerrieri, Lorenzoni, Straub, and Werning (2021)

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  Unclear ... see back-and-forth between Furman and Krugman

Source: Krugman NYT Blog (November 21, 2021)

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    - What should fiscal/monetary policy do? What is cost of π?

This Paper: International Supply Constraints (Demand ↑)

- Individual foreign firms with binding capacity constraint

- Total import volume constraint

- Authors emphasize externality in second, not first

- Quantitative model
  - Dollar pricing
  - Rotemberg adjustment costs
  - ... IRFs in response to demand shocks (TBD)

- Uses recent technology (occasionally binding constraints)

Comments and Questions

1. Attention squarely on international supply chain (ports). Evidence this is key (versus trucking, say)?
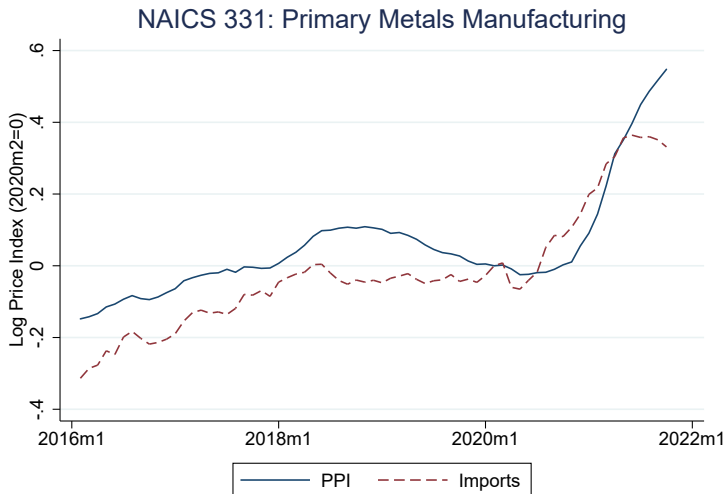
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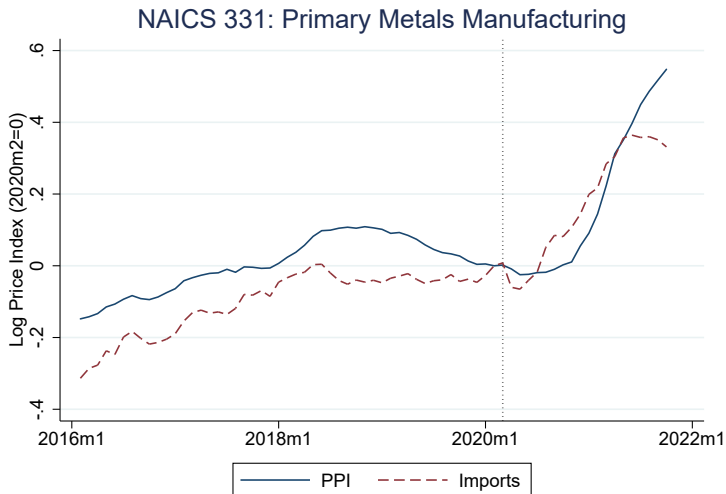1. Attention squarely on international supply chain (ports). Evidence this is key (versus trucking, say)?

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NAICS 331: Primary Metals Manufacturing

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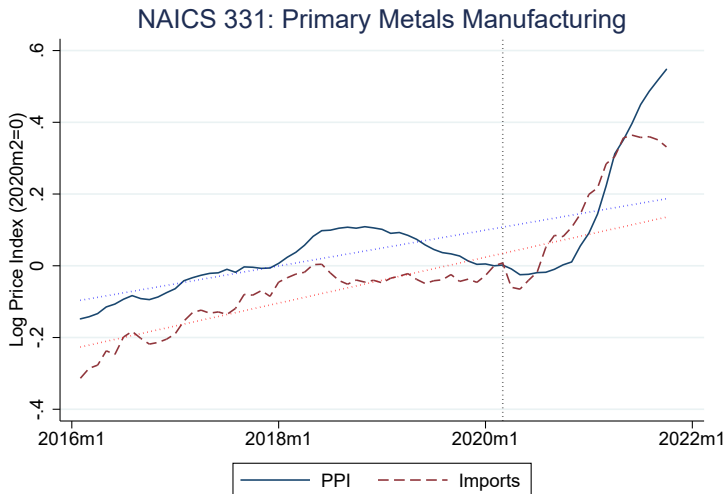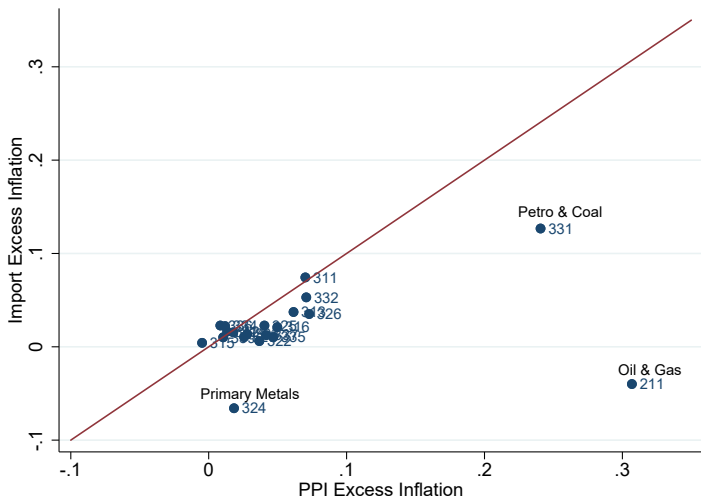
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5. Inconsequential to abstract from heterogeneity and negative shocks to services? A model of supply chains and inflation or a model of supply chains and inflation during Covid?

Conclusion

- A novel, promising, and worthy project!

- Early days, but fruitful to clarify further which ingredients are aimed at which mechanisms or hypotheses

- Connect to literature/policy – describe more what is at stake

- Really enjoyed reading this, excited to see the next draft...