

# Our Voice


Inflation is part of our daily lives. It hounds us in public transport and pursues us at the market, in pharmacies, in the bank. It gives some people insomnia. It's here, beleaguering us, just like many of the other effects of the pandemic have had in our personal lives and our economic and social context. That is why *Voices of Mexico* is co-editing this issue with the Institute for Economic Research: to approach the topic from various perspectives and analyze its very diverse aspects. Our aim is to give our readers a broad panorama of the situation that plagues not only Mexico and North America, but the entire world. We need to understand fiscal policies and the risks government decisions entail; the repercussions for individuals' nourishment or health care, and for the families who are impoverished; the way the Russian invasion of Ukraine is intertwined with scarcity and the high prices of fuel; and why the concept of crisis has reappeared in our vocabulary hand-in-hand with the economy. We want the university experts who generate knowledge and return it to society to help us understand so society can analyze these phenomena from a place of information and not merely suffering.

The CISAN offers its heartfelt thanks to the Institute for Economic Research for this opportunity to collaborate on this effort to analyze a topic that is urgent for society in this uncertain post-pandemic era.

Graciela Martínez-Zalce  
Director of the Center for Research on North America

Recent months have seen a swift increase in prices for goods and services domestically and internationally. Rigorous analysis of the variables that explain this process is very important since it erodes the real income and well-being of the world's most underprivileged population. Specifically, we need to reflect on the nature of inflation and its causes from new economic and social perspectives in the context of the new regionalization. Also, national governments face the challenge of designing public economic policies not only to deal with inflation, but also to resolve the problem of the possible economic stagnation that could accompany it in coming years.

Different interpretations about the factors that have prompted inflation in the world have been offered. Many economists have explained the current price hikes as the result of a demand for goods and services that exceeds the capabilities for producing them,



fostered by deficit spending policies implemented to overcome the economic crisis caused by the health crisis (demand shocks). Another perspective explains inflation as the result of scarcity of goods and services due to global supply chains breaking down during the health crisis and the prolonged war between Russia and Ukraine (supply shocks). A third explanation, more closely linked to the Latin American economies, involves the characteristics of national productive structures: the high degree of monopolization, extreme dependence on imports (agricultural and manufactured goods and energy), as well as the social conflicts sparked by more dynamic prices. All of this is in a context of international crisis in which the working class has lost the ability to negotiate to adjust wages.

This issue of *Voices of Mexico* presents a series of contributions in which, from different theoretical and methodological viewpoints, the authors seek to explain the causes and consequences of inflation. They also offer discussions about international price increases and their implications for public and economic policies in economies like Mexico's. The different perspectives allow us to understand inflation and reflect on its impact on different levels. For example, on the macro-economic level, authors discuss the effectiveness of the monetarist policy of increasing interest rates to control inflation rooted in countries' productive structure, inherited from the globalization process, more than as a monetary phenomenon. On the micro-economic level, other authors focus on inflation's effects in households and their incomes, living conditions, health, security, and nutrition.

The experts who participate in this issue invite us to reflect about the complex task facing Mexico of carrying out economic reforms that will allow us to deal more successfully with future inflationary processes. To do that, our productive structure must be fortified to put us in a better position regarding food sovereignty, strengthening manufacturing, and reorganizing energy production and distribution. These analyses lead us to conclude that what we learn in this period of high inflation will offer lessons that can serve us in the future to foster a change of paradigm in how the economy is handled, a change that can lead us to economic growth with stable inflation and, above all, sustainable development.

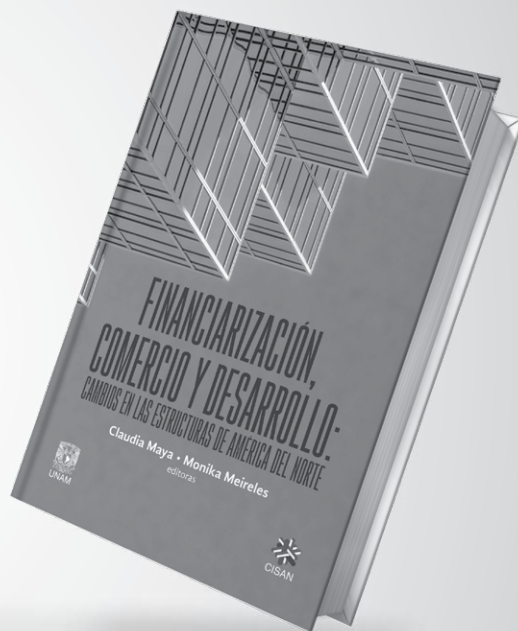
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