

A Paradigm Shift in the Neo-Keynesian Synthesis: Deconstructing the Phillips Curve in a Post-Pandemic Economic Landscape

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Abstract. This paper critically examines the persistent applicability of the Phillips Curve within the Neo-Keynesian economic framework, particularly under post-pandemic conditions. Utilizing advanced econometric modeling and cross-national data, we scrutinize the curve's reliability in forecasting inflation-unemployment dynamics amidst global supply chain disruptions. The findings challenge traditional assumptions, proposing a recalibrated synthesis model that accounts for contemporary economic anomalies. These insights are pivotal for policymakers adapting monetary strategies to evolving macroeconomic environments.

Keywords: Neo-Keynesian Synthesis, Phillips Curve, Post-Pandemic Economics, Inflation-Unemployment Dynamics, Econometric Modeling, Global Supply Chain Disruptions, Monetary Policy, Cross-National Study, Macroeconomic Anomalies

Introduction

In the aftermath of the COVID-19 pandemic, global economies are grappling with unprecedented challenges that have fundamentally altered traditional economic paradigms. One such paradigm is the Phillips Curve, which historically posited an inverse relationship between inflation and unemployment. This relationship has been a cornerstone of Neo-Keynesian thought, guiding monetary policies worldwide. However, the pandemic-induced

disruptions in global supply chains and labor markets have cast doubt on the curve's ongoing relevance, sparking a critical re-evaluation among economists. This paper aims to deconstruct the Phillips Curve within the context of a post-pandemic economic landscape, characterized by heightened inflationary pressures and atypical unemployment trends. We employ a comprehensive econometric approach, analyzing cross-national data to understand the nuances of inflation-unemployment dynamics in current times. Our study reveals significant deviations from the traditional curve, suggesting the need for a recalibrated economic framework. This paper is structured as follows: Section 2 reviews the historical development and critiques of the Phillips Curve. Section 3 outlines the methodological advancements in our econometric analysis. Section 4 presents findings from our cross-national study, while Section 5 discusses policy implications and future research directions.

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References

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