

Review of: "The Shortage of Professionals/Skilled Workers: Its Impact on the Inflation Rate in the Eurozone"

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Potential competing interests: No potential competing interests to declare.

Summary:

Sell and Stiefl address the widespread issue of shortage of professionals and skilled workers in the Eurozone and provide a comprehensive analysis of its impact on inflation. They propose a theoretical model based on the Phillips and Beveridge curves, termed as the "modified output gap," to elucidate the relationship between the vacancy rate and inflation. Through empirical testing spanning since the ECB's inception in 1999, the authors offer insights into the dynamics of labor market tension and inflationary pressures across individual Eurozone countries.

Key Points:

1. **Persistent Shortage of Skilled Workers:** The authors posit that the shortage of skilled workers and professionals is not merely a temporary phenomenon but a longstanding challenge within the Eurozone. They emphasize the significance of this shortage in creating labor market tension and inflationary pressures, particularly in sectors requiring critical thinking and problem-solving skills.
2. **Theoretical Framework:** Sell and Stiefl develop a theoretical model by amalgamating the Phillips and Beveridge curves to establish the "modified output gap." This framework offers a nuanced understanding of the relationship between the vacancy rate and inflation and sheds light on supply-side factors influencing inflationary trends.
3. **Empirical Analysis:** Through empirical testing across Eurozone countries, the authors validate the efficacy of the "modified output gap" model in explaining inflationary patterns. Their findings elucidate the heterogeneity of labor market conditions within the Eurozone and underscore the importance of considering the dynamics of labor mobility in addressing skilled worker shortages.
4. **Policy Implications:** Sell and Stiefl conclude with policy recommendations aimed at alleviating macroeconomic constraints imposed by skilled worker shortages. They advocate for targeted interventions to enhance labor market flexibility and address disparities in skills, emphasizing the potential role of the ECB's monetary policy in mitigating inflationary pressures arising from labor market imbalances.

Additions and Recommendations:

- **More Presentation of Results:** It is recommended to provide more presentation and description of study results and draw clear conclusions.
- **Translation of German Sentence:** The sentence written in German should be translated into English, as the entire article

is written in English.

- Visual Aspect of the Article: It is important to focus on the visual aspect of the article, including appropriate citation of sources and listing references.

Conclusion:

In the article "Shortage of Professionals/Skilled Workers: Its Impact on Inflation Rate in the Eurozone," Sell and Stiefl offer a comprehensive analysis of the enduring challenge posed by skilled worker shortages in the Eurozone. They propose a novel theoretical framework and empirically validate its relevance, providing valuable insights for policymakers grappling with the complex relationships between labor market dynamics and inflationary pressures.