Speaker:

Andras Danis

Paper:

"Shadow Inflation"

Abstract:

We use cell phone tracking data to document an increase in wait times at U.S. establishments in 2021. The results are consistent with a sudden increase in demand, coupled with severe labor constraints. The results are particularly pronounced in the restaurant industry, and the increase is particularly large at restaurants in non-white neighborhoods. We estimate that the increase in wait time creates an aggregate opportunity cost of \$5--10 billion per month for American consumers. If wait time were added as an expense in the CPI consumption basket, inflation would have been up to 2 percentage points higher in the food away from home category. Finally, we show that an increase in wait time can predict future inflation, which is consistent with aggressive hiring by establishments to relax labor constraints.