

Macro Roundup Article

Headline: [All Pain and No Gain From Higher Interest Rates](#)

Article Link: <https://www.project-syndicate.org/commentary/fed-interest-rate-increases-counterproductive-all-pain-no-gain-by-joseph-e-stiglitz-2022-12>

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Summary: The pandemic gave rise to numerous sectoral supply constraints and demand shifts that – together with adjustment asymmetries – became the primary drivers of price growth. Any benefits from the extra interest-rate-driven reduction in inflation will be minimal compared to what would have happened anyway. Inflation already appears to be easing. It may be moderating more slowly than optimists hoped a year ago – before Russia’s war in Ukraine – but it is moderating nonetheless, and for the same reasons that optimists had outlined. Higher interest rates make it even more difficult to mobilize investments that could alleviate supply shortages.

Primary Topic: Inflation

Topics: GDP, Inflation, Monetary Policy, Op-Ed/Blog Post, Sell-by Date, Theory

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