

Macro Roundup Article

Headline: [Higher Interest Rates Are Here to Stay](#)

Article Link: <https://www.project-syndicate.org/commentary/era-of-low-interest-rates-has-come-to-an-end-by-kenneth-rogoft-2023-12>

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Tweet: [@krogoft](#) argues "soaring debt levels, deglobalization, increased defense spending, the green transition, populist demands for income redistribution, and persistent inflation" means higher interest rates than the post-2008 period and future tax increases.

Summary: Even if inflation declines, interest rates will likely remain higher for the next decade than they were in the decade following the 2008 financial crisis. This reflects a variety of factors, including soaring debt levels, deglobalization, increased defense spending, the green transition, populist demands for income redistribution, and persistent inflation. Even demographic shifts, often cited as a rationale for perpetually low interest rates, may affect developed countries differently as they increase spending to support rapidly aging populations. While it is feasible to expand social programs or boost military capabilities without running large deficits, doing so without raising taxes is not costless. We are likely to find out the hard way that it never was. Related: What Is the Ten-Year Real Rate Going to Be? I: How We Got Here and What Is the Ten-Year Real Rate Going to Be? II: Peering at the Future Fundamentals of the Flow-of-Funds Supply-Demand Balance and If Markets Are Right About Long Real Rates, Public Debt Ratios Will Increase For Some Time. We Must Make Sure That They Do Not Explode

Primary Topic: Financial Markets

Topics: Financial Markets, Fiscal Deficits, Fiscal Policy, GDP, Growth, Op-Ed/Blog Post, Taxation, Weekly

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