

Macro Roundup Article

Headline: Summers Says Inflation Won't Get Back to 2% Without Downturn

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Tweet: .@LHSummers argues that getting to target inflation will be difficult without a "meaningful" economic downturn. He suggests that the Fed raise rates by 25 basis points at next week's policy meeting.

Summary: Regarding the recent banking crisis, Summers said that the fallout is leading to a "constriction of credit" that is doing some of the work of the Fed's rate hikes. "We don't need as much interest-rate increases as we would if the banking system were working smoothly," he said. He's still optimistic about the US economy relative to the rest of the world: "I would rather be playing America's hand than be playing the hand of any other major country in the world," he said. "If you look at the collective value of all the American companies relative to all the non-American companies, that is at its highest level ever."

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Primary Topic: Business Cycle

Topics: Business Cycle, Factoid, Inflation, Monetary Policy

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