

## Macro Roundup Article

**Headline:** [Changing Central Bank Pressures and Inflation](#)

### Article

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**Summary:** If countries pursue protectionist policies and do not deescalate geopolitical tensions in the coming years, then the slowdown in globalization, the rising fragmentation of global flows, and the lengthening of supply chains will also persist. Debt overhang from pandemic-era government spending combined with high interest rates is a common driver of [rising fiscal pressures], but it is not the only one. The fiscal pressures for advanced economies largely reflect the acceleration of the aging of the population and the resulting expansion of entitlement spending without commensurate revenue increases. We argue that for inflation to remain low and stable in the future, political economy factors, such as strengthened central bank independence or more credible public debt policy, would need to offset the global economic pressures now pushing average long-run inflation upwards. Related: [Quo Vadis, r\\*? The Natural Rate Of Interest After The Pandemic and Has the U.S. Economy Transitioned to a Higher Long-Run Real Interest Rate Regime?](#) and [What Have We Learned About the Neutral Rate?](#)

**Primary Topic:** Inflation

**Topics:** Academic paper, Database, GDP, Inflation, Monetary Policy

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