

## Macro Roundup Article

**Headline:** [Jerome Powell, Mind Controller?](#)

**Article Link:** <https://www.nytimes.com/2023/08/18/opinion/inflation-federal-reserve.html>

Author(s)	Paul Krugman
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**Tweet:** Noting that inflation has fallen without a rise in unemployment @paulkrugman argues the disinflation has been driven by improved supply as opposed to reduced demand.

**Summary:** The National Federation of Independent Business survey shows a sharp rise in 2021-22, then a steep fall that has brought us most of the way back to prepandemic inflation. This really doesn't sound like an economy in which businesses are forgoing price hikes because of weak demand. It sounds like an economy in which inflation is coming down because of improved supply, not reduced demand. Does this mean that the Fed was wrong to raise rates? Not necessarily. If it hadn't raised rates, the economy might be running really, really hot. The Atlanta Fed's GDPNow tracker currently shows the economy growing at 5.8 (!!!), which isn't really plausible but does suggest a lot of heat; so the Fed may not have caused disinflation, but rate hikes may have been necessary to permit disinflation caused by other forces.

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**Primary Topic:** Inflation

**Topics:** GDP, Inflation, Monetary Policy, Op-Ed/Blog Post

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