

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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Publication	Project Syndicate
Publication Date	December 09, 2022

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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.

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Primary Topic: Inflation

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

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