

# Central Banks' Battle Against Inflation: Implications for Monetary Policy

EGROW Seminar – April 7, 2023

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- Renewed focus on inflation
  - How flat is the Phillips Curve?
  - Are inflation expectations surveys useful predictors? (Ball et al., Weber et al., Bejar-Garcia)
  - What anchors inflation expectations?
- Enhanced awareness that not all inflation is the same
  - Demand- versus supply-side forces (U.S./Europe)
  - More specific: non-housing services prices (U.S.)

- Fresh concerns about forward guidance
  - Forward guidance as a constraint on policy (Federal Reserve: “taper-hike-shrink”)
  - Some evidence that forward guidance increases market volatility (Ehrmann et al., Schnabel)
- Implications for inflation targeting
  - The Federal Reserve’s inflation-averaging framework is dead
  - A change from 2 percent? (opportunistic target revision)
  - The end of inflation targeting more generally?