Inflation Strikes Back: How to Restore Control

After almost four decades of price stability, inflation has recently approached historical highs. Initially driven by global energy and food price increases, the magnitude of the surge in inflation caught central banks and markets by surprise. Price pressures are now increasingly broadening to housing and other services, amplified by wages adjustments. Despite monetary policy tightening, inflation upside risks are large. How can central banks restore control – and with it their own credibility? With the economy weakening and the risk of recession rising, how far should monetary policy tightening go? Featuring contributions from participants in the CEPS 2023 Ideas Lab session on inflation, this Forum examines the options for central banks, the obstacles in their paths and the best course of action.

The Political and Technical Aspects of Controlling Inflation
Daniel Gros, Bocconi University, Milan, Italy.

Bringing Inflation Back Under Control
Elena Bobeica, European Central Bank, Frankfurt, Germany.
Sarah Holton, European Central Bank, Frankfurt, Germany.
Gerrit Koester, European Central Bank, Frankfurt, Germany.

Reversing the Great Monetary Expansion
Ignazio Angeloni, European University Institute, Florence, Italy; and Goethe University Frankfurt, Germany.

The Rocky Path to Inflation Reduction
Markus Ferber, European Parliament, Brussels, Belgium and Strasbourg, France.

Global Inflation and Global Monetary Policy Tightening: Implications for the Euro Area
Richhild Moessner, Bank for International Settlements, Basel, Switzerland.
Dora Xia, Bank for International Settlements, Basel, Switzerland.
Fabrizio Zampolli, Bank for International Settlements, Basel, Switzerland.