



BRATISLAVA ECONOMIC SEMINAR

23 October 2013

Fernando M. Martin

Federal Reserve Bank of St. Louis

Debt, Inflation and Central Bank Independence

Abstract

Consider a reform that aligns the objectives of the central bank closer to the preferences of society and away from those of a non-benevolent fiscal authority. In the short run, the reform leads to lower inflation and a higher primary deficit. In the long run, the accumulation of deficits induces an increase in inflation to accommodate the higher public debt, reversing the initial success of the reform. Alternatively, endowing the central bank with an appropriate inflation target would lower inflation permanently and insulate the primary deficit from political distortions.

Venue: National Bank of Slovakia, conference room,
Imricha Karvaša 1, Bratislava

Date: 23 October 2013

Program: 14:50 registration

15:00 Fernando M. Martin: Debt, Inflation and Central Bank Independence

16:30 coffee