
FORMER ECB CHIEF ECONOMISTS WARN OF EUROZONE DEBT TRAP IF INFLATION COMES BACK

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The eurozone may be destined for a period of high inflation as mounting national debt levels dampen the European Central Banks willingness to raise interest rates quickly enough, the bank's three former chief economists are warning.

Perhaps the most notable voice in this group is Peter Praet, the ECBs top economist from 2011 to 2019, who helped introduce unconventional measures including quantitative easing and forward guidance. He's now concerned that these very policies could come back to haunt the central bank if inflation stages a comeback.

The warnings come amid a growing debate over inflation risks among economists and market watchers more broadly. By contrast, the consistent messaging from the ECB □ as well as the U.S. Federal Reserve □ is that inflation will remain subdued despite the massive fiscal and monetary stimulus provided during the pandemic.

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