

One sentence that lays central bank independence to rest

Published: January 12, 2026, 11:29 pm

A very senior economist of my acquaintance said this in an email today (due to Chatham House rules I cannot disclose who):

If mainstream monetary theory cannot explain fluctuations in prices and activity, it is surely wrong to subordinate macroeconomic policy to an inflation target.

That pretty much kills dead the whole debate on central bank independence in my opinion. I was most amused.