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The Era of the Global Central Bank May Have Arrived

There's a striking harmony to interest rate hikes. Togetherness may succeed in quelling inflation, but deepen the consequent downturn.

By [Daniel Moss](#)

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The hazards of keeping up with the Joneses. The relentlessness with which central banks are increasing interest rates reflects alarm at rising prices – and an aversion to being portrayed as insufficiently courageous at a time of economic peril. With so much hiking, officials should fret about the broader impact of the course they are on. The recession they are courting may be no ordinary downturn.



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We are experiencing one of the most synchronized bouts of monetary and fiscal tightening in the past five decades, according to the World Bank. While the Federal Reserve may steal the show Wednesday with a third consecutive hike of 75 basis points, rates will almost certainly march higher in coming days in places as diverse as the UK, Indonesia, the Philippines and Norway. Earlier this month, the European Central Bank pulled off its first 75 basis-point jump, and left the door open for more. Sweden's Riksbank shocked markets Tuesday by lifting its main rate by a full percentage point.

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much as policy makers themselves would bristle at the suggestion. About 90 central banks have raised rates this year, and half of them have increased by at least three-quarters of a percentage point in a single bound, based on Bloomberg News calculations. This week's hikes alone may exceed 500 basis points.