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Economic outlook for the US and China this year?

It's looking so far so good in the US with the Fed, but questions do remain on what will happen if this downward drift in inflation levels off at an unacceptable high rate at some point. The Fed has to change expectations around that - that's really the game that's going to happen going forward. China is coming out of COVID, and the economy is going to pick up, but further down the road the country has deeper economic adjustments to make.

Is the flush of cash in the US system defying the projections of recession?

We've seen a big surge back in markets and the optimism of the Fed being able to engineer a soft landing is supporting that. Overall aggregate jobs numbers are not showing that much erosion but at the same time, we see large layoff at Google and Amazon, and just because inflation is tailing off, it doesn't mean it's going to go right back down to 2%. It would be a remarkable achievement if the Fed pulls that off by the end of the year. The US debt ceiling is also now the big debate and it's a situation that's hard to predict from a policy point of view. For the first time, we have a very determined group in the Republican Party that is probably willing to, as I heard someone describe it yesterday, 'shoot the hostage', and so that's a volatile element.

Outlook for the Indian economy as it emerges with 8% growth in 2022?

It's had a big come back from COVID and that's been a big boost but there's still a lot of economic structural work to do. It will continue to do well, all things being equal in the global economy, but the growth will probably taper off a bit. Let's not forget there's still a war raging in Europe, so it is not at all a stable situation. It would not be surprising if the conflict takes a sharp turn in one direction or another. ■

**Paraphrased Comments*



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