# General Discussion of 'Gazing at *r**: A Hysteresis Perspective'

The discussion was focused on clarifying how to use the model of multiple neutral interest rates to consider the timing and magnitude of this effect on neutral interest rates.

Several participants queried whether such a multiple equilibrium argument, based on an overlapping generations model where the agents live for three-periods, did imply 'quick' changes in the real interest rate. Such state changes may be quite gradual when applied to situations where individuals live for more periods, and this would also more clearly relate to the gradual decline in the neutral rate that has been observed since inflation targeting has been applied.

The importance for alternative central bank rules, inflation targets, and the general level of average inflation to influence the determination of the neutral rate among multiple alternatives was also queried by participants. Dr Beaudry clarified that central bank responses would determine which rules were stable and admissible and the current inflation-targeting regime includes elements of a fixed rule with a low and stable inflation target. One participant noted that the monetary authority's rule appeared to be invariant to the neutral rate – and suggested that analysing a rule that was contingent on the neutral rate would be valuable.

A participant also indicated that understanding the structure of bequests would also be valuable in this framework alongside shocks to longevity – both of which are factors that have increased at the same time that the neutral interest rate has declined.