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VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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INFLATION TARGETING FRAMEWORK WOULD IMPROVE FED TRANSPARENCY

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WASHINGTON, D.C. –Adoption of inflation targets by the Federal Reserve would reduce uncertainty and clarify the framework for monetary policy decisions, Vice Chairman Jim Saxton said today. In the absence of such a framework, even small nuances of change, as in today’s policy statement, will be subject to intense scrutiny about their precise meaning. Saxton has introduced H.R. 2547, a bill to encourage the Fed to use inflation targets in setting a monetary policy geared towards price stability.

“Over the last year, there has been much speculation and some confusion about how to interpret Fed statements and decisions,” Saxton said. “A major reason for this uncertainty is the lack of a clear framework for monetary policy. If inflation targets were defined and publicly disclosed, market participants would have a better basis for understanding current Federal Reserve monetary policy,” Saxton concluded.

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