



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
March 16, 2004

FED STATEMENT REFLECTS NEED FOR INFLATION TARGETING

Press Release #108-109
Contact: Christopher Frenze
Chief Economist to the V.C.
(202) 225-3923
Stephen Thompson
Radio & T.V.
(202) 225-4765

WASHINGTON, D.C. – Today’s Federal Reserve statement and the inevitable speculation about its meaning for future changes in monetary policy illustrate the need for inflation targeting, Vice Chairman Jim Saxton said. Saxton has introduced H.R. 2547, a bill to encourage the Fed to use inflation targets in setting monetary policy geared towards price stability.

“The absence of a clear framework for monetary policy leads to unnecessary uncertainty and confusion about the stance of monetary policy,” Saxton said. “Much of this speculation would lose its relevance if inflation targets were in place. The monetary policy framework provided by inflation targets would increase the clarity and transparency of monetary policy. Most importantly, it would also lock-in the gains from price stability long into the future,” Saxton concluded.

For more information on inflation targeting and monetary policy, please visit our website at www.house.gov/jec.

###