



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

JIM SAXTON, CHAIRMAN

Contact: Chris Frenze

Phone: 202-225-3923

Fax: 202-226-3950

CHRISTOPHER FRENZE

EXECUTIVE DIRECTOR

PRESS ADVISORY

*For Immediate Release**November 12, 1997*

Federal Reserve's Inaction On Interest Rates Backed By JEC Chairman

WASHINGTON, DC –Today Joint Economic Committee (JEC) Chairman Jim Saxton (R-NJ) endorsed the Federal Reserve's decision to leave interest rates unchanged. Nonetheless, he did suggest that the reasons for any policy decision, including the one not to change interest rates, should be explained in more detail so that the public understands why the decision was made. A new [JEC study](#) concludes that more openness at the Federal Reserve would provide more clarity about policy goals, foster market efficiency, limit speculation, and work to stabilize financial markets. The text of Chairman Saxton's statement follows:

"The Federal Reserve's decision to leave interest rates unchanged was the right decision at this time. The market price indicators monitored by the JEC – bond yields, commodity prices, and the value of the dollar, do not show evidence of inflation that would justify higher interest rates. However, I wish the Federal Reserve would be more open in explaining the reasons for its policy decisions.

Chairman Greenspan and his colleagues at the Federal Reserve have done a superb job in reducing inflation and interest rates and sustaining the economic expansion. Current Federal Reserve policy is consistent with targeting inflation at low levels within a narrow band, the approach mandated by inflation targeting legislation I have introduced. Under Chairman Greenspan's leadership, the Federal Reserve has implemented a monetary policy that has been extremely beneficial for the American economy. More openness at the Fed would help foster a broader public understanding of what Federal Reserve policy has been based on, and why it has worked so extraordinarily well."

The JEC study, [Transparency and Federal Reserve Monetary Policy](#), is the sixth in the JEC's special studies series on monetary policy.

The studies in this series include:

- (1) [Lessons From Inflation Targeting Experience](#), February 1997
- (2) [The Importance of the Federal Reserve](#), March 1997
- (3) [Establishing Federal Reserve Inflation Goals](#), April 1997
- (4) [The Roots of the Current Expansion](#), April 1997
- (5) [A Response to Criticisms of Price Stability](#), September 1997
- (6) [Transparency and Federal Reserve Monetary Policy](#), November 1997

###

Press Release: #105-92

G-01 Dirksen Senate Office Building • Washington, DC 20510 • (202) 224-5171 Fax (202) 224-0240 • www.house.gov/jec/



[Return Home](#)