



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

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JEC Chairman Saxton Commends Federal Reserve Interest Rate Decision; *But Asks for More Openness*

WASHINGTON, D.C. — "The Federal Reserve has done an excellent job in recent years in bringing and keeping inflation down. In doing so, the Fed has significantly contributed to the current economic expansion. We believe price stability should be the primary goal of monetary policy since it promises maximum sustainable growth.

To date there is little evidence of a pick-up in inflation. Well-known broad measures of inflation continue to register mild increases. Additionally, forward-looking market price indicators such as commodity prices, foreign exchange rates, and bond yields continue to suggest no important increase in expectations of future inflation. Accordingly, the FOMC's decision not to change interest rates seems most appropriate at this time. Of course, continued vigilance is in order.

But the public does deserve more information about policy decisions than a mere signal that no change has taken place. While improvement has occurred in recent years, a good deal more Federal Reserve openness is appropriate. Some clarification as to why no policy change occurred, for example, is fitting. **Explaining why no action was taken is just as important as providing rationale for a change in policy. Such information helps markets work better by removing unnecessary uncertainties.**

There are a number of ways in which the Federal Reserve could become more transparent. Describing the rationale for policy decisions in a timely fashion would be appropriate. An earlier release of both edited and verbatim FOMC minutes is feasible and suitable. Release of certain nonsensitive information currently deemed 'confidential' might also be appropriate and helpful to the taxpaying public, who after all, are the ultimate financiers of Federal Reserve operations."

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