



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

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JEC Chairman Saxton Endorses the Federal Reserve's Inaction on Interest Rates

Washington, D.C.-- "The Federal Reserve has done an excellent job in recent years and we agree that price stability is the appropriate goal for monetary policy. We also agree with today's decision to keep rates unchanged. While preemptive moves are appropriate, little forward-looking evidence of inflation exists. The situation, of course, bears monitoring.

But the public deserves more information than a mere signal that no change has taken place. While the Federal Reserve certainly has moved to become more transparent in recent years, a good deal more openness is appropriate. The public, for example, deserves some clarification as to why no policy change was undertaken. This is just as important as providing rationale for an actual change in policy. Such information helps markets work better by removing 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 public."

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