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A Proposal to Clarify the Objectives and Strategy of Monetary Policy

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A Proposal to Clarify the Objectives and Strategy of Monetary Policy

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Abstract: Academic economists have perennially made arguments for the conduct of monetary policy constrained by an explicit rule. These arguments have gone nowhere. This paper advances a proposal to clarify Fed objectives and strategy in order to facilitate discussion leading to consensus over a desirable rule. The essence of the proposal is to replace the forecasts of the individual participants at FOMC meetings now contained in the Summary of Economic Projections with a consensus FOMC forecast accompanied by commentary on the strategy for monetary policy underlying the forecast.

JEL: E52 and E58

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