



## **Fed's Fisher: Hard to Execute More Specific Rate Guidance**

By Kristina Peterson – October 11<sup>th</sup>, 2012

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WASHINGTON--Spelling out more explicitly how the central bank makes interest-rate decisions could be difficult to implement, Federal Reserve Bank of Dallas President Richard Fisher said Wednesday.

"It merits discussion, but it will be very hard to execute," Mr. Fisher told reporters following a speech at the CATO Institute, a libertarian think tank here.

Minutes from the Federal Open Market Committee meeting, released last week, showed that many members of the Fed's policy-making committee supported changing how they communicate their plans regarding interest rates. Instead of saying they expect to raise rates by a certain point on the calendar, Fed officials appeared to be leaning more toward describing the general economic conditions--or even specific, numerical targets--that would have to be met before the central bank began tightening its policy.

But Mr. Fisher, who isn't a voting member of the Fed's policy committee this year, said he isn't sure the central bank should incorporate numerical targets in its guidance, since choosing a number could be somewhat "arbitrary."

The Dallas Fed president said he also worries that using such specific targets could create unrealistic expectations for what monetary policy could accomplish.

Mr. Fisher said he opposed the Fed's most recent action to start buying \$40 billion of additional mortgage-backed securities each month, but he said it is too soon to tell if it will be effective in helping create more jobs.