

**THE FEDERAL RESERVE SYSTEM**

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**Date:** July 12, 2019  
**To:** Federal Open Market Committee  
**From:** Thomas Laubach, David Altig, Jeffrey C. Fuhrer, and Marc Giannoni  
**Subject:** Background Papers for Review of Monetary Policy Framework

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Attached are two of the three memos that will serve as the basis for the staff presentations during the Committee’s special topic discussion at the upcoming meeting beginning the review of the monetary policy framework:

1. “The Federal Reserve’s Review of Its Monetary Policy Framework: A Roadmap,” July 12, 2019
2. “Monetary Policy and Economic Performance since the Financial Crisis,” July 12, 2019

A third memo on “Monetary Policy Tradeoffs and the Federal Reserve’s Dual Mandate” will be sent next week.

Following the staff presentations and Q&A, there will be a full go-round. It would be helpful if, in your comments, you could address the questions on the following page.

**Questions for Discussion of Framework Review  
at the July 2019 FOMC Meeting**

1. In what ways do you think that the current framework has helped the Committee achieve its objectives since the framework was adopted in 2012? In what ways (if any) do you believe that the framework may have constrained the Committee's ability to achieve its Dual Mandate goals over that same period?
2. In light of what the Committee has learned about the efficacy and costs of forward guidance and asset purchases over the past decade, how might you use these tools differently, within the current framework, to minimize the effect of the ELB on economic outcomes?
3. What scope, if any, do you see for enhancing the Statement on Longer-Run Goals and Monetary Policy Strategy to better reflect the challenges posed by the ELB and by uncertainty about  $U^*$  and  $r^*$ , the role of inflation expectations, risks to financial stability, and possible interactions among these?