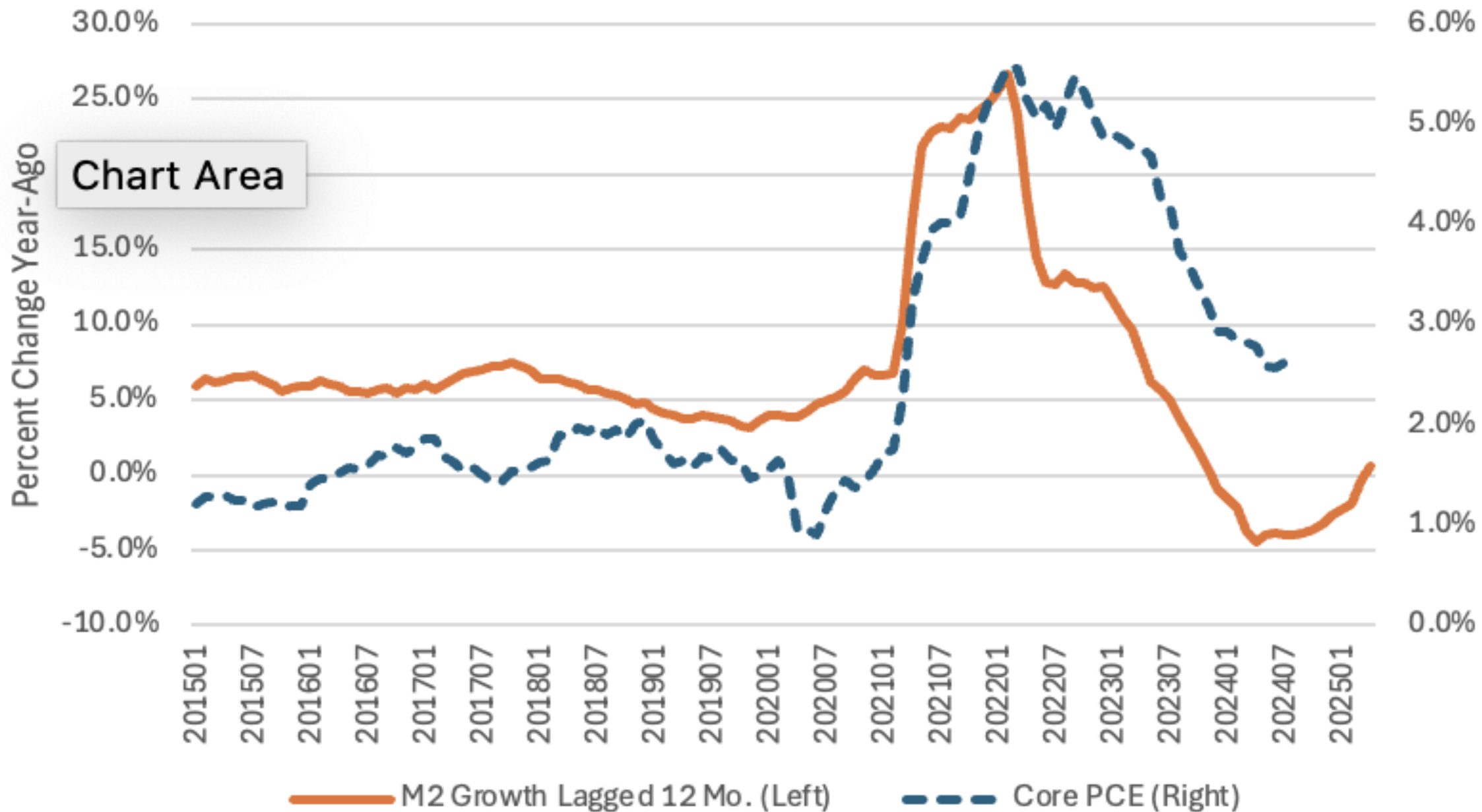


**The Shadow Open Market Committee
and Its Role in Monetary Policy**
Some Personal Observations

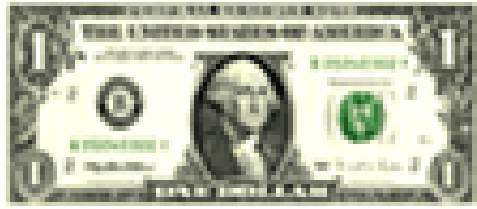
Robert Heller
Hoover Institution, Stanford University

Core PCE Inflation vs. M2 Growth Lagged



The 2 % Inflation Target is Misguided

The Fed's
Congressional
Mandate is
for "Price
Stability"
Or ZERO
Inflation



With 2 %
Inflation,
the Price
Level will
Double
every 36
years.









$MV=PY$

Money

Matters