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The Federal Reserve's Dual Mandate: Performance in Recent Years

An annotated bibliography serves as a crucial preliminary step in academic research, providing a structured overview of existing literature on a chosen topic. As defined by Cornell University Library, an annotated bibliography is "a list of citations to books, articles, and documents," each followed by a "brief descriptive and evaluative paragraph, the annotation" ([Solved] the Cornell University Library Has Defined an Annotated ..., 2023). The primary purpose of such a bibliography is to inform the reader about the relevance, accuracy, and overall quality of the sources utilized in a research assignment, thereby establishing a foundation for a more comprehensive study (Bernadette Willans, 2008). This assignment examines the Federal Reserve's performance in managing its dual mandate of maximizing employment and maintaining stable prices over the past four years, highlighting the complexities and challenges inherent in this critical role.

Research Question

How effectively has the U.S. Federal Reserve performed its dual mandate of achieving maximum employment and maintaining stable prices over the last four years, and what evidence supports its success or challenges in meeting these objectives?

Thesis Statement

Despite facing unprecedented economic uncertainties including global pandemics and supply chain disruptions, the Federal Reserve has demonstrated a measured and adaptive approach to its dual mandate over the past four years, navigating periods of high unemployment and inflation with a consistent commitment to both objectives, albeit with ongoing debates regarding the optimal balance and long-term consequences of its monetary policies.

Citation:

Source 1

Federal Reserve Board. (2024, March 25). The Dual Mandate and the Balance of Risks. Speech by Lisa D. Cook. (The Dual Mandate and the Balance of Risks - Federal Reserve Board, 2024). [Remarks by Governor Cook on the dual mandate and the balance of risks - Federal Reserve Board](#)

This speech by Federal Reserve Board Governor Lisa D. Cook provides an insightful overview of the Fed's dual mandate, emphasizing the balance between promoting maximum employment and stable prices, as described in the 1977 amendment to the Federal Reserve Act (The Dual Mandate and the Balance of Risks - Federal Reserve Board, 2024). Cook's background as a current Governor of the Federal Reserve Board lends significant authority to her perspective, making this a credible and authoritative source on the topic. Her point of view aligns with the official stance of the Federal Reserve, focusing on the careful navigation of economic risks to achieve both goals. This source is beneficial for understanding the Fed's current strategic thinking and acknowledging the inherent tradeoffs in its policy decisions, directly addressing the complexities of the dual mandate.

The speech highlights the prolonged period of below-target inflation that has raised concerns about unanchored inflation expectations (“Monetary Policy Tradeoffs and the Federal Reserve’s Dual Mandate,” 2020). It also discusses the low natural rate of interest, which increases the probability of hitting the effective lower bound during an economic downturn, indicating structural changes that complicate monetary policy (“Monetary Policy Tradeoffs and the Federal Reserve’s Dual Mandate,” 2020).

Source 2

RBC Wealth Management. (2025, June 10). Forget about the Fed's dual mandate—this investment advisor says.... (Irina Ivanova, 2025) [Forget about the Fed's dual mandate—this investment advisor says they've added a third mandate, and won't be cutting rates anytime soon](#)

This article from RBC Wealth Management provides a perspective on the Federal Reserve's dual mandate, examining its role in promoting maximum employment and stable prices (Irina Ivanova, 2025). While the article's title suggests a critical viewpoint, implying that some advisors question the traditional focus, the content largely explains the mandate and recent challenges. RBC Wealth Management, as a financial institution, provides a practitioner's perspective on monetary policy, which is valuable for understanding market interpretations of the Fed's actions. The article presents a more recent and potentially critical viewpoint on the Fed's effectiveness in balancing its goals, making it useful for a balanced discussion of performance.

The article notes that the Federal Reserve's dual mandate, established by Congress, charges the U.S. central bank with both creating the conditions for maximum employment and maintaining price stability (Irina Ivanova, 2025). It also highlights the tension that arises when both higher inflation and higher

unemployment prospects challenge the Fed's achievement of its dual mandate (Taravandenberg, 2025).

Source 3

Scienpress. (2024, April 4). Fed's Dual Mandate: Maximum Employment and Price Stability. ("Fed's Dual Mandate: Maximum Employment and Price Stability," 2024). [Scienpress. \(2024, April 4\). Fed's Dual Mandate: Maximum Employment and Price Stability. \("Fed's Dual Mandate: Maximum Employment and Price Stability," 2024\). - Search Videos](#)

This academic paper, published by Scienpress, delves into the effectiveness of the Federal Reserve's policy instruments on its two ultimate objectives: price stability and maximum employment, specifically examining periods from 1978 to 2008 and from 2009 to the present ("Fed's Dual Mandate: Maximum Employment and Price Stability," 2024). The authors, through their use of OLS and VAR models, as well as correlation and causality measurements, demonstrate a scholarly and quantitative approach to evaluating the Fed's capability. This peer-reviewed analysis offers an authoritative and data-driven perspective on the Fed's performance, providing a more empirical evaluation than general news articles.

The source is highly valuable for its statistical analysis and its conclusion regarding the social costs versus benefits of expansionary monetary policy.

The empirical results presented in the paper indicate that prices have been significantly impacted by expansionary monetary policy, leading to inflation and bubbles over many years (“Fed’s Dual Mandate: Maximum Employment and Price Stability,” 2024). However, the paper concludes that employment has not shown a commensurate improvement, suggesting a disparity in the effectiveness of policy tools across the two objectives of the dual mandate (“Fed’s Dual Mandate: Maximum Employment and Price Stability,” 2024).

Source 4

Federal Reserve Education. (n.d.). Monetary Policy, Part 1: The Fed and the Dual Mandate. (Monetary Policy, Part 1: The Fed and the Dual Mandate, n.d.). [Monetary Policy, Part 1: The Fed and the Dual Mandate | Video Assignment | Federal Reserve Education](#)

This educational resource from the Federal Reserve Education website provides a foundational understanding of the Fed's dual mandate, explaining that it uses monetary policy to guide the economy toward maximum employment and stable prices (Monetary Policy, Part 1: The Fed and the Dual Mandate, n.d.). As an

official educational arm of the Federal Reserve, this source carries high authority in defining the institution's goals and mechanisms. Its point of view is purely informative and objective, designed to clarify the Fed's mission for a general audience. This source helps establish the baseline understanding of the dual mandate before delving into its practical application and performance challenges.

The resource clearly states that the Federal Reserve's goals of maximum employment and stable prices are often referred to as its "dual mandate" (Monetary Policy, Part 1: The Fed and the Dual Mandate, n.d.). It also emphasizes that the Fed employs monetary policy as a tool to move the economy towards these stated goals (Monetary Policy, Part 1: The Fed and the Dual Mandate, n.d.).

Conclusion

The Federal Reserve, as the central bank of the United States, operates under a dual mandate to foster economic conditions conducive to maximum employment and stable prices (The Federal Reserve's Dual Mandate, 2020). Over the last four years, the Fed has navigated complex economic landscapes, from the immediate aftermath of global health crises to persistent inflationary pressures and evolving labor market dynamics. While the institution consistently articulates its commitment to both facets of its mandate, empirical analyses and ongoing market discussions reveal the inherent challenges in balancing these often-competing

objectives. The Federal Reserve's performance reflects an adaptable framework that, at times, has led to significant impacts on prices without always yielding proportional improvements in employment, underscoring the ongoing debate on the optimal execution of its pivotal role in the U.S. economy.

Citation:

Federal Reserve Board. (2024, March 25). The Dual Mandate and the Balance of Risks. Speech by Lisa D. Cook. (The Dual Mandate and the Balance of Risks - Federal Reserve Board, 2024). [Remarks by Governor Cook on the dual mandate and the balance of risks - Federal Reserve Board](#).

RBC Wealth Management. (2025, June 10). Forget about the Fed's dual mandate—this investment advisor says.... (Irina Ivanova, 2025). [Forget about the Fed's dual mandate—this investment advisor says they've added a third mandate, and won't be cutting rates anytime soon](#).

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Federal Reserve Education. (n.d.). Monetary Policy, Part 1: The Fed and the Dual Mandate. (Monetary Policy, Part 1: The Fed and the Dual Mandate, n.d.).

[Monetary Policy, Part 1: The Fed and the Dual Mandate | Video Assignment | Federal Reserve Education](#)

