

## In the economic equation is it time to set inflation fr...

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In any equation that requires a solution there have to be controlled and uncontrolled variables. Unless something is fixed there is just an equation.

So it is in economics. Inflation has been the targeted fixed variable for decades. Interest rates have been controlled, and used as a proxy for the exchange rate. Unemployment as a proxy for economic activity has been allowed to float free.

The question is, should that change? Has the time come to say that after the recession the thing that matters most is an unemployment target as a proxy for economic activity, with interest rates fixed and inflation being the variable allowed to float free?

I'm struggling to think of a reason why not. I hope Mark Carney shares my concern. I fear too many politicians will not.