IN SURPRISE MOVE, FED IS TO MAINTAIN PACE OF STIMULUS

Investors Cheer Step — Bernanke Says Officials Were Overly Optimistic

WASHINGTON — It turns out that the Federal Reserve in late July was not quite ready to go as far as some forecasters had expected to help the economy grow. All summer, Federal Reserve officials had said they were watching the economic recovery closely, and they had said they wanted to be patient as they considered whether to offer more support. They had even said that they might even hold off on increasing interest rates. But in late July, they did just that.

Specifically, the Federal Reserve’s policymakers said that they would continue to keep interest rates exceptionally low and they would continue to purchase government bonds. But they also said that they would keep a close eye on the economy and that they would be willing to step in if the outlook for growth weakened.

In particular, they said that they would be willing to keep interest rates low for longer than they had previously suggested. They said that they would not raise rates until the unemployment rate fell below 6.5% and core inflation remained below 2.5%.

The decision was a surprise to many economists, who had expected the Fed to at least signal that it was prepared to act if the economy continued to weaken. Some had even speculated that the Fed might raise rates as early as this year.

Congressional leaders and other economists had been cautious about the Fed’s decision, due to concerns about the risk of overheating the economy. But that seems to have changed.

"We had assumed that the Fed would be more cautious," said Mark Zandi, chief economist at Moody’s Analytics. "But it seems that the Fed is prepared to act if necessary."
Body English

CONTINUED FROM PAGE E11

and then seemingly baked with a girdle of foil, his models definitely were more maison than glamorous. Mr. Ford’s spring daywear, such as it was, consisted of buckled-tight trousers or white leather jackets, cinched black pantsuits and a slinky leather mesh top with a black-and-white leather skirt in a bubble pattern. Those outfits echoed his days at Gucci.

But the evening clothes were in new territory: both in terms of style and technique. The ones paved with glittering fragments are a bit Elvis, or Rihanna, but they dissolve conventional lines between dressing up and performance. That’s not trivial when you consider how dull most red carpet fashion is. Mr. Ford said he got the idea for the mad splurge and broken bits from the work of artists he admires, like José Parla and Mark Bradford. You’ll have to take his word for it that getting into a cobweb is a cinch.

Mr. Bailey’s collection was more accessible. For starters, he called it “English Rose.” Aside from the pink and custard tones, the clothes nicely combined traditional and modern styling; lace for pencil skirts was produced in Nottingham, England. He showed them with shirts or plain cashmere sweaters. And instead of re-inventing the trench coat in a pajama fabric, as he has done before, he gave the audience a breather — soft, roomy coats in all those melting English colors.

Of course, many people count on London for more than a garden party. Yet this was a tough season for young designers who once had a novel idea, like the ecstatic prints of Mary Katrantzou, and now seem to be rolling in the same path. Ms. Ktarrantzou created prints from blown-up images of shoes, but her fussy shapes held her back. I kept wondering why she didn’t try softer things like pajama pants and tunics.

Erdem was another label determined to make a shrug out of texture; too many veiled garments.

As I went around London, to places and streets filled with ordinary people, I had the sense, more than ever, that fashion here was taking place in vacuum. Do they care about Christopher Kane’s naive drapes and twisted flower dresses? Or J.W. Anderson’s broken-down skirts or dresses with panels arrayed with rows of what resembled tiny takeout boxes in fabric — what he called “wonton”? If the public doesn’t appear to be even remotely listening, whom are we talking to?

I actually blame the young stars. They are not being as innovative as they need to be. It’s that simple. You can fool the fashion press with a gimmick or a cool bit of styling, but you can’t fool ordinary people.

And the public always recognizes heart-