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The following *Wall Street Journal* article, published online September 7, 2011, depicts a somewhat divided Federal Reserve regarding the particular policies they would favor in their next policy meeting in two weeks.

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Bernanke Takes On a Balancing Act

By JON HILSEN RATH

The recent slew of bad economic news has raised expectations in financial markets that the Federal Reserve will take new actions to spur growth and hiring. For Fed Chairman Ben Bernanke this poses two challenges: Figure out what to do and forge a consensus in a divided policy-making committee.

One option that has gained favor in some corners of the Fed: Lower long-term interest rates by shifting the composition of the Fed's holdings of government securities so the average maturity is longer. This could be done by selling some shorter-term securities and reinvesting the money in longer-term ones.

The members of the Federal Reserve's rate-setting committee are deeply divided over whether the central bank should take further action to boost the economy. This graphic shows where each stands.

Other proposals are on the table. Many officials want to give clearer guidance to the public about their goals for inflation and, possibly, unemployment. Some want to stop paying banks the 0.25% interest they get for cash held on reserve at the Fed. More bond purchases are an option, though the other steps might be tried first.

Minutes of the committee's August 9 meeting and the members' comments since then show a wide range of views.

One group of policy makers, including Federal Reserve Bank of Chicago President Charles Evans and Boston Fed President Eric Rosengren, have tended to be most eager to do more.

Others, including Dallas Fed President Richard Fisher and Philadelphia Fed President Charles Plosser, haven't.

The first camp, often called the doves, favors more Fed action to encourage borrowing and spending, in hopes that will generate stronger job growth.

The other, called the hawks, worries that such moves could trigger high inflation or other unintended consequences.

The Fed's power center—Mr. Bernanke, Vice Chairwoman Janet Yellen and New York Fed President William Dudley—has tended to be activist, though also aware of the limits of monetary policy to solve the economy's problems.

There are many others who seem sure to go along with Mr. Bernanke if he chooses more. Two Fed governors appointed by President Barack Obama—Daniel Tarullo and Sarah Bloom Raskin—have given no indication that they don't agree with the "Do More" camp.

Board governor Elizabeth Duke—appointed by former President George W. Bush—dissented once, in 2008, against a decision to bail out the financial arm of General Motors. But Ms. Duke, a banker and not an economist, has never voted against a monetary-policy decision.

A quiet middle group—San Francisco Fed President John Williams, Atlanta Fed President Dennis Lockhart and Cleveland Fed President Sandra Pianalto—has tended to stay with the Fed chairman.

All told, Mr. Bernanke seems to command the wide following he needs to steer the Fed to take additional steps to boost the economy if that is what he wants. Still, he doesn't have absolute control to proceed without pushback.

In the past year, Fed officials have been outspoken with their individual views. Three hawks at the Fed, and two wild cards—James Bullard of St. Louis and Narayana Kocherlakota of Minneapolis—could resist. . (One of the most outspoken hawks, Thomas Hoenig, of Kansas City, is retiring.)

"It is unlikely that the data in September will warrant adding still more accommodation," Mr. Kocherlakota said in a speech Tuesday.

Mr. Bernanke's style is to rule by committee, not solitary force, as his predecessors Alan Greenspan and Paul Volcker were more apt to do.

"Does he have the power to do what he wants? Yes," said Bank of America chief economist Mickey Levy. "But as chairman of the Fed, he would much rather do it with unanimity."

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