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Bill would take policy vote away from regional Fed presidents

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Barney Frank doesn't want **Jim Bullard** or other regional **Federal Reserve Bank** presidents to have a vote on monetary policy.

Frank, a Democratic representative from Massachusetts, introduced a bill today that would take away the regional Feds' five votes on the **Federal Open Market Committee,** the Federal Reserve's key policy body. That would leave the seven members of the **Board of Governors** as the committee's only voting members.

According to the **Wall Street Journal,** Frank is pushing the bill as a way to make the Fed more democratic:

> "Setting interest rates...that's a public function. And the Federal regional presidents are picked by private citizens," Frank, the ranking member of the House Financial Services Committee, told CNBC.

Presidents of the 12 Federal Reserve Banks, such as Bullard at the St. Louis Fed, are chosen by regional boards, which indeed are composed of bankers and other private citizens. The boards' choice must be ratified by the Board of Governors, whose members are nominated by the president and confirmed by Congress. The New York Fed's president has a permanent voting seat on the FOMC; the other presidents vote on a rotating basis.

The Journal points out that congressional Republicans "are likely to resist centralizing Fed power in Washington." **MarketWatch** quotes the **Cato Institute's Mark Calabria** as saying the bill will "absolutely not" pass, because regional bank presidents tend to have strong relationships with members of Congress.