



Yellen meets with conservative groups unhappy with Fed

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WASHINGTON — Federal Reserve Chair Janet Yellen met Friday with a group of conservative activists who are unhappy with the way the central bank is conducting its interest-rate policies.

The meeting, which was set up in early February, came two days after Yellen came under heavy criticism from Republican lawmakers during a House hearing. They said Yellen had politicized decision-making at the central bank by favoring policies pushed by President Barack Obama and other Democrats. Yellen rejected the GOP criticism as unfounded.

Yellen listened carefully to the group's proposals and asked thoughtful questions but did not indicate whether she supported its recommendations, said Steve Lonegan, director of monetary policy at the conservative American Principles in Action.

Representatives of the Heritage Foundation and Cato Institute also participated in the meeting.

The group, which included 21 activists assembled by the conservative organizations, met with Yellen and Fed board member Lael Brainard. Yellen, Brainard and other Fed officials had met in November with a group of liberal activists. That meeting prompted the conservatives to request their own meeting.

"Our main message to Chair Yellen and company was that the left does not have a monopoly on caring about low- and middle-income wage earners," Lonegan said.

Yellen listened to economists for the conservative organizations lay out a series of recommendations for how the Fed should conduct interest rate policies, including proposals to have the central bank adopt a specific rule to guide interest-rate policy, Lonegan said.

That proposal and a measure that would expand congressional oversight of the Fed through audits of its monetary decisions are being supported by Republicans in both the House and Senate. Yellen has voiced strong opposition to both proposals, saying the audit bill would subject the Fed to undue political influence and that using a single rule to set interest rates would be unworkable.

A Fed official confirmed the meeting took place but said the central bank would have no comment on the proposals put forward.

During a three-hour hearing on Wednesday before the House Financial Services Committee, Yellen faced a barrage of questions from GOP lawmakers who accused her of favoring Democrats and argued that Congress needs to increase its oversight of the Fed.

Yellen rejected the charges that she is favoring Democrats and said she has met with lawmakers from both parties. She said her job is to achieve the two mandates Congress has established for the Fed: obtaining maximum employment and stable prices.

She was nominated by Obama to head the Fed and is the first Democrat to lead the central bank since Paul Volcker stepped down in 1987. He was followed by Republicans Alan Greenspan and Ben Bernanke.