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Public Debate Among Fed Officials Has Bolstered Trust in the Central Bank, Plosser Says

By Jonathan House

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Public debate among **Federal Reserve** officials has helped bolster trust in the central bank's decisions, **Federal Reserve Bank of Philadelphia** President **Charles Plosser** said Thursday.

"It's helpful because it tells the public 'these people are actually debating some of the same issues that I'm worried about,'" Mr. Plosser said at a monetary policy conference at the **Cato Institute**, a libertarian Washington think tank.

Mr. Plosser was speaking at the same time Fed Vice Chairwoman **Janet Yellen**, President [Barack Obama](#)'s nominee to be the Fed's next leader, was addressing the Senate Banking Committee in her confirmation hearing.

Ms. Yellen is widely expected to maintain the consensus-oriented style of current Chairman **Ben Bernanke**, whose term ends in January. In eight years running the central bank, Mr. Bernanke made the institution more open to differing views internally and gave officials latitude to air their views to the public. It was a sharp shift from the approach of his predecessor, **Alan Greenspan**, whose views dominated the central bank's decision-making process.

The open communication has on occasion sown confusion in markets about the Fed's thinking and plans. This confusion can hamper the Fed's ability to influence inflation expectations and borrowing rates throughout the economy.

But Mr. Plosser, an outspoken critic of some of the Fed's recent policies, argued the open debate helps offer assurances that the central bank is examining all the aspects of the some of the prickly problems it faces. In so doing, the Fed is building public trust, which in the long run, will make it easier to achieve its objectives, he said.

"Regardless of how, at the end of the day, a vote goes or a decision goes, you know that different voices have been heard," Mr. Plosser said.