

# Public Policy, Public Input

**Narayana Kocherlakota**

President  
Federal Reserve Bank of Minneapolis

Over the course of my three-year tenure as president of the Federal Reserve Bank of Minneapolis, I have given many talks across the Ninth District. Often, during the course of those talks, I have described how I obtain the economic information that helps inform my policymaking. I do this because I believe that it is important for people to know how their policymakers receive information that helps them make policy. As well, this process of information gathering reinforces the point that the Federal Reserve System is grounded in regional representation from across the country. Indeed, that's why our central bank is a "system" and not just one monolithic operation in Washington. So for this column, I will describe the information-gathering efforts that I employ and then conclude by discussing my decision to make those efforts public.

First, it would not surprise you to learn that Federal Reserve policymakers have large amounts of data at their disposal. Indeed, that is an understatement. There is no end to data on all aspects of the economy, from inflation to employment to manufacturing and trade, and hundreds of data points in between. Nonetheless, these data do not tell the whole story that I need as a policymaker. Some data can be weeks or months old at the time a decision needs to be made. In addition, as important and

revealing as data are, there is still much to learn from people making decisions on the ground. For example, what are businesses' hiring plans? What are expectations for future sales? What about price pressures? What are banks experiencing in terms of loan demand?

Those questions and many others provide answers that help bring data to life and inform the choices that I have to make. But who answers those questions? How do we gather such information? The sources are many and reflect the broad and varied constituency of the Ninth District. First, there is our board of directors. In my previous column, for the September 2012 *Region*, I described the role of the directors in some detail, so I will only stress here the important role they play in relaying economic information. For every meeting, a subset of the directors is charged with answering questions about the condition of the general economy and also about their particular industry. They do this not only by relaying information pertinent to their own companies, but also based on many phone calls and conversations with colleagues in their industries.

In addition to the board of directors, I meet twice a year with three advisory councils, for a total of six meetings. These meetings are held expressly for the purpose of gathering information about the Ninth



It is these connections—this two-way communication with people in local economies—that ensure that the American people have input into monetary policy

District economy. These councils represent small business and labor, agriculture and community financial institutions. Who sits on these councils? The answer is as varied as any town's Main Street and rural highways: Ranchers, farmers, owners of retail shops, credit unions, labor representatives and small manufacturers, among many others, are represented in these meetings. By the way, information about the board of directors and these advisory councils, including the members, is available at [minneapolisfed.org](http://minneapolisfed.org).

Beyond these more formal channels of communication, my travels around the Ninth District give me another way to get useful input. Whenever I give a speech outside the Twin Cities, I schedule meetings with local business owners and bankers, as well as with organizations that serve consumer groups, especially those that provide services to low- and moderate-income communities and households. I am always grateful for the time that these busy people take from their schedules to discuss their views about the economy and the choices facing businesses and individuals. I always come away with more insight than I had before.

Finally, just as I go out to the district to meet with people and to learn from them, others come to the Bank to visit with me. These people might be rep-

resentatives from industries, consumer groups, labor groups, neighborhood coalitions and even representatives from other countries.

All told, I meet with a wide variety of people with insights from throughout the economy. So who are these people? Well, as I indicated earlier, you can visit our website to see who sits on our board of directors and on our advisory councils. As to those other groups I meet with throughout the Ninth District and at the Bank, you can see for yourself who they are, as they are now listed on our public website. Earlier this year I began posting my schedule online. In part, this move was a matter of transparency—that is, just as I think it is important for people to understand how I receive economic information, they should also know who gives me that information. But equally important, I publish my schedule because it reinforces the connections that I have with many segments of the Ninth District economy. As I often tell people when I give talks, it is these connections—this two-way communication with people in local economies—that ensure that the American people have input into monetary policy. <sup>R</sup>