COVERING BUSINESS, ECONOMICS
AND CENTRAL BANKING
WITH THE FEDERAL RESERVE’S INCREASING TRANSPARENCY

A Master of Arts degree project
presented to
the graduate school faculty
at the Missouri School of Journalism

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts

by
Li Lin “Linly”

Professor Randall D. Smith, committee chair
Professor Martha M. Steffens, committee member
Professor Barbara S. Cochran, committee member

DECEMBER 2015
ACKNOWLEDGEMENTS

I would like to thank professors at the Missouri School of Journalism who have guided me to a business reporting career—Randall Smith, for chairing my committee, giving me opportunities to better understand the diverse world we are in and being a strict supervisor who aims at bringing students to excellence; Martha Steffens, for being a caring mentor, inspiring me to further my business reporting pursuit and providing her enlightening knowledge; and Barbara Cochran, for helping me settle in Washington D.C. and offering support and suggestions along the way.

I would like to acknowledge the White House Correspondents’ Association for offering me a generous scholarship to fund my time in Washington, D.C.

I would also like to thank: Marketplace’s Dave Shaw, Kimberly Adams, Scott Tong and Nancy Marshall-Genzer; Warren Watson, who dedicated his time and energy to helping me improve my project selflessly; and the Washington-based Fed reporters—Don Lee, John Heltman, Jon Hilsenrath, Kevin Hall, Mark Hamrick, Neil Irwin, Ylan Mui and Martin Crutsinger—who kindly agreed to share their work experiences with me.

I’m always grateful for the invaluable undergraduate education that Fudan University gave me, which granted me a multifaceted and solid understanding of the journalism industry and the society, so that I’m still striving for a journalism dream.

And I will be forever indebted to my parents.
# TABLE OF CONTENTS

ACKNOWLEDGEMENTS ........................................................................................................ ii

LIST OF ILLUSTRATIONS ........................................................................................................ v

Chapter

1. INTRODUCTION ................................................................................................................... 1

2. INTERNSHIP FIELD NOTES ................................................................................................ 4

3. EVALUATION .......................................................................................................................... 39

4. WORK SAMPLES .................................................................................................................... 44

5. ANALYSIS ............................................................................................................................. 69

   Ups and downs of the Fed story

   Responsibilities of Fed reporters

   Public documents and their formation

   Fed chairs’ different personal styles

   Press conference, the statement and additional disclosure

   Forces behind the transparency

   Multifaceted transparency

   Suggestions for the Fed to improve its communications

   Suggestions for the journalism community to improve its Fed coverage

   Analysis: rethinking transparency

   Story to pitch for publishing

APPENDIX

A. INTERVIEWEE LIST ........................................................................................................... 124

B. QUESTION LIST FOR THE INTERVIEWWS ...................................................................... 127

C. INTERVIEW TRANSCRIPTS .................................................................................................. 129

D. DATA MINING WORK SAMPLE ......................................................................................... 264
E. RESEARCH PROPOSAL .......................................................... 265
LIST OF ILLUSTRATIONS

1. Chart one: Public communications materials of the Fed.................................78
2. Image one: the Fed’s first-ever monetary policy statement............................80
3. Chart two: Word count of FOMC statements from 1994 to 2015....................81
4. Image two: Neil Irwin asking a question at the Fed’s first press conference........82
5. Image three: a “dot plot” from the FOMC meeting........................................105
Chapter One: Introduction

Over the past two and a half years, I have grown from a newcomer in the U.S. to a business reporter with solid experience in New York, Washington, Chicago and Charlotte, N.C. I also paid a visit to South Africa on a reporting mission.

I also have reexamined my personal development as a journalism graduate student at the University of Missouri in Columbia. Observing my new country, I have reflected on my worldview, my journalism pursuits and my life choices. My experiences have been invaluable and life changing.

The highlight of my graduation project included nearly three months in Washington to study the issue of transparency in the Federal Reserve, America’s central bank.

The three elements of my project:

- Working 35 hours per week for 12 weeks as an intern at Marketplace, American Public Media’s daily business news radio program (June 9 to August 28, 2015).
- Attending weekly seminars at the Missouri School of Journalism’s Washington, D.C., program on Friday mornings.
- Completing a research project analyzing the Federal Reserve’s transparency efforts over the last 30 years.

Personal Pursuit of Business Journalism

I began pursuing business journalism in my native China about five years ago upon realizing that business reporting is the only journalism sector that had a chance to fully develop in China. The Chinese government craves economic development in its society, so it allows more freedom to business reporters. I saw opportunity.
My enthusiasm was heightened as I completed internships at CNBC, Asia Pacific and then the Financial Times Group’s Mergermarket Ltd.

Eventually, I hope to go back to China to use my solid journalistic skills, understanding of finance and economics, and business news judgment to help refine the nation’s economic structure. That in turn, can lead to a better quality of life for the general public -- through the power of journalism.

At Missouri, I have learned from the top tier of business journalists in the nation through my coursework and class trips. I participated in five events organized by the Society of American Business Editors and Writers (SABEW), where I was exposed to the professional practices and standards of the very best in the craft.

I continued to hone my skills through related courses such as: “Business and Economics Reporting,” “Bloomberg Terminal Training Session,” “Art and Mechanics of the Business Story,” “Data Journalism,” “Computer Assisted Reporting,” and two independent study projects.

I also had the opportunity to practice my business reporting skills through internships at The Charlotte Observer and Bloomberg News.

I began to better understand the nuances of the economy by covering retail, the stock market, the futures market, industrials and energy.

An effective understanding of the economy has led me to appreciate how business stories can equip people with the knowledge to make their lives better. People actually need business information in their everyday life. So, I now realize my work has value for everyone in society.
Achievements During the Project

At Marketplace, one of the most popular radio shows in the U.S. (12 million unique weekly listeners), I kept perfecting my English skills by listening attentively to the language our reporters and hosts used.

I enhanced my multimedia skills, including audio recording, radio editing, data analysis and visualization, photography and videography. In addition, I was able to see Washington’s inner workings up close as we interacted with high-ranking government officials. I’m grateful that I learned how to package stories of business and finance in an attractive way to help everyday Americans increase their business literacy.

I have always wanted to make the Federal Reserve my research project. In January 2014, I was part of a media workshop the Fed’s communications staff gave us at the FOMC boardroom. The Fed staffers explained to us how the Fed wanted to boost its efforts to be more open and responsive to journalists. I began to understand that transparency in its dealings made the Fed a more important player in the post-crisis economy.

Through interacting with Fed reporters and through the tutelage of Missouri’s Wally Dean and Wesley Pippert, I obtained knowledge and contacts to thrive in that D.C. environment.
Chapter Two: Internship field notes

June 9 – June 15, 2015

1. Weekly notes

I hadn’t done much audio reporting except for producing several clips for the fundamentals of convergence journalism class. I also record and mix music for my own entertainment. These experiences help, however, for me as a tech-savvy person to quickly fit in with the tech-driven reporting environment at Marketplace. The studio, microphones, headsets and Marantz recorders are the backbones for the daily business news radio show. Radio tools integrate seamlessly into reporters’ workflow.

I enjoy observing and helping radio reporters’ work, which is refreshing and very interesting. This is a new world to me, as I spent most efforts enhancing my print skills in the past semesters. The storytelling methods for radio are different, and the writing and editing focus are tailored for listening. This will be especially helpful for me to continuously grow my ear for English. Paying exceptional attention to sounds and voices will effectively perfect my reporting language. I’m yet to grow rhythmic and illustrative expressions for my writing and reporting.

Marketplace’s Washington bureau is compact. One bureau chief and three radio reporters coordinate with our Los Angeles headquarters, New York bureau, and beat reporters around the country. Every morning, reporters will file memos and pitch stories at the 10:30 a.m. EST (7:30 a.m. PST in Los Angeles) editorial meeting. Editors pick stories for the fast-paced Marketplace Morning shows and the more in-depth afternoon shows respectively.
For spot news, stories are normally assigned to reporters after 11 a.m. Reporters always try to finish their recorded interviews before 2 p.m. and conclude writing and editing before 3:30 p.m. Spot assignments are really challenging as reporters need to find sources and arrange interviews as soon as possible to meet the afternoon production deadline.

For longer feature stories, reporters mostly need to visit the field to collect more diverse sound bites. Feature stories can take weeks to produce. Reporters develop expertise on the topic and will have conversations with our hosts on air and discuss the topic.

As a new reporter, I’m mostly shadowing other reporters while they conduct interviews, record in the studio and work with editors. I’m reading through all daily story pitches and morning memos to familiarize myself with Marketplace’s news angles and practices. It may take a while for me to internalize the show’s editorial standards and preferences. I’m reading audio scripts aloud and joining in reporters’ interviews as much as I can. I hope to get the radio tone and vivid language soon.

Marketplace’s daily story topics have a wide reach, which is challenging for me. I need to look at story topics big or small; official or vulgar; and entertaining or political. At the same time, all topics have their economic pegs. I am taking a different look at everyday stories. This greatly boosted my news intake, from mostly hardcore financial news to things happening in all walks of life.

Radio stories are really touching if I listen attentively. I get excited watching reporters recording live in the studio and watching them editing the scripts. It’s a totally different world of news writing and producing. It must take some time before I can be
more autonomous in the newsroom, but I will be patient. I will keep working with reporters closely and ask more questions.

2. Logs

June 9, Tuesday:
- Attended daily editorial meeting at 10:30 a.m. EST/7:30 a.m. PST (every day);
- Learned new-hire working instructions;
- Had lunch with bureau reporters;
- Observed studio recording: Host Kai Ryssdal in Los Angeles interviewed Vox’s Phil Edwards in Washington on how claw machines are rigged;
- Observed daily spot news editing: Dave Shaw edited a story on airline pricing trends after the industry’s merger rush.

June 10, Wednesday:
- Observed feature story script editing: Scott Tong’s sustainability series segment on Pennsylvania’s failing power grid;
- Assisted in studio recording: Stanley Alcorn interviewed political scientist Lee Drutman about pharmaceutical companies lobbying for TPP;
- Applied for and received my own press credentials from the Senate’s ID office.

June 11, Thursday:
- Spot news: Researched on Library of Congress looking for next chief librarian. Contacted interviewees for Nancy;
- Logged in recording: Dan Gorenstein interviewed a woman who was sexually abused as a child and how she benefitted from the Affordable Care Act, receiving mental healthcare.
June 12, Friday:

- Spot news: Researched on how a potential imminent ban on trans fat will impact the food industry, provided materials for Nancy;

- Logged in interview recording: Sanjay Singh, CEO of HCentive, a company providing healthcare exchange platform technology for more than 30 states, talked about how he bet the company on the Affordable Care Act six years ago. The Indian accent is exceptionally hard to understand, which added to the difficulty in producing this story.

June 15, Monday:

- Compiled a list of major cases awaiting Supreme Court’s decisions before the 2014 term ends and wrote explainers for each case, including Obamacare, same-sex marriage, housing discrimination, etc.

- IT department helped configure my computer settings and installed internal workflow software;

- Alerted the sustainability desk that Pope Francis’s statement on climate change was leaked, and observed desk reporter handle breaking news;

- Helped Nancy prepare an interview by providing materials on how Maryland obtained a free software copy of Connecticut’s healthcare exchange;

June 16 – June 19, 2015

1. **Weekly notes**

   It always takes several weeks or up to one month for a young professional to fit in to the new working environment. I’m observing a lot and asking to observe more.

   **Great reporters must be great communicators first**
All of the four employees at the bureau work very stressed schedules, so I need to figure out the right timing to “bother” them with questions. I started with getting to know my co-workers on a personal level and also to know their reporting interests. This enables me to establish interpersonal relationships.

I’m not here to bring coffee, but I noticed sometimes providing a cup of water to guests can be a natural starting point for conversations. Before guests arrive, I learn about their backgrounds. A simple online search can provide me with a good conversation starter. With a cup of water, conversations just become smoother.

**Grow the Marketplace style**

When I am very specific in asking for a certain kind of work that I want to do, it will be more likely for my boss to assign the work to me. I notice our sustainability desk is really a pioneer and want to work with them. Reading their stories, I realize why the show has a lot of “fans” instead of audience or listeners. The style is the key. Marketplace doesn’t compete for breaking news, but stands out as a great storyteller.

Fans of the program are very powerful. When I call people looking for potential interviewees, sometimes people tell me they are fans of the show. They say they would love to talk to us. That’s enlightening. The other day, a reporter was 45 minutes late for an interview because of traffic jam. But she managed to make a great interview, in part because the interviewee was a big fan of the show.

Marketplace’s “secret sauce” is its unique style. I realize that before I am able to work on my own stories; I really need to understand the rhythm. I spend a lot of time listening to and reading radio stories and scripts. I ask to be part of the editing process,
and now reporters and my bureau chief have gotten used to my presence at editing sessions. I also ask for trashed scripts to read out loud.

There will be three new podcast programs to launch in the next months. That’s my chance to work on my own stories—as long as I know how to cook the secret sauce.

**A short visit at the Federal Reserve**

Working in Washington means we young professionals get to see the most important people often, and a young adult needs to get used to seeing senators and government officials at a close distance.

I mentioned to our bureau reporters that my research paper is about the Fed, and they helped me to get into this past week’s Fed press conference. I was really excited to be there.

I didn’t expect the conference to be that exciting. As the key economic agency in the country, the Fed has press conferences that are controlled. The opening statement and conversation that day basically retold the information from the released statement. The Fed only gave out the information that it wanted to give out. The key takeaway from the hour-long session was that a rate liftoff would come at some point when the economic data indicated the time is appropriate. Chair Janet Yellen answered many questions, and there was a lot of repetition.

Witnessing the whole process, however, was very helpful for my paper. I got a clear sense of the workings of the public relations of the Fed. I also met two reporters that I knew, and I was trying to meet more reporters on the Fed beat. I started a list of my potential interviewees for the paper. Tracking down Fed reporters’ interaction on Twitter served as a good starting point.
Session with Adora Jenkins

The session with Adora Jenkins, former spokesperson to Eric Holder and at the Environmental Protection Agency, was especially inspiring. She is absolutely a pro in advancing her career, advising us never to feel secure in our jobs. For each of the jobs she decided to take, she placed much weight on how the choice might provide more avenues for her after she leaves the job. She didn’t hide her ambition.

Also, it showed me another side of the picture when she elaborated on how PR people make decisions. There are reasons why certain reporters get exclusives and others don’t. I shall get closer to the former group.

2. Logs

June 16, Tuesday:
- Attended daily editorial meeting at 10:30 a.m. EST/7:30 a.m. PST (every day);
- Installed and configured workflow software AP ENPS and DALET;
- Researched and found sources for a story about Saudi prince Alwaleed.

June 10, Wednesday:
- Prepared for and attended the Federal Reserve’s press conference, and provided tech assistance to reporter;
- Employment process.

June 18, Thursday:
- Communicated with the digital team, learning editorials’ story pitching preferences;
- Researched water preservation for coverage on the National Mayors’ Summit;
- Received guest and operated studio for recording for a story about Indian wedding.

June 19, Friday:
- Received Sudeep Reddy, a WSJ economics editor, as a guest for the weekly wrap.
  He commented on the Fed statement of the week.

June 22 – June 26, 2015

1. Weekly notes

Reporting in Washington sets me at the center of most important global events. Those historic moments would advance with or without my presence, but my journalistic nature urges me to make moves.

It’s journalist’s nature to want to be a participant of the generation of the first drafts of history.

Here I am

A week ago, my boss asked me to do research on the remaining decisions the Supreme Court had to make before its 2014 term ended. As I was reading through SCOTUS’s official blog, I realized it’s one of the most important reporting seasons of the year.

I’m extremely grateful that I took Prof. Sandra Davidson’s law class this past semester. Otherwise I would have a really hard time understanding court filings and workings of the judicial system. Examining the remaining major cases, I was struck by the separation of powers in U.S. government. People have to abide by the court’s rulings, and legal disputes are sometimes a result of partisan political conflicts.
Off I went to the steps at the Supreme Court on Monday and Thursday (I wasn’t able to go on Friday because the school had seminars). Media closely watched the decision calendar, so they know when the rulings may come.

Logistic details are as important as knowledge preparation. Reporters need to know what happens where and how to capture the moments. It took me a while to figure out the situation when I first got to the Supreme Court. Asking for advice from fellow reporters and cameramen on the scene was helpful. (People were willing to help interns, and would always wish me good luck in my career before I left.) I made mistakes but was able to get around.

The first day was so hot that I could have fainted from the heat and sunshine, so I changed to very light clothing the second time. I forgot to bring batteries for the recorders, and the recorder died halfway, but I looked around for other radio reporters and borrowed batteries from an NPR fellow.

On Thursday, the Affordable Care Act case decision upheld subsidies for states using federally built exchanges. Demonstrators went wild when the decision came. I never saw such exuberance and started to interview people. My boss praised my work that day, and I got really great sound bites, photos and video clips for the digital team.

**What made me not be there**

Another big event of the week (to me) was the seventh round of U.S.-China Strategic Dialogue. Every year, top-ranking officials of both nations meet and exchange views on a long list of bilateral and international issues.

I didn’t realize it was the time for that, even if a couple of my reporter friends told me they were coming to Washington. I should have known better. When I tried to sign up
as a reporter, it was too late. In the near future, I should prepare my own event calendars for professional causes.

But I kept following up with the event. On Monday, I joined a press briefing hosted by the Department of Treasury for the event. The briefing was “for background information” and could be “attributed to a senior director.” I’ve never experienced this format, but it taught me how federal agencies communicate with the media. Same format, after the ACA ruling, the White House hosted a press conference over the phone. Participating in these calls is enlightening. I realized how federal agencies are trying to help facilitate media coverage; the quick reaction from both the agencies and the media; and what different media care about most. For example, all media were asking about cybersecurity issues for the U.S.-China dialogue.

2. Logistic notes from the week

- Administrative conventions of the Supreme Court created the traditional big summer season for legal coverage.

- The Court delivers rulings at 10 a.m. Folks sat the press room and run the half mile to their news anchors; individual or well-organized protesters, and media cameras wait off the steps; and executives and important individuals hold on-site press conference at the right side of the square.

- Organized demonstrators can be well trained. They state they can’t talk to the press but only the communications person or the leader can. These organized forces even made me wary that they are backed by interest groups. I found some people holding signs who didn’t know what organization brought them there and who were their leaders.
- I should prepare an event calendar for reporting.

3. Logs

June 22, Monday:
- Went to the Supreme Court waiting for rulings (none came out);
- Joined the background briefing of the State Department of the U.S.-China Strategic Dialogue;
- Received FCC chairman Tom Wheeler as an on-air guest in the studio.

June 23, Tuesday:
- Researched the process of judicial election;
- Searched for sound bites for the montage in ACA coverage;
- Searched for Paul Ryan’s comments on government infrastructure investment spending.

June 24, Wednesday:
- Worked on story: Snapchat established ad agency targeting at “centennials;”
- Researched the process of judicial election.

June 25, Thursday:
- Went to the Supreme Court, covered the ACA ruling, interviewed five sources, collected sound bites, shot photos and video clips;

June 26, Friday:
- Searched for sound bites for marriage equality coverage.

June 29 – July 3, 2015

1. Weekly notes

Tape syncer at the Department of Commerce
I never heard of the term “tape syncer,” but that became my best gig of the week. Radio shows need tape synchronizers when their VIP interviewees don’t have access to high-quality recording equipment. Our VIP this week was Secretary of Commerce Penny Pritzker. Unlike Wheeler who spent some time coming to our studio last week, Pritzker was only able to talk to our host Kai Ryssdal, who is in Los Angeles, over the phone. Therefore, our producer sent me to the Department of Commerce to be a tape syncer.

This method seems a little outdated, but our editor said there is still need in this field for radio stations. There’s a whole network of freelance tape syncers. Sometimes the work can be demanding if the interview location is noisy. As the Department is under construction, I had to adjust very carefully to have a usable soundtrack.

It gave me a good 30 minutes sitting side by side with Pritzker. During the interview, I observed how she referred to a very well organized book full of interview notes and the press secretary attentively taking notes throughout. Public affairs work at Federal agencies is so interesting.

Where do young professionals stand?

We have dozens of veteran radio reporters at Marketplace. This may leave young reporters with little space to produce on-air work, and our producers reiterate daily that the show only has 30 minutes.

Reflecting on the career reality for radio reporters, I think the reporter community has been aging and the labor market is a bit saturated. It strikes me that veteran reporters are definitely good at what they are doing: young reporters have a much higher turnover
rate or mostly work as contractors; and older reporters may not really retire but choose to work on independent radio projects via grants.

Maybe our current newsrooms value more about young reporters’ multimedia and online digital skills. Editors will be satisfied when a young reporter alone can collect audio, video and photo elements all at the same time. And, this is just how we are trained at school.

**Collecting sources for my research project**

I’ve been contacting sources for my research project, and I’m glad that I’ve started contacting people early. It’s summer, and most reporters are taking vacations here and there.

Sudeep Reddy, economics editor at the Wall Street Journal, is a frequent guest on our show. He came to the office a couple of weeks ago commenting on the Federal Reserve. I was really excited to talk with him about my project. This week, after he read my interview outline, he agreed to talk to me and would ask Nell Henderson, the Journal’s central banking editor, to be my interviewee.

I compiled a Twitter list with all Fed beat reporters’ handles. It’s helpful to check the list from time to time to see what’s happening with the Fed. I also found two core books that I need to read. Neil Irwin, the Times reporter, has a book called *Three Central Bankers and a World on Fire*. David Wessel’s book *In Fed We Trust* is also relevant. I need to develop my Fed knowledge so that I can have more thorough conversations with my interviewees.
At the same time, Bankrate.com’s Mark Hamrick got back to me and I expect to talk to him in the last week of July. And I’m waiting for a reply from former Federal Reserve spokesperson Bob Moore. I hope to visit the Federal Reserve again.

2. Logs

June 29 Monday:
- Research on and contact interview sources for story “What Greece can learn from the Cyprus bailout crisis.”

June 30 Tuesday:
- Attended White House’s press call on plan to extend overtime protections to nearly 5 million workers.

July 1 Wednesday:
- Tape syncer at the Department of Commerce for Ryssdal’s interview with Pritzker;
- Monitored President Obama’s live tweet Q&A on healthcare topics.

July 2 Thursday:
- Researched oil and BP merger story;
- Received guest Brad Jenkins at the studio. He is the managing director at the “Funny or Die” Washington office.

July 3 Friday:
- Received WSJ reporter Reddy as guest commenter at the studio;
- Finished researching the nation’s judicial election regulations.
1. Weekly notes

**With a different light**

Last week, we had a new reporter at the bureau, which changed the dynamics of our small newsroom. She is around 30 and the first sentence she said to me was “Mizzou mafia is a real thing.”

Kimberly Adams had been based in Cairo for three years. Before that, she worked for NPR for a long time. She greatly encouraged me and helped push me to be more proactive.

Adams is a perfectionist. She rearranged a lot of settings in the newsroom upon arrival, such as replacing the disposable bowl with a neat ceramic holder for the common area’s keys. She asked me to help reorganize the storage room and check all the equipment. After I finished the work, the whole newsroom appeared as delightful and clean.

On most days, reporters and our bureau chief were drained by the daily deadlines, so the physical newsroom environment gradually became unpleasant and nobody had time to care about those details.

But the refreshed newsroom proved to be a mood booster. I then reorganized all media login information for the whole bureau, which greatly improved our morning pitching process. A change in the newsroom environment seems to mean a lot.

As Adams needs to adjust to the Marketplace style, our bureau chief has been coaching her. I sat in for the editing and tracking sessions, which were good learning experiences.
**Pitch a story**

I’ve been thinking about pitching stories, but it was Kimberly who strongly encouraged me to make the move. The so-called Marketplace angle is not feasible for many reporters for its novelty, and sometimes, “peculiarity.” For example, when the whole society was heatedly debating about Hillary Clinton exclusively using a private email, Marketplace pointed at how enterprise email systems are user-unfriendly.

I’ve been closely following the Chinese stock market, and I practiced pitching my story angle orally to our editor, Katie Davis. She loved the idea and suggested that I pitch the story to the bureau chief.

Then, Kimberly taught me to think about pitching in three steps to make it stand out more: What is the story about? Why is the story important? How am I going to tell the story?

I was so happy that it turned out as a successful pitch, and I wrote the story for our website. The day after, with my thorough understanding of the Chinese and global stock markets, I took a step further and pitched a story about NASDAQ’s and NYSE’s stock delisting to the whole editorial team, including editors in the Los Angeles headquarters. I should have started participating in the morning pitches earlier. With much stimulation this week, I eventually did it. People replied to my email encouraging me and said it should become an institution.

**Out on events**

Along with our bureau chief, I participated in a live show of “Current,” a podcast focusing on the journalism practices, ethics and innovation. We met a lot of NPR folks at the event. I can tell that radio people all know each other, they are more straightforward
in evaluating others’ skill levels and crafts, and they openly talked about it. It reminded me how important reputation is to a reporter, within the industry and out in the field.

Also last week, I went to three think-tank events and had a taste of the regular Washington. People from the most significant institutions gathered at events listening to industry leaders’ voices.

2. Logs

July 6, Monday

- Attended daily editorial meeting at 10:30 a.m. EST/7:30 a.m. PST (every day);
- Worked on a story about the Chinese stock market and provided interview sources.

July 7, Tuesday

- Contacted several media and got complimentary subscriptions for the bureau;
- Participated in “Current” podcasts live show.

July 8, Wednesday

- Went to Brookings and listened to Treasury Secretary Jake Lew’s live event on the fifth anniversary of the Dodd-Frank rule;
- Rearranged and checked on all the digital equipment at the bureau’s storage room;
- Searched for interview sources and collected sound bites for a story about the national helium reserve, and found key sources for on air;
- Met managing director Josh Kubasta from Minneapolis.

July 9, Thursday

- Went to two conferences at the Wilson Center and the American Energy Association;
- Collected sound bites for a story about e-cigarettes;

- Sat in on editing sessions and voice tracking when bureau chief coached the new reporter.

July 10, Friday

- Wrote a first intern memo for a morning story pitch;

- Contacted communications departments at the New York Times, the Washington Post, the Wall Street Journal and Quinnipiac University, all four with leading political polling services. I asked for their polling schedule to help the bureau chief conduct editorial planning;

- Researched the podcast market to see if there’s any podcast similar to the new show that American Public Media is pitching. I found one created by British individual producers;

- Wrote an article explaining the basic technical differences of the Chinese and U.S. stock markets;

- Collected sound bites for a SpaceX explosion story.

July 13 – July 17, 2015

1. Weekly notes

   A radio voice

   Kimberly Adams, our new reporter, encouraged me to practice tracking my voice at the studio to see how I sound via radio. Through comparison and her advice, I realized there’s a big difference in broadcasting voices in the U.S. and in China. As I had been an emcee and radio broadcaster for a long time back in school in Shanghai, I always thought
my natural voice was a good fit for broadcasting, but apparently not so in the U.S. context.

Interesting realization: the resident radio voices are stereotypically resonating and thick in the U.S. Also, there are a lot of complaints about women broadcasters’ voices (just like what our show would receive from time to time).

I’m trying to practice more to get closer to an English radio voice. I may not be able to file packages on air until I grow a pure American accent. (My reporting interest is mostly in print, so I am not too disappointed.)

Tenacity

Marketplace’s stories are very anecdotal. It’s often hard to find data for those stories. I spent a lot of time requesting data from various firms and industry associations. Sometimes, the specific data does not exist.

For a story about trading between Egypt and China, our reporter insisted that I request the transaction data from Alibaba. I knew they wouldn’t have it per my previous interaction with the company. I was reluctant and confused, but the reporter explained to me that sometimes I need to make the request even though I know people wouldn’t answer or the information may not exist. She also said it’s always possible that something unexpected could happen.

It’s a journalist’s virtue to persistently make efforts without being disgruntled and good things will follow.

Research project progress

I’m reading more about my research project, but the interview process is lagging. I’m a bit worried since potential interviewees I contacted have not gotten back to me.
Currently, I’ve secured conversations with Ylan Mui from the Washington Post and Mark Hamrick from Bankrate, but am still trying more reporters. I should be able to talk to Nell Henderson or Jon Hilsenrath from the Wall Street Journal, but people are not cooperating. I really need to make more efforts setting up these talks this week.

2. Logs

July 13, Monday
- Looked for data about the eco-fashion history
- Found sound materials for a story about revisiting the history of the Euro

July 14, Tuesday
- Went to a lecture on the financial reform of the Vatican at CSIC and recorded the conversation;
- Contacted several media’s PR, consulting their public polling schedule for a Marketplace project;
- Found data on the China-Egypt trading situation and translated pointed information for a story about certain Chinese products that were banned by the government for importing.

July 16, Wednesday
- Wrote memos about events I attended at USEA and the Wilson Center;
- Finished my personal expense report;
- Communicated with the IT department to have SQL analysis software installed at the bureau;
- Had my story about the Chinese stock markets published;
- Received recording training from an engineer;
- Went to the Department of Housing and Urban Development to sync tape an interview Marketplace had with Secretary Julio Castro, and took photos for the web;

- Assisted in a story discussing the definition of employee after Uber employees sued the company for lack of benefits.

July 17, Thursday

- Analyzed the Census Bureau’s “Living arrangements for adults data” and concluded several trends of the housing situation for millennials;

- Shipped and arranged technical gear via Fedex to the LA headquarters;

- Assisted in a story about General Electric having applied for an exporting license to Iran and sought interviewees;

- Received guest Katie Denis from the U.S. Travel Association at the studio and assisted in the interview recording.

July 18, Friday

- Finished a data project and published the story on the website.

July 20 – July 24, 2015

1. Weekly notes

Knowing Americans

I’ve referred to this before. The secret sauce of Marketplace is its unique story approaches. When describing the relationship between CEOs and CFOs, reporters would say “BFF” (best friends forever); when explaining the Greece crisis, reporters would compare it with A&P’s chapter 11; and when updating President Obama’s visit to Kenya, reporters would contact travel agencies in Kenya that organize “Obama-themed safaris.”
This secret sauce may not provide in-depth analyses of current events, sometimes even not really “to the point.” But for the general public, it’s very effective communication to keep them hooked and updated. I find this “Marketplace angle” training especially good for me as I now understand more about the audience’s psychology. It’s a rewarding feeling to keep pace with insider jokes and thinking models of moms, pops and teens in the U.S.

The “Housing for millennials, in four charts” data story I did got 4,620 uniques on our website, reached 36,944 Facebook users and was picked up by Business Insider -- all exceeding my expectations. But thinking about it again, there are key popular elements mingled in it. If I aim for a big audience base in the future, I would know what to do next -- puppies, girl scouts and millennials; or 401Ks, housing prices, corporate tax evasions and cybersecurity.

Reschedules?

My friend reminded me, “You gotta earn your salt. Journalism is a hierarchy and you are low on the food chain.”

Marketplace is a show, a little bit “Hollywood” flavor blended show with its fast-paced production turnarounds. I need to constantly ask for favors if I want to do anything on my own, and even push for those favors. Rising professionals need to squeeze our own space here, and patience and perseverance are the only roads to success.

It’s the same thing for my graduation paper. Fed reporters are star reporters at their outlets. Very often my invitations go unanswered or are rescheduled. However, I need to understand people are doing me favors. The process of climbing up from the bottom of the food chain should be enormously rewarding once the process concludes.
Research project progress

I talked to Kevin Hall, chief economics reporter at McClatchy Newspapers, last week. The hour-long conversation was amazing. One biggest takeaway was that I need to look at the evolving transparency efforts of the Fed in the context of the overall transformation of the economy in the past half century. I’m talking to the Washington Post Monday afternoon this coming week, the Wall Street Journal on Tuesday afternoon, and Bankrate.com on Friday.

2. Logs

July 20, Monday

- Contacted the Federal Housing Finance Agency and tried to book agency director Mel Watt for the show;
- Received Chris Koopman, scholar at Mercatus Center for the story on Homejoy’s bankruptcy’s meaning to the sharing economy;
- Received Ian Urbrina from The New York Times talking about his investigative story series on the crimes on the seas;
- Assisted in a story comparing the Greece crisis with A&P’s bankruptcy.

July 21, Tuesday

- Assisted in a story about long-shot presidential candidates, and dug out a sound bite from an advertisement from the 1970s (Bill Miller, former presidential candidate, appearing in American Express’s “Do you know me?” commercials). Our producer greatly appreciated it;
- Assisted in an Egypt trade story and used my Chinese language skills helping reporters to communicate with the Chinese embassy;
Continued negotiating with the Federal Housing Finance Agency for an interview with its director, but we didn’t get the interview in the end;

Pitched a data story on foreigners’ working visa situation. The digital team said they are very interested but they didn’t have time to look into it last week.

July 22, Wednesday

Went out to interview people on the street, trying to find out why people are drinking less orange juice (The clip was used on air);

Searched for sound bites for the story on the release of the Cait Jenner show;

Pitched several China-related stories and discussed them with our editor;

Assisted in a story on the controversy of the Federal Government’s contracting workers.

July 17, Thursday

Continued research on main donors of current presidential candidates.

July 27 – July 31, 2015

1. Weekly notes

The poor in Washington

Marketplace has a lot of “average or richer people talking,” but this time Kimberly Adams and I want to represent the economically less advantaged. Working on a Medicare drug-pricing story, we paid a visit to the poorest region in Washington.

The homeless don’t quite fit into the background of the clean and neat Capitol Hill, but across the river of Anacostia, Washington shows a different face. The poor register at the social services center, go to pharmacies and decide whether to skip certain expensive medicines. Meeting with groups of impoverished African-Americans, we
learned how the individual pharmacies eat up the cost, giving free medicines to people who otherwise would be dead.

I couldn’t help thinking about how social classes work, associating it with another story I worked on last week (a single African-American mom, working 70 hours a week, who had a miscarriage.) The whole medical and compensation systems have a long way to go.

Data brings accurate understanding

I benefit from my earlier education and have a knack for data. Sometimes, the use of data gives me a jump-start to systematically and comprehensively understand topics that are unfamiliar to many.

I had to find pharmacies in lower-income neighborhoods, so I checked on average income data in the region, and matched the zip code and pharmacy license information. The result turned out accurate and I located all pharmacies that fall in the category for which we were looking.

It’s the same thing with campaign reporting. I dug into the databases from the Federal Election Commission, and I was surprised by what I can find out. Different presidential candidates are backed by specific donors. A data map can tell a thousand stories about the election.

I will keep using data to inform myself of things that I don’t know.

Research project progress

Last week, at the school’s Washington office, I learned what an inspector general does. The session was effective. It made me think about checking on the Fed’s inspector
general to see what investigations they’ve had on the Fed’s misconduct in releasing information. (Especially as the Fed’s unintended leak has been in the news lately.)

I’ve had conversations with four Fed reporters so far, each of which lasted for longer than an hour. At first, I was a bit scared to have such in-depth professional discussions with those veteran reporters, but as I proceeded, things became smoother. I tried to probe the topics as thoroughly as I could. Later, maybe I should be more focused and keep the talks to about half an hour. I’m talking to John Heltman from American Banker this week.

2. Logs

July 27-28 Monday-Tuesday:
- Looked for sources who believe government contracting service workers is a good idea; found sound bites and transcribed interviews for the story;
- Looked for sources for a story about how China’s stock market volatility could impact the U.S;
- Provided data for a story about Egypt banning certain imports from China;

July 29 Wednesday:
- Found and contacted pharmacies in poor neighborhoods and went on-site to conduct interviews and take photos;

July 30 Thursday:
- Found sources for a story about excessive occupational licensing dragging the economy.
August 3 – August 7, 2015

1. Weekly notes

Data project

My bureau chief gave me an assignment to look for billionaires backing presidential candidates. It wasn’t an easy task for me. After consulting the Federal Election Commission’s (FEC) press office, I read through the rules about campaign contributions and started work on the mid-year contribution filings of super PACs.

Even though FEC bears the mission to disclose political elections’ financial status, it was still hard to decipher the vast amount of very scattered information. I located super PACs in the system, confirmed whom they support, extracted correctly formatted data and checked on the identities of the top donors for each candidate. It was time-consuming and brain-wrangling. However, during the process, I really understood the ins and outs of political campaigns, learned about each of the candidates’ personal stories, and became familiar with the billionaires who are active in the political arena.

I really enjoyed the data-compiling process even though it was extremely tiring to work out the whole project on my own. I realized that I was the only one in the newsroom who is able to turn the project around with my data skills, which made me very proud.

I also closely observed the GOP debate. I have to say, after this week, my understanding of American politics increased substantially.

Water rights

Our sustainability desk often takes on investigative longer-form stories. We had a tip from a friend of the show. She was furious to learn that someone on the west coast is
trying to export water rights to foreign countries. Scott Tong asked me to investigate the situation.

This industry is very closed and rarely covered. I made several phone calls to water brokers, law experts and water experts, trying to figure out the actual situation of the water rights business. It was interesting, but laws vary from state to state, and people tell me different things. I felt the challenges in investigating stories. I could only trust my judgment, our reporters’ judgment, and also get the most authoritative sources.

**Research project update**

I have secured two more interviews, with American Banker’s John Heltman and with Los Angeles Times’ Don Lee. I also contacted Bureau of Labor Statistics’ Jeannine Aversa, a former AP reporter. She is willing to talk but needs to go through her bosses first. I’m trying to contact Martin Crutsinger, the AP reporter who boasts the longest experience covering the Fed in D.C. I think the remaining tasks are contacting Neil Irwin from The New York Times and finding suitable interviewees from Reuters and Bloomberg. Bloomberg has a policy that reporters can’t be quoted. I need to figure out how to deal with that.

**3. Logs**

August 3, Monday:

- Worked on a campaign contribution data project;

August 4, Tuesday:

- Finished the campaign contribution data project;
- Assisted in recording a clean-power-related interview between the sustainability desk and the host.
August 5, Wednesday:

- Interviewed two water rights experts;
- Wrote an instruction sheet on how interviewees should tape sync themselves while receiving our interviews;
- Pitched story ideas from the campaign contribution data results.

August 6, Thursday:

- Helped the digital team prepare for the live tweet coverage of the GOP debate; researched on potential topics and collected previous comments made by the candidates;
- Joined a brown-bag event held by Marketplace’s Chinese correspondent Rob Schmitz;
- Looked for sources for a story about Netflix offering a full-year's paid leave for new parents as employee benefits.

August 7, Friday:

- Collected sound bites for a story on the copyright of the birthday song.

August 10 – August 14, 2015

1. Weekly notes

This past week has been a bit slow, mostly because several colleagues left for vacation. I wanted to say the word “quiet” but held it back as I was told it’s a taboo word for radio.

Experiment graphics

I used the extra time to experiment with new ventures. Marketplace is always eager to pair stories with solid data, but the audiences complain that they don’t get “let’s
do the numbers.” It’s true that numbers are too abstract for radio and voices to carry. Therefore, I tried to add more sense to the numbers by visualization. Neatly designed graphics would make audio stories look great on the web pages.

For technical tasks like data visualization, the hardest part is getting started: the software, the color codes, the fonts and Marketplace style. But it was a smooth and fun process for me to try it out on my own. Stories seem to appear very vivid once they are accompanied by light-spirited colors and pointed keywords.

Building graphics is a very intriguing process. I will use the skill and try to make my work stand out more.

**Research project update**

I managed to talk to three more interviewees this week, which was encouraging. Requesting interviews has a snowball effect. After I gained a certain understanding of the topic, I had more confidence discussing the Fed with people, and it was also easier to reach interviewees. I started to see how reporters’ opinions echo each other, and how their views vary because of their distinctive personalities and the different media outlets they represent. For example, the Wall Street Journal’s Jon Hilsenrath showed his very comprehensive understanding of the Fed’s transparency evolution, American Banker’s John Heltman revealed his paper’s unique standpoint covering the regulatory roles that the Fed is playing, and The New York Times’ Neil Irwin talked about a more analytical rather than explanatory style of writing about the Fed.

So far, I’ve talked to nine Fed beat reporters in all. The remaining reporter is Jeff Kearns from Bloomberg. Also, I may talk to former reporter Jeannine Aversa. The next task ahead of me is to transcribe all interviews and reorganize my notes. At the same
time, I’m reading two books—*In Fed We Trust* and *The Alchemists: Three Central Bankers and a World on Fire*.

2. Logs

August 10, Monday:

- Spent time learning JavaScript, testing the possibility to create interactive graphics for the campaign financing story;

August 11, Tuesday:

- Contacted and booked the treasurer of Rick Perry’s super PAC to talk on the show;
- Talked to a law professor and the president of California Water Institute to further the investigation on the water rights export story;

August 12, Wednesday:

- Made a graphic for the story on Rick Perry, who can’t afford to pay his campaign staff;
- Created a sync tape instruction sheet with graphics for reporters.

August 13, Thursday:

- Completed Marketplace’s tape sync instruction sheet, made adjustments after discussing with reporters;
- Went to American University and interviewed Jennifer Lawless for a story
- Made a data graphic for the “I always wondered” series.

August 14, Friday:

- Received guest Sudeep Reddy from WSJ for the weekly wrap;
- Continued water rights investigation.
August 17 – August 21, 2015

1. Weekly notes

All “newsholes” filled

That day’s story was the release of the Fed’s FOMC meeting minutes. The reporter working on the story didn’t know much about macroeconomics, and the normal beat reporter was away on vacation. I was very glad that I got to help the reporter make sure the reporting was accurate. I ended up being the one deciphering the text of the minutes and contributed to the script. I was gratified I made a real difference.

However, I know even if I weren’t there, the reporter would also be able to sort things out. I’ve seen so many times they persevere and file the story. I really admire that trait.

The story of the president

When I was working on President Jimmy Carter, I learned the economy in the 1970s from the perspective of a former president. I browsed through historic documents and analyzed “the crisis of confidence” speech. I believe learning the stories of each president can line up a great American history for my understanding. Inspired by the story, I went to the Smithsonian Museum to look at the exhibits of portraits for all presidents. Doing journalism is the best way to understand the ins and outs of a different nation.

Update on the research project

I talked to the communications office at the Federal Reserve. Staff member Eric Kollig agreed to an interview on the record. I asked all the questions that I wanted to, even though I know the communications office might not be able to answer all my
queries. But from what I learned this summer, I know I need to ask even though I might not get an answer. During the talk, I also made that point clear, and the conversation turned out smoothly.

I keep transcribing the interviews that I have.

2. Logs

August 17, Monday:
- Contacted and pre-interviewed interviewees for a story about the resurgence of the real estate industry despite the rise of AirBnB;
- Continued investigating companies in Alaska exporting water rights abroad and interviewed executive at Economic Development Association at Sitka, Alaska; and discussed with editors how to proceed with the story.

August 18, Tuesday:
- Contacted interviewees for a story on Chinese currency’s devaluation;
- Received office supplies;
- Kept learning JavaScript.

August 19, Wednesday:
- Helped with a daily story covering the release of the Fed’s FOMC meeting minutes; joined in interviews; explained the minutes to the reporter; and contributed to the script lines.

August 20, Thursday
- Contacted multiple casino practitioners and gaming facilities for the series “I Always Wondered.”

August 21, Friday
- Read through Carter’s “crisis of confidence” speech, edited sound clips and selected lines for airing scripts; transcribed the interview with a professor of the Miller Center who conducted oral history interviews with President Jimmy Carter.

- Tracked down scholars that could answer the question: how much money has the lobbying industry spent on having Congress doing nothing (or having existing policies remain the same)?

**August 24 – August 28, 2015**

At the end of the internship, I reflected on all that I had learned and what else I could do. I thought I didn’t receive enough challenges, but I just realized how much I actually improved. Certain things, such as the tone of reporting language and writing skills, take time to construct and internalize. I have the tendency to take on various major tasks at the same time. This slower-paced internship with Marketplace has provided me with time to reevaluate myself.

During the last week, encouraged by Kimberly Adams, I had conversations with each of the reporters and editors with whom I had interacted. The conversations with Dave Shaw, our bureau chief, were especially enlightening. We discussed career development and my strengths and weaknesses as a reporter. In the changing landscape of journalism, I need to persevere in the niche market in which I can be most competitive. So, I plan to further work on financial and economic knowledge and keep upgrading my data analysis skills. Shaw also gave me some guidance on writing radio scripts and advised me on how to improve my radio voice.

On the last Friday, I met with Nela Richardson, chief economist at Redfin and an
old friend of the show, at the studio for the live broadcast. Before the show started, I was chatting with Richardson and Sudeep Reddy from the Los Angeles studio. I talked about my Fed project, for which Reddy helped me connect with a Wall Street Journal reporter. It was a good conversation, and I felt I had become part of the crew over time. After work, my colleagues took me to a surprise farewell happy hour. We talked and talked while eating oysters. I was grateful, that I got to work with those extremely experienced reporters. Both Scott Tong and Nancy Marshall-Genzer are top-tier radio reporters and I learned a lot from them day in and day out. Kimberly Adams, a Mizzou alum, had been very patient and kind to teach me about American life and radio reporting. I’m thankful for the valuable experiences I had with Marketplace and in Washington.
Chapter Three: Evaluation

For me, these past three months have reinforced how important it is for a rising reporter to live in Washington, D.C., the political heart of the nation.

My internship with Marketplace honed and sharpened my understanding of the working of politics and creation of legislation in Congress, something I could not have done anywhere else.

Before I came to Washington, I set several goals:

- I hoped to fully understand politics and law and speak the language of lawmaking.
- I wanted to interview more people and develop my note-taking ability and communication skills on the phone and in person.
- I was determined to continue bringing my English to the highest level possible.
- I aimed to finish my graduation project on time.
- I wanted to internalize more American thinking.

My learning curve was a constant since I arrived in the U.S. Those objectives are simple and abstract. But every month, I could tell I was getting closer to achieving those goals.

Through practice, I grew into an American insider, absorbing knowledge like a sponge. I was able to collect substantial and complicated materials for my research project.

At Marketplace, I’ve done substantial research for fast-paced daily spot stories and for major feature projects; I’ve sourced numerous interviewees and conducted pre-
interviews for reporters; I’ve worked on two big data projects and provided data to support news stories; I’ve received dozens of guests at the studio and learned radio studio operations; I’ve learned about journalism practices at the national capital, which helped me finish my research project.

In addition, I’ve done market research on the podcast industry and helped Marketplace refine two new business initiatives; I’ve produced graphics, photos and video clips for Marketplace’s website; I’ve self studied Javascripts during my downtime and was able to code simple web applications; and I’ve joined about a dozen on-site interviews at Federal agencies, either as a reporter or as a tape-syncer. Working at Marketplace’s Washington bureau exposed me to the key components of Washington’s information sphere and I've built on knowledge of my least familiar areas.

I tested my all-around journalistic skills. Time restraints prohibited me from writing radio scripts. But I’m still grateful for how my various skills improved. My colleagues treated me well and were willing to teach me, a newcomer, about radio journalism.

**Observe communications details in Washington**

Washington, as the nation’s capital, is a natural spot for news tips. But I found they must be thoroughly checked, I found that news judgment is critical.

What is legitimate? What is fair? When I talked to think tanks, lobbying groups and government bodies, I reminded myself to seek out their motivation and hidden agendas.

I also learned how government officials prepare for information delivery. I sat side by side with the secretary of commerce and secretary of housing and urban
development while I did two tape-syncing while host Kai Ryssdal interviewed them over the phone. I was closely observing how their press secretaries took notes and how the secretaries referred to their large-font-sized backgrounders for details and numbers.

Different government bodies inherit different personalities. I realized, when higher-level officials took the initiatives to speak to the media, there are always reasons and motives behind it, such as pushing forward a newly introduced policy.

Communications staff in Washington can be helpful or hostile, and the challenge for me is to identify which. Learning that motivation allowed me to better plan my time when putting story packages together.

The style

The fast-turnaround news tradition at Marketplace was outcome focused. When broadcasting is counting down, everything is centered on producing the tape. I admire my colleagues who are always able to file a story from scratch within four hours. Very often they have no idea about the subjects beforehand.

Marketplace employs several distinctive styles. Learning each of the styles is helping me enormously.

**Radio style:** I got to learn how radio news is distinctive. The rhetoric is tailored to people’s hearing so there’s rhythm in the scripts. Storytelling is so concise, which makes it difficult to tell a comprehensive story. The best part of my time at Marketplace was sitting in the script editing and voice tracking sessions. Even though those scripts are not mine, I learned from the editors’ advice on improving the writing and storytelling. I showed motivation by constantly trying to keep up with the editing and producing
process, even if these are not part of my work. I would still squeeze in time for it, as I think that’s the most helpful time I could spend at the newsroom.

Radio has its own community. But I learned that through practice I could ready myself to find a job in this arena.

**American popular culture style:** I’ve realized that Marketplace wins with its “secret sauce” -- news perspective. The approach that the show interprets and delivers news is singular. It may not provide the most in-depth analyses, but it keeps the 11 million audience up-to-date on the latest news. I got to learn the popular American views on what to consider with news events. This perspective is particularly valuable to me, and I can definitely tell that I now determine the way Americans think and how to capture the widest audience. That’s what Marketplace has taught me. I know what people care most about and how to tell stories that will resonate with them.

**Radio and the voice:** For many foreign language learners, radio is a golden tool. After full immersion in radio news production, I can strongly sense how my English has improved. I also spent time practicing recording my voice in the studio and listening to it again. My colleague told me I needed to work on my accent and radio voice, and I did. I noticed the kind of voice American broadcasting prefers on air, and I kept drawing my accent closer and closer to that. Expressing myself more often and paying more attention to my speaking, I have grown my expression and communications skills. This is one of the biggest achievements I’ve made in Washington.

I’m very grateful for this summer. Apart from the newsroom experience, I also enjoyed the seminar sessions and my interviews with the Fed reporters for my research.
project. I believe those experiences together will help me get off to an effective career start.
Chapter Four: Work samples

Data Analysis Sample 1: A comprehensive presidential campaign finance chart

I contacted the Federal Election Commission and learned how the whole database works. Please see Appendix 4 for detailed findings: To whom are those billionaires donating money? How much have candidates’ super PACs garnered? I put up the chart all by myself and found some fun facts in campaign financing. And I’m coordinating with the web development team to present the information in an interactive way.
Research Sample 1: Supreme Court banned judicial candidates soliciting campaign contributions

Below is a write up from my intensive research on judicial campaign contributions.

In April, the Supreme Court upheld 5-4 a Florida Bar rule which disciplined Florida judge candidate Lanell Williams-Yulee for personally soliciting financial contributions to her campaign via mail and online.

Florida’s Code of Judicial Conduct, Canon 7C(1), prohibits judicial candidates “personally soliciting campaign funds.” 29 other states have similar codes.

The Supreme Court contended the public may have doubts if the same person who signed the fundraising letter may sign the judgment one day.

But candidates are allowed to sign thank-you notes. They can write letters, put up billboards, contact supporters to promote their campaigns -- under the protection of the First Amendment.

They just need to raise the money by a third party, a committee.

Why judges are elected?

Our nation is one of the two nations in the world where justices come to office through campaigns and elections. The other country? Bolivia. (Smaller Swiss cantons elect judges and the Japanese Supreme Court justices sometimes go through retention elections. Those two are mostly formality, scholars say.)

Federal courts that hear general cases have life-long appointees by the Presidents and confirmed by Congress. States, however, have a variety of choices. They can elect judges, appoint judges, or hold merit selection by a legislative committee.
Nowadays, judges in 39 states need to participate in partisan, non-partisan or retention elections. Or rather, 87 percent of all state court judges face elections. 

Georgia was the first State to elect its judges in 1812. The Constitution, in the early 1800s, granted the public the authority to select their judges, so as to avoid undue legislative or executive influence over appointees.

There were no campaign fundraising regulations for judicial candidates until 1924, when the American Bar Association proposed a prohibition for judges personally soliciting campaign contributions.

Bar associations’ codes of conducts differ in different states. Nine states\(^1\) currently still allow judicial candidates to directly ask for contributions in person.

**Contributions with purposes… worked**

Judges traditionally get contributions from the legal community. More than 90 percent of the country’s judicial business is handled by state courts.

But these years, business interest groups have joined the game. Texans called several justices favored certain energy companies in court after they had received $725,000 contributions from the industry.

Around the nation, campaign fundraising has skyrocketed, from $83.3 million in 1990-1999 to $206.9 million in 2000-2009.

Interest groups’ money accounts for 30 percent of the total contributions from 2000 to 2009\(^2\). They seem to have dominated campaign finance in judicial elections.

Polls over the years showed the majority of voters and judges believe interest groups try to use the courts to shape policies by campaign contributions.

\(^1\) From Justice Scalia’s dissent in 575 U.S. (2015)

\(^2\) From 2000 to 2009, business groups contributed over $62.6 million, or 30 percent of the total contributions, and lawyers and lobbyists contributed $59.3 million, or 28 percent of the total.
Have the ever-increasing judicial campaign contributions placed any influence on judges’ court decisions? A study named “Justice at Stake” said yes.

The study validated the empirical relationship between business contributions and justices’ voting for business.

It said that a justice who receives half of his or her contributions from business groups would be expected to vote in favor of business interests almost two-thirds of the time.

Democratic justices showed the tendency of voting more for business litigants if they received additional contributions from businesses (compared with Republican justices who tend to be more predisposed to favor business interests in the first place).

The problem exists only in partisan and nonpartisan systems, the study showed. The retention election system is cleaner, which involves much less campaigning.

What judges can and can’t do?

The Florida case now reconfirmed the Bar Associations’ Codes of Judicial Conduct. Many states have listed these rules for judges:

A judge can help fundraising for organizations or governmental agencies where they serve as members, officers or directors, but they can’t personally participate in public fund raising activities.

They can participate in investments of law-related organizations, but shall abstain from giving any investment advice to civic or charitable organizations.

They can have their own investments, but can’t be an officer, director or manager of a publicly owned business. (A publicly owned business means a company that has

---

3 Sponsored by the American Constitution Society. The study analyzed 2,345 business-related state Supreme Court opinions from 2010 to 2012.
more than 10 owners who are not related to the judge by consanguinity or affinity within the third degree of relationship.)

Judges shall divest themselves of investments that might require frequent disqualification. They shall be informed about the judge’s personal and fiduciary economic interests, and also about their family members.

Story ideas

- Are business groups trying to buy out justices? Businesses are pouring much more money into judicial campaigns compared to years ago. Some businesses disguised their campaign support by channeling their funds through nonprofit groups under alternative names.
- Are judicial campaigns wasting money? An Illinois justice went through a retention election without an opponent in 2010, but $3 million flowed into the race.
- Personal finance tips for judges who need to factor in a lot of conflicts of interest during their tenure.
- Differences between political campaigns and judicial campaigns. Apparently, thousands of voters for political candidates want partisanship not impartiality so that they vote, but justice is an opposite story.
- Where did the campaign contributions go? A big chunk went to TV ads.

Tape Sync Sample 1: Interview with Secretary of Commerce Penny Pritzker

http://www.marketplace.org/topics/economy/checking-secretary-commerce
Checking in with the secretary of commerce

U.S. Secretary of Commerce Penny Pritzker wants to reauthorize the Export-Import Bank.

Produced by Daisy Palacios, Interview by Kai Ryssdal

Wednesday, July 1, 2015 - 15:57
Tape Sync Sample 2: Interview with Housing Secretary Julian Castro

http://www.marketplace.org/topics/tech/connecthome-affordable-subscriptions-internet

ConnectHome: Affordable subscriptions to the Internet

Interview by Molly Wood

Wednesday, July 15, 2015 - 15:59

Housing Secretary Julian Castro

Linly Lin/Marketplace
Nearly a third of millennials still live with their parents, and about four in 10 older millennials live with children, according to Census Bureau data released this week. Millennials — the oft-marketed-to generation of 18- to 34-year-olds — make up a third of the labor force, and they’re a generation in transition. How do millennials live? And with whom? Let’s do the numbers:

"Son, when will you move out?"

Many more millennials have lived with their parents since the financial crisis. Many millennials can’t work out the math to become a homeowner. There are also remaining nightmares of underwater
mortgages. These seem to be big challenges especially for men. A lot more of them remain at their parents’ homes than women do. The good news: as the economy recovers, more older millennials started to move out of their parents' homes after 2012.

"If we want to stay friends, we'd better not live together."

Much fewer millennials are choosing to live with non-related roommates compared to a decade ago. Picking random roommates or living with friends has fallen out of fashion as more young people live with their relatives or opt to live alone.
"Will you marry me?" "No, I won’t." "Will you reside with me? Yes! I do!"

Millennials have the lowest marriage rate ever, and young millennials who live together are less likely to be married. That’s a marked difference from just a decade ago, and older millennials are on the same path, though their rate of marriage is declining more slowly. Those couples are even starting families; three in ten millennial parents living together are unmarried.

*Featured in: Marketplace for Friday, July 17, 2015*
Photography sample 1: Supreme Court Upheld the Affordable Care Act


With Obamacare upheld, health care firms exhale

Featured in: Marketplace for Thursday, June 25, 2015

Demonstrators organized by Center for American Progress wait for the Supreme Court ruling Thursday morning. Their signs show numbers of people from different states that would have lost subsidies if the Court were to have ruled against Obamacare.

Thursday, June 25, 2015 - 15:59
Thursday's 6-3 Supreme Court vote upholding a major tenet of the Affordable Care Act means health insurers and health care providers are breathing a sigh of relief — this is the outcome they wanted — but that doesn’t mean they can rest. They’re still in the process of figuring out how to thrive in this still-new health care environment.

Crowds hoorayed and chanted "ACA is here to stay" when the Supreme Court ruled in favor of Obamacare. (Linly Lin/Marketplace)
Nurses supporting Obamacare wait in front of the Supreme Court for the decision. They are members of the American Nurses Association. (Linly Lin/Marketplace)
What if Medicare could bargain over drug prices?

by Kimberly Adams

Monday, August 3, 2015 - 16:00

Linly Lin

Pharmacy Technician Saprice Barrett points at cards sent by customers of the Neighborhood Pharmacy in Washington, D.C.. She says the small business tries to help low-income clients, many on Medicare, with discounts when it can.
Neighborhood Pharmacy in Washington, D.C.
The rules governing the Chinese stock market

Investors look at a board showing stock market movements at a securities company in Beijing on July 10, 2015.

by Linly Lin

Wednesday, July 15, 2015 - 07:00

STORY

The modern Chinese stock market is 25 years old, and it's having growing pains. The Communist Party acts like a hovering parent, steering the Shanghai and Shenzhen exchanges clear of life’s bumps and curves instead of letting the markets work out their own problems.
Technically the Chinese stock market is mostly closed to foreign investors and shouldn’t directly sway world markets, but global confidence has waned since mid-June, when the Shanghai Composite Index started a 30 percent nosedive.

Let’s look at some of the idiosyncratic rules governing the mysterious Chinese stock market:

**Share tickers are serial numbers instead of letters.**

If Alibaba were listed in Shanghai, its ticker would be a six-digit number, such as “300680” instead of BABA, its New York Stock Exchange symbol. There is no logical connection between the numbers assigned and company names.

**Green means down; red, the favorite Chinese color, means up.**

If the trading floor shows mostly red numbers, it means sighs of relief for the Chinese people.

**Stock halting is common for Chinese public companies.**

A company can halt its stock because of an imminent earnings report, an on-going business negotiation or an investigation by the regulatory commission. Halting can last for weeks or a month, unlike the U.S. exchanges, where halting is kept to less than an hour.

**Chinese stocks are automatically halted for the rest of the trading day if there is a 10 percent change in price, up or down.**

Therefore, bear or bull markets are restrained at that 10 percent change per day. Last week, about half of Chinese stocks were halted.

**Shorting is only allowed for stock index futures in China.**
In the past weeks, the Chinese government blamed short sellers for the plummeting markets and banned shorting activities.

**Investors can take only one trading action per day, which is known as the T+1 Rule.**

This is a nightmare for correcting trading mistakes and a technical block for short sellers.

**Foreign investors cannot buy Chinese stocks freely.**

China’s main market, the A-share market, is traded via Chinese yuan, or RMB. Foreign investors can only buy Chinese stocks through certified institutional investors, or they can take a detour and use Shanghai-Hong Kong Stock Connect, a mutual market-access program. Both ways are a bit clunky.

**80 percent of Chinese stock buyers are mom-and-pop investors who bet their life savings hoping to make short-term gains from the stock markets.**

Sean Lin (no relation to the reporter), an analyst at a major Chinese private equity firm, owns positions in both the Chinese and U.S. stock markets and knows their differences.

“Moms and pops prioritize the government’s guidance over companies’ performances,” he said via email from Guangdong, China. “They know even if Chinese companies don’t report any revenue, their stock prices will soar as long as there’s government policy support.

“There are much more frauds in the Chinese stock markets,” Lin added. “There have been few Chinese public companies delisting in the history, because the local governments want to keep jobs and won’t let the companies go bankrupt.”

**Writing sample 2: Haven't read "Harry Potter and Porcelain Doll" yet?**

Haven't read "Harry Potter and Porcelain Doll" yet?

by Linly Lin

Friday, August 28, 2015 - 11:13

STORY

The latest Chinese knockoff uncovered—a Goldman Sachs! This Goldman Sachs (Shenzhen) Financial Leasing Co. has almost identical English and Chinese names with Goldman Sachs Group, Inc., the world-renowned investment bank.

The company’s location on Google Maps:

The Chinese copycat company is located in Shenzhen, a modern metropolis a river away from Hong Kong. China’s national corporate credit information system shows this Goldman Sachs was established two years ago with 200 million HKD, or $25.8 million.

The Goldman Sachs headquartered in New York City confirmed it has nothing to do with the one in Shenzhen, China.
Yes, indeed. You can have a fake company worth a million dollars in China, and it’s only one of the many creative knockoffs China has contributed to the world of counterfeit.

Last month, a fake China Construction Bank branch opened in a local town in northeast China. It had card readers, counters, properly dressed employees, CCTV and ATMs that didn’t allow withdrawing. Two weeks after a grand opening, the fake branch president was arrested. China’s state media Xinhua also reported another fake bank that gathered 200 million Yuan in January.

You will know how important it is to check your spelling when you see the Haiyatt Garden Hotel in Guangdong, a province where a lot of authentic and fake iPhones are produced. Here is Haiyatt’s website on which you could make a real reservation. People who’ve stayed there say the hotel is luxurious and spacious.

![Fake iPhones from China. (John Karakatsanis/Flickr)](image)

Oreo may be the most popular knockoff target. There are at least a dozen local manufacturers who produce their own versions of Oreo, selling them in many rural areas. The package looks similar. Just the brand’s Chinese names vary — very subtly.
A comparison between a real Oreo package (top) and a fake one (bottom). (Image via Yogeev)

A package of fake Oreos. (Image via Lofter)

It’s training for the eyes. “Caca Cala” for “Coca Cola,” “Tids” for “Tide” and “Okay” for “Olay”.
A counterfeit Coca-Cola is a little heavy on the "a." (Image via pub.creaders.net)

Okay, they win!

A counterfeit version of "Olay" next to the real thing. (Images from left: Tieba Baidu and WindyWinters/Flickr)

An e-less Tide product next to ... a semi-upside down one. (Images from left: hf365.com and igilu.com)

What is popular in the West will create a piracy boom in China. Western audiences devoured seven volumes of J.K. Rowling’s "Harry Potter" series, while China had six to 12 forged stories, like "Harry Potter and Porcelain Doll," "Harry Potter and the Big Funnel" and "Harry Potter and Golden Armor."
From left: "Harry Potter and Porcelain Doll," "Harry Potter and the Big Funnel" and "Harry Potter and Golden Armor." (Images left and center: wtoutiao.com, right: douban.com)

Michael Jordan, former Chicago Bulls player, spent years suing sportswear company Qiaodan Sports in China (Qiaodan is Jordan's name in Chinese), but eventually failed in China’s highest court.

We don’t know how to stop the sweeping “creativeness” in China.

There’s a “Trader Zhou’s,” pronounced almost the same as “Trader Joe’s,” in Shanghai. Next time you're there, try its wines. You can ask Marketplace for the exact address.
Infographic sample 1: Super PACs picking up the tab for campaign activities


<table>
<thead>
<tr>
<th>Contribution cap</th>
<th>Campaign</th>
<th>Super PAC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,700 per person</td>
<td>Unlimited $ from individuals, companies &amp; organizations</td>
</tr>
<tr>
<td></td>
<td>$5,400 per couple</td>
<td></td>
</tr>
<tr>
<td>Disbursement</td>
<td>Candidate travel, staff salary, advocacy &amp; fundraising events</td>
<td>Ads, fliers &amp; advocacy... all traditional campaign activities but NOT candidate travel or campaign staff salaries</td>
</tr>
</tbody>
</table>

Source: Federal Election Commission website and Marketplace reporting
Linly Lin/Marketplace
Infographic sample 2: Do members of Congress take vacation time to campaign?

Chapter Five: Analysis

Foreword

Paul Volcker, chairman of the Federal Reserve between 1979 and 1987, was 6-foot-7 and enjoyed a good cigar. He preferred to make major Fed announcements after the markets were closed or before long holidays so as to provide enough reaction time for the markets. This drove Martin Crutsinger, then the Fed reporter for The Associated Press, a bit crazy one Christmas Eve in the mid-1980s.

Volcker decided to change the Fed’s discount rate, the interest rate it charges banks that borrow at its discount window. Again, he preferred to give the markets some time to digest the change. Bespectacled Crutsinger was caught off guard by the post-4 p.m. notice. He hurried to write the story and ran from the pressroom at the Treasury to join his church choir to sing at the service at the Methodist Church. He was sweating all over when he arrived at the church, just before the services started.

In the old days, announcements about the discount rate were one of the only signals about the interest rates that the Fed provided to the public. Volcker called it “ringing the gong.” The Fed’s public affairs office would call reporters in the Treasury pressroom and dictate an announcement of a change in the discount rate to the reporter for the Associated Press. The AP reporter had his manual typewriter ready with sheets of white paper and carbon paper to type copies of the brief announcement and then distribute those copies to the other reporters in the pressroom.

Today, Crutsinger’s workdays are quite different. At the conclusion of the Fed’s eight regular meetings each year, he sits in a locked room managed by the Federal Reserve typing on a computer. The statement, which covers the Fed’s changes in its
primary policy lever, its target for the federal funds rate, would be handed out at 1:40 p.m. The information is embargoed until 2 p.m., when the computer and phone lines are opened and reporters are allowed to transmit the news to the world. After the release of the policy statement, Crutsinger and the other reporters are able four times a year to participate in a news conference with Fed Chair Janet Yellen. Under a procedure started by former Chair Ben Bernanke, the chair holds a news conference after four of the eight interest rate meetings each year. The news conference with about 40 economics reporters takes place at 2:30 p.m.

In the past 30 years, the Fed has gone from a mysterious institution to a more transparent central bank that regularly communicates with the media and the public. This move toward opening up was pushed by Fed chairs in the past 30 years. That led to a realization that informing society can be used as an economic tool in central banking.

The Fed hands out different kinds of information and facilitates dialogues with the media to keep society informed. However, all transparency is relative. Critics say that the Fed is not holding press conferences after every Federal Open Markets Committee (FOMC) meeting and is not transparent enough in its regulatory policies. They argue that its rhetoric could be clearer, and that officials sometimes overcommunicate or miscommunicate, confusing consumers.

The Fed has made progress in advancing its transparency. However, the general public still may not understand enough about current economic conditions, and they are discouraged from a fuller understanding because the Fed is still somewhat distant.

This analysis was written after interviews with nine Fed beat reporters and one communications officer at the Fed in Washington, D.C. It summarizes the media’s
fluctuating attention to covering the Fed and the general economy; introduces the formation of public documents the Fed provides to the general public; describes the communication styles of the four most recent Fed chairs; concludes Fed reporters’ experiences covering the institution and attending its press conferences; discusses the driving forces behind and the limitations of the Fed’s transparency movement; and provides suggestions for the Fed’s press corps and communications task force.

**Ups and downs of the Fed story**

Central banks chartered before 1850 were mostly used by governments to finance military campaigns instead of providing monetary services.

The creation of America’s central bank also had its ups and downs. The First Bank of the United States (1811) and Second Bank of the United States (1836) both failed. Severe financial difficulties in the late 19th century and early 20th century prompted Congress to pass the 1913 Federal Reserve Act, which introduced the Federal Reserve and directed the institution to provide emergency reserves to banks when depositors raced to withdraw money in times of crisis⁴.

The Federal Reserve is an independent government agency that reports to Congress. Lawmakers amended the Federal Reserve Act in 1977 and listed three objectives for the Federal Reserve System and the Federal Open Market Committee (FOMC): maximum employment, stable prices, and moderate long-term interest rates⁵. The U.S. central bank since has had the dual mandate – stabilize prices and maximize employment. Many other nations’ central banks do not have the employment mandate.

---


So, the Fed’s communications task force has a steeper challenge than many of its global counterparts.

William Greider wrote in his 1987 book, “Secrets of the Temple,” that the Fed has been secretive since its establishment in 1913, and central bankers were like a “confidential fraternity.” The independent federal agency was “deliberately set outside the electoral process” and is “insulated from the control of mere politicians,” Greider said.

People versed in financial matters may also have wanted the Fed to be secretive. Industrialist Henry Ford said, “It is well enough that people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning.”

Main Street did not learn much about the Federal Reserve until people were stunned by the amount of money the Fed was able to utilize to bail out investment firms such as Bear Sterns and AIG during the financial crisis in 2008. The media reported numerous stories about crisis management; “The entire crisis response was the biggest story in generations for the Fed,” said Neil Irwin, reporter at The New York Times.

The bailouts introduced people to the unfamiliar institution and its power. The media may have overlooked writing about the housing bubbles before the crisis, but the financial crisis largely boosted financial journalism and put the Fed in the spotlight.

Today, the Fed is often in the news. Discussions about “quantitative easing,” the practice by which the Fed introduces new money into to the U.S. money supply, were frequent in 2013. In 2015, media at all levels ceaselessly updated the Fed’s monetary

---

6 http://www.brainyquote.com/quotes/quotes/h/henryford136294.html
policy, speculating when an interest rate increase would come. That rate has been pegged at zero since the end of 2008.

The Fed has also become an active player globally. Over the past several decades, it has also seen the emergence of other central banks and major historic changes. “All these things expanded how people covered the Fed as the world stage changed,” Kevin Hall, chief economics reporter at McClatchy, said. “But the Fed was seldom on the front page really until 2008.”

Substantial coverage of the Fed has emerged since. As the central bank has taken on new economic initiatives and more responsibilities, a multitude of information and data coming through or from the Fed impact the markets and the economy every day.

**Criticisms**

Ben Bernanke, chairman of the Fed between 2006 and 2014, said at a National Press Club luncheon event on Feb. 18, 2009, “In the United States, the Federal Reserve has done, and will continue to do, everything possible within the limits of its authority to assist in restoring our nation to financial stability and economic prosperity as quickly as possible.”

Bernanke initiated many policy innovations after he said that conventional monetary policies had been proven “insufficient” in the time of the crisis. Those innovations led to more attention on and criticisms of the Fed, especially as the asset this independent agency sits on surged from $800 billion six years ago to today’s $4.5 trillion after drastic bond-buying moves.

---

Growing criticisms of the Fed add spice to the media coverage. In January, U.S. Sen. Rand Paul, R-Ky., called for a bill, Federal Reserve Transparency Act of 2015, H. R. 24, to “audit the Fed” and expressed his intention to eventually abolish the Fed\(^8\). Also, critics say the Fed has kept the interest rate too low for too long, which encouraged the bubbles in the housing and stock markets, and they question “the limits of its authority” as there’s “no check against the Fed” because they control the money supply, said Hall.

This is not the first time critics make the Fed more popular. In the Volcker era, inflation was at double digits. In 1987, the markets crashed. “That opened everybody’s eyes as how markets would begin to change structurally,” Hall said.

During that period, Henry B. Gonzales, chairman of the House Banking and Currency Committee, accused the Fed of being the primary “example of the abuse of openness in the federal government.” He effortlessly tried to disclose the workings of the Fed, aiming to hold it accountable as “a creature of Congress.” Although he failed to initiate the proceedings to impeach Volcker, he managed to force the FOMC to publicize its meeting minutes when Fed officials denied the existence of official transcripts.\(^9\) These proceedings drew a lot of media attention.

**Fewer media resources**

To be sure, some factors in play are also decreasing the resources media dedicate to the Fed coverage.

The general public is showing less interest in the Fed because of the gradual economic recovery. In 2015, the employment rate has fallen to 5.0 percent in October,

\(^9\) [http://history.house.gov/People/Detail/13906](http://history.house.gov/People/Detail/13906)
half the level in 2009. Every time the world moves on from a crisis, there is less focus on its key players.

“News tends to be driven by crisis,” Mark Hamrick, Washington bureau chief of Bankrate.com said. “Once you get beyond the crisis, there’s the sense that we don’t need to necessarily pay as much attention now.”

“The audience doesn’t seem to be necessarily beating the door down to find out what Yellen had for breakfast,” Hamrick said. “They want to know what Kim Kardashian had for breakfast.”

While the absolute volume of media coverage on the Fed has been growing with the emergence of digital media, the number of professional full-time Fed reporters might have seen a slight decline. With the shifting journalism picture, fewer reporters cover the Fed as companies downsize.

Although it receives media requests from different types and platforms of media, the Fed’s public affairs office has seen a decrease in the number of journalists coming to its press conferences. The first such conference hosted 60 reporters. Attendance now numbers 35-40, according to Eric Kollig of the Fed’s communications office.

National media outlets and business media cover the Fed all the time, and digital media and news aggregators are producing more content related to the Fed. For the newspaper industry, especially the local papers, however, “if it’s not making a lot of dramatic policy actions, the coverage is going to naturally diminish when the economy is not as much as the news and they are not doing much more,” said Don Lee, Washington correspondent for the Los Angeles Times.
Responsibilities of Fed reporters

For the journalism community and public, Fed activities can be “very arcane,” said Jon Hilsenrath, reporter of The Wall Street Journal. “It’s a very complicated institution with enormous consequences, and it’s an institution a lot of people don’t understand well.”

Financial journalists, therefore, translate the Fed’s activities for consumers. The press corps is well-versed in economics and business knowledge, and they deal with Fed information every day. Fed reporters bear the responsibilities of describing, explaining and analyzing economic activities of the Fed. In essence, they hold the institution accountable.

Key areas for Fed reporters include: interest rate decisions and monetary policy; the job market, inflation and productivity; bond-buying programs (also known as quantitative easing); and the Fed’s relationship with Congress and its reaction to the “Auditing the Fed” bill. They also follow the Fed’s personnel and management stories, which reflect the changes in the institution’s operations. In 2015, all eyes have been on the monetary policy discussions.

Some financial news services closely follow the Fed as a banking regulator, looking at its stress test—a capital balance analysis done by the Fed to determine if a bank could withstand unfavorable economic conditions, bond liquidity, and banks’ “living wills.” Those financial media interpret the Fed’s banking regulations and decipher the Dodd-Frank Act that passed in 2010.

Reporters covering the Fed’s regulatory role now have more to work on than ever before. The Dodd-Frank Act (or the Dodd-Frank Wall Street Reform and Consumer
Protection Act) requires the Fed to prevent systematic risk in the economy. After its passage in 2010, the Federal Reserve Board, based on the Act’s codes, had done 86 votes that passed requirements, rules and initiatives including the Truth in Lending Act, Fair Credit Reporting Act, the Volcker Rule, Swaps Capital and Margin Requirements, risk-management standards for the financial markets, and more.

Some Fed reporters also write many controversial stories in an effort to hold the Fed accountable. Hilsenrath said accountability stories include, firstly, disclosing wrongdoings at the Fed—for example, the investigation of then–New York Fed chairman Stephen Friedman’s insider trading of Goldman Sachs stocks\(^\text{10}\) —and secondly, checking Fed officials’ public comments and assessments.

**Public documents and their formation**

Twenty years ago, there was limited interaction between the Fed and the media. Crutsinger said in the early mornings of the days after the FOMC meetings, economists would study the open market operations performed by the Federal Reserve Bank of New York to better understand what happened at the FOMC meeting. Before 1994, for a considerable time, if there were no changes made to the key rates, the Fed would not make an announcement, but only place a phone call to the Treasury’s pressroom. Joe Coyne, a former Associated Press reporter and then the press official at the Fed, would say over the phone, “The Fed has met, and there would be no announcement.” No news was the news that Crutsinger and his colleagues would write about.

\(^{10}\) [http://www.wsj.com/articles/SB124139546243981801](http://www.wsj.com/articles/SB124139546243981801)

(Chart one: Public communications materials of the Fed)

<table>
<thead>
<tr>
<th>Material</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOMC statements, economic projections,</td>
<td>2 p.m. after each FOMC meeting</td>
</tr>
<tr>
<td>the target federal funds rate projections, which include the “dot plots,”</td>
<td></td>
</tr>
<tr>
<td>and voting results</td>
<td></td>
</tr>
<tr>
<td>Press conference hosted by the Fed chair</td>
<td>2 p.m. after every other FOMC meeting</td>
</tr>
<tr>
<td>Minutes that provide detailed notes of meeting discussions, and a detailed</td>
<td>Three weeks after each FOMC meeting</td>
</tr>
<tr>
<td>“Summary of the Economic Projections”</td>
<td></td>
</tr>
<tr>
<td>The “Summary of Commentary of Current Economic Conditions,” also called</td>
<td>Eight times a year</td>
</tr>
<tr>
<td>“the Beige Book”</td>
<td></td>
</tr>
<tr>
<td>Transcripts</td>
<td>Produced shortly after the meeting;</td>
</tr>
<tr>
<td></td>
<td>publically released five years after the</td>
</tr>
<tr>
<td></td>
<td>meeting</td>
</tr>
<tr>
<td>Senior Loan Officer Opinion Survey</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Economic and industrial data, industrial production and consumer credits</td>
<td>Regular updates at the Board and 12</td>
</tr>
<tr>
<td></td>
<td>regional banks</td>
</tr>
</tbody>
</table>

The FOMC first disclosed its interest-rate decisions in February 1994. Alan Greenspan, chairman between 1987 and 2006, said at that month’s FOMC meeting that he was not trying to set a precedent. But he added as the interest rate increase would be the first one after five years, he wanted the public to understand clearly that the Fed was indeed making a move.

“The question I want to raise this evening before we close is one that has been tugging at me for the last number of weeks. This really gets to the issue that when we move in this particular context, which of course will be the first time we have moved since September 1992, we are going to have to make our action very visible... I am particularly concerned that if we choose to move tomorrow, we
make certain that there is no ambiguity about our move... I'm very strongly inclined to make it clear that we are doing this but to find a way to do it that does not set a precedent.

...I would very much like to have the permission of the Committee to announce that we're doing it and to state that the announcement is an extraordinary event. The major reason would be that it's a Friday and we rarely meet on Fridays. This is a very unusual circumstance. So I'd like the permission of the Committee to try to formulate a couple of sentences which state (1) that we have moved, assuming we do that, and (2) that this announcement of the move is not precedential. We will try to find a way to say what is special about this particular day and this particular event. So, I open it up for everyone's comments."

Alan Greenspan, Meeting of the Federal Open Market Committee

*February 3, 1994*

After much discussion and lobbying of some reluctant committee members, Greenspan debuted the Fed’s first-ever monetary policy statement. In 99 words, he had framed the cornerstone of the Fed’s transparency movement.

---

For immediate release

Chairman Alan Greenspan announced today that the Federal Open Market Committee decided to increase slightly the degree of pressure on reserve positions. The action is expected to be associated with a small increase in short-term money market interest rates.

The decision was taken to move toward a less accommodative stance in monetary policy in order to sustain and enhance the economic expansion.

Chairman Greenspan decided to announce this action immediately so as to avoid any misunderstanding of the Committee's purposes, given the fact that this is the first firming of reserve market conditions by the Committee since early 1989.

After some trials, the FOMC committee started communicating changes in monetary policy immediately to the public in February 1995. In January 2000, the committee began issuing formal statements after each regularly scheduled meeting, even when no changes had been made in monetary policy. These all happened under Greenspan’s leadership. The statements went from four or five lines to more than a half dozen lengthy paragraphs with more complicated ideas. The statements were enhanced further after the 2008 financial crisis, as the Fed had to release more information to the public.
The minutes were also released in a more timely fashion. In December 2004, Ben Bernanke expedited the release to be three weeks after the meeting, instead of about three days after the next meeting, which made each of the releases more meaningful and still current when it’s released.\textsuperscript{12}

On Feb. 3, 2011, Bernanke spoke to the National Press Club for the second time. “I’ve heard from Fed staff that it was an important process for them to appear at the press club in that kind of news conference format to help them understand that (news conferences) can work at the Fed,” said Hamrick, who was president of the National Press Club at the time and hosted Bernanke at the event.

On April 27, 2011, the Federal Reserve further opened its physical doors to the media, and Bernanke hosted about 60 reporters at the Fed’s first-ever press conference since it was established in 1913.

\textsuperscript{12}http://www.federalreserve.gov/monetarypolicy/fomc_historical.htm
Irwin, then the Fed reporter with The Washington Post, was called on to ask the first question. “I remember I was being extraordinarily nervous. I said to myself, ‘This is the first question. Don’t blow it.’ If you look at the transcripts, I didn’t say my name, but I should have said that I’m Neil Irwin from the Washington Post. I was too nervous.”

All reporters interviewed said that the news conference is a concrete example of the Fed trying to engage more with the media and the general public. “We only have had the press conference for about three years,” Lee said. “It’s pretty dramatic. In 100 years of the Fed’s history, for most of that, you had zero communications.”

The Fed also established its target inflation rate and employment rate target. These have provided a measurement for consumers to use to evaluate the economy. With more core numbers being defined and disclosed, the markets and general public can have a clearer idea of the general well-being of the economy.

Kollig said that at the Fed’s public affairs office nowadays, about a half dozen people communicate the Fed’s work. The staff is assigned with certain beats that correspond to areas in which the Fed works. The office responds to questions on monetary policy, banking regulations, the payment system, securities on payment, etc. It also has a consumer and community affairs division that works with other reserve banks.
and the Consumer Financial Protection Bureau. In addition, the office releases statistical research, such as the industrial production data and consumer credit data.

**Fed chairs’ different personal styles**

There has always been “Fed speak,” which is the Fed’s jargon, but different chairmen have their own media characteristics and have developed their own communication styles. Collectively, the styles have evolved toward more transparency.

Under Volcker and Greenspan, there was a sense that the Fed’s power comes from its mystery, secrecy and surprise. The Fed provided the minimum information possible under Volcker, but Greenspan started to take on a few transparency initiatives. Bernanke started the real push toward transparency, and Yellen carried it forward.

Both Bernanke and Yellen come from academic backgrounds and frequently pursue more openness; at the same time, they have always been cautious, and they are frequently found trying to say something without saying too much.

1) **Volcker kept the markets guessing**

Greider’s book described the Fed under Paul Volcker “more secretive than the CIA and more powerful than the President or Congress.”

During his term, Volcker had the reputation of being a man who kept his own counsel and didn’t talk very much to the other governors; he worked mostly with the “senior” staff, and some FOMC meeting participants felt they were out of the loop, according to records from “A History of the Federal Reserve.”

---

Volcker was said to be gruff. He smoked cigars during hearings, and there were jokes at the time that he would send different signals by how much he puffed on his cigar, or he would use the cigar to cover up what he was saying, according to Crutsinger.

“Central banks in that era believed that the less they told the public and the markets, the better it was,” Crutsinger said. Volcker believed the Fed should have a surprise effect and keep markets guessing.

2) Greenspan said as little as he could

Greenspan was a banker before he ran the Fed. He was notorious for working at home in the bath\(^{14}\).

Under Greenspan’s leadership, every vote was unanimous. The Financial Times described his model at the FOMC was “autocratic.”\(^{15}\) He had multiple famous sayings as chair. The one many recall was, “If you think you understood me, it’s because I misspoke.”

“Greenspan ran the Fed as a committee of one,” Hall said. “It was very seldom that anyone challenged him. He was a strong figure.”

Hamrick added, “Greenspan tried to say virtually nothing in his public appearances. When he intended to say something, the impact was huge.”

---


\(^{15}\) http://www.ft.com/intl/cms/s/0/9f3e2b00-796e-11e5-933d-efcdc3c11c89.html#axzz3ppHsEzAx
3) Bernanke largely pushed forward transparency

Bernanke was the first former academic to run the Fed. Under his more inclusive style, dissent appeared and was encouraged at FOMC meetings. He spoke last instead of first.

“He was the greatest living mind (expert) of the Depression,” Hall said. “It was good timing if you were about to have one. I think history will be extremely kind to Bernanke.”

Hilsenrath said, “Bernanke was more consensus-driven. He tried to make the decisions that came out of FOMC meetings more a result of dialogue and debate among the 19 FOMC members.”

Hamrick described Bernanke as a scholar who is a bit distant. “He is not a populist per se, not the kind of person who would be able to rally the American public, but he is professorial, so he can at least try to speak in a way that intelligent people can understand.”

In 2009, Bernanke intensified his efforts to communicate to the public and expanded the communications policy, trying to combat people’s negative perceptions of the Fed. He managed to establish the inflation target despite controversies at the beginning of his term and started holding press conferences at the Fed in 2011.

The Fed’s communications task force made efforts to connect Bernanke with the general public after the 2008 crisis. Bernanke went to a town hall meeting in Kansas City, Mo., taught four lectures on central banking at George Washington University, and gave at least two interviews to “60 Minutes.” The television crew followed Bernanke to his hometown in South Carolina and portrayed him as a normal person, looking back to the
time when he worked as a waiter at an eclectic roadside restaurant called “South of the Border” when he was young.

“He knew that more communications will serve the Fed’s purpose and could deflect some of the criticisms from Congress and the public,” Lee said.

4) **Yellen carried on with transparency efforts**

Yellen was vice chair under Bernanke and was by his side when the Fed went through many critical decisions, including the quantitative easing policy.

Yellen has continued Bernanke’s practice of trying to be consensus-driven, and she tries to be more plain-spoken, Hilsenrath said.

Lee said that Bernanke and Yellen follow almost the same format: Both of them have a similar calm and low-key way of talking and tend to be very even-tempered and gracious.

“There’s no doubt about her intellectual command of the material,” G. R. 16, a Washington-based Fed coverage editor said. “…You will realize she has thought about the stuff four levels deeper than you have.”

Yellen, who taught at the University of California at Berkeley, a liberal institution, and was president of the San Francisco Fed. She is considered a liberal and has been confronting criticism from Republicans in Congress. During her first semiannual testimony on the Fed's semi-annual monetary policy report in February 2015, Yellen was verbally attacked by various congressmen, including Rep. Jeb Hensarling, R-Texas. “She was not intimidated or (nervous). She really fired back,” G. R. said.

---

16 The initials were randomly assigned by author. G. R. asked for anonymity because of his or her job position makes G. R. feel unable to provide neutral opinions once identified by title and affiliation. G. R. is the only anonymous source in the project.
Hall said, “It showed that she was not willing as a woman and as a civil servant to be pushed around by these guys. Bernanke was viewed more as an academic academic. She’s viewed a bit more political.”

Yellen often doesn’t give straightforward answers. For example, she repeatedly responds to questions about the interest rate decision by saying the Fed’s decisions are “data-dependent.”

“Because she’s very good at dodging, there’s a lot of interest in getting reactions out of her,” said John Heltman, Fed reporter for American Banker.

“I spent time privately with her and Bernanke as well,” Hamrick said. “Yellen is more like a regular person. She is the smartest regular person you could ever meet. She is kind. She is caring. She is incredibly intelligent. Yellen seems to be a more straightforward person (compared with Bernanke).”

Press conference, the statement and additional disclosure

1) Reporters’ experiences of attending the press conferences

The Fed’s press conference has always been in the same meeting room at the Fed’s building. At 2:30 p.m., after the FOMC meeting wraps up, the chair walks directly up to the desk in front of the room and takes a seat. All the reporters sit at tables facing the chair in a classroom style. The chair gives an opening statement first, and then takes questions. Chief communications officer Michelle Smith decides the order of the questions on the spot. She points to reporters and calls them by their first names to let them know that they are next. Normally, about 17 or 18 reporters have a chance to ask questions until the hour is used up.
Reporters describe the Fed’s communication style as polite, smart, and cautious. The Fed is unique when compared with other federal agencies. It guards its independency as the central bank. Hilsenrath said public affairs staff at almost all institutions in Washington, such as the White House, the Treasury and the Capitol, is very political, but the Fed’s is less so. Public affairs officials at the White House defend the president; “At the Fed, it’s about defending the Fed, but it’s also about defending the Fed as an independent institution,” Hilsenrath said.

Reporters attending the press conferences are mostly financial reporters, unlike the diverse press corps at the White House. Reporters described the conferences that happen during the market hour as consistent, cautious and technical; and the communications staff and reporters are familiar with each other.

“The press conference is largely organized to give the chair the ability to elaborate on the statements and on the forecasts,” G. R. said. Reporters prepare specific questions about the monetary policy or banking regulations, and they also read the materials released at 2 p.m. and think of questions from the statements and economic projections.

Reporters at major media outlets said they think it’s always possible to get called on to ask a question, while others said they think the Fed prioritizes speaking to the financial industry by taking more questions from major financial media outlets.

“There’s a bit of hierarchy” as higher-visibility journalists are given the opportunities to ask both the first questions and more questions, Hamrick said. He said the White House’s press conferences “really mix it up a lot more. The Fed isn’t quite as random.”
Some questions are asked repeatedly and may generate very similar answers each time; sometimes there will be a good quote or comment when the chair talks off the cuff. Reporters said they are unable to ask follow-up questions, which makes it hard to get the information they want because the topics involved are normally complicated and it’s hard to phrase the questions smoothly. Additionally, reporters have to pass on the microphone right after they finish asking a question, which Hilsenrath said “makes it pretty formal and regimented.”

2) Yellen learned from misspeaking at her first press conference

When Yellen hosted her first press conference on March 19, 2014, she said one sentence caught the markets off guard.

_Yellen: I simply meant to say that if we continued to reduce the pace of our asset purchases in the manner that we have, in measured steps, that the program would be winding down next fall._

_Reporter: Then once you do wind down the bond-buying program, could you tell us how long of a gap we might expect before the rate hikes do begin?_

_Yellen: So, the language that we use in the statement is “considerable” period. So, I—you know, this is the kind of term—it’s hard to define. _But, you know, it probably means something on the order of around 6 months or that type of thing._ But, you know, it depends. What the statement is saying is, it depends what conditions are like. (Words made bold by author)_

Yellen put a time frame on when the rate hike could be expected after the bond-buying program wound down, which caused some panic among the financial industry. “I
think she regrets being that specific about it. That was a lesson learned on her part. Her words are really watched,” G. R. said.

Lee said, “Markets latch on every single word… Since then, she’s learned. She became more vague and more cautious and followed the scripts. Then it wouldn’t be as interesting. You rarely get something unpredictable, but it’s also understandable. A slip would influence the markets around the world. You get nuggets of additional information or things that help you get better understandings, but it’s rare that you are going to find significant pieces of information.”

Fed chairs need to be extremely careful about what they say in public. Bernanke experienced a similar incident at 2013’s June 19 press conference. He said:

*If the incoming data are broadly consistent with this forecast, the Committee currently anticipates that it would be appropriate to moderate the monthly pace of purchases later this year. And if the subsequent data remain broadly aligned with our current expectations for the economy, we would continue to reduce the pace of purchases in measured steps through the first half of next year, ending purchases around midyear.*

The Dow Jones Industrial Average dropped 3.7 percent in the two days after Bernanke’s comment. In the “tapering tantrum,” Bernanke “hadn’t prepared the markets enough,” Crutsinger said. It turned out that the Fed didn’t scale back its bond-buying program until December 2013.
3) Fed rhetoric with “constructive ambiguity”

The Fed’s vernacular and the vocabulary are not targeted at the general public, and its words can be confusing even for longtime Fed watchers. This is said to be “constructive ambiguity.” Those different kinds of materials require the chair’s explanation at the press conferences.

When Fed reporters start their jobs, they have to learn the insider lingo and talk with a handful of sources, sometimes including the Fed’s staff, to get a grasp of the Fed speak. Sometimes, it is more than just the technicality. Even reporters who have been on the beat for years still need to talk to as many people as possible to get a consensus read of the statements to make sure their coverage is closest to accuracy.

A challenge of covering the Fed is “trying to accurately decipher exactly what they are trying to say,” said Ylan Mui, Fed reporter at The Washington Post. “Once you’ve learned the Fed’s speak lingo, you know what to look for in a statement.”

For example, “participants” means all members at an FOMC meeting; “committee” means voting members. Words and phrases like “some members” versus “a number of members” or “modest” versus “moderate” all have a subtle difference. “Long-term security asset purchases” is the Fed’s preferred phrase for “quantitative easing.” Every time a new word appears in the statement, reporters ask about it at the news conference.

While reporters would ask higher level or broader questions at the press conference or when they get to interact with high-ranking officials, they will often call the Fed’s public affairs office to ask for technical assistance and more nitty-gritty details, according to Kollig.
Over the years, the Fed’s statements stick to the same Fed rhetoric to guarantee consistency. “The Fed had to use this very intricate language,” Irwin said. “It’s central bankers around the world, not just the Fed... They always add caveats. They always use very technical languages.”

Also, once the pattern of the Fed speak is set, the obligation to stay consistent makes it very hard to change, which Lee said is “because it can cause disruption and misunderstanding and may be jarring. If you want to make it more accessible and simplify it, you may need to gradually do it in a very long time.”

Sometimes, the consistency requirement can be a burden. For example, for a while, the Fed listed employment rate in the statement, but unemployment slid much faster than expected. The Fed wanted to remove the number in its statement, but it would make people think they were going to raise interest rate. Under circumstances like that, the Fed needs to make extra efforts to make it clear that there’s no ulterior motive for the change, G. R. said.

The most repeated phrase at the Fed throughout 2015 has been “data-dependent.” Yellen wants to make clear that the Fed makes decisions in real time because a lot of developing economic elements are uncertain by nature. Therefore, the Fed may not know what it is going to do in advance neither.

This practice is new. In the past, the Fed had a more planned schedule to take actions. On May 4, 2004, the word “patience” disappeared\(^\text{17}\) from the Fed’s statement, and the Fed raised the interest rate at the next meeting, on June 30. Many people are

looking for the same pattern right now, but the Fed has changed its decision-making pattern and also communications pattern.

Up to now, the Fed has been trying to prepare the public for an imminent rate increase. They very often don’t provide definite information on economic projections but instead maintain flexibility. Irwin said the reason may be that the Fed doesn’t know it themselves until things happen.

Over time, the FOMC has become more consensus-driven, and it has included compromises and debates among all the members in its statements. The Fed incorporates as many people’s ideas as possible to get members to sign off on the statements. Sometimes, this consensus-driven or compromise-driven approach leads to messages that even two Fed officials can have different interpretations of the same line, Hilsenrath said.

For example, in a statement released May 1, 2013, the Fed said:

*The Committee will continue its purchases of Treasury and agency mortgage-backed securities, and employ its other policy tools as appropriate, until the outlook for the labor market has improved substantially in a context of price stability. The Committee is prepared to increase or reduce the pace of its purchases to maintain appropriate policy accommodation as the outlook for the labor market or inflation changes. In determining the size, pace, and composition of its asset purchases, the Committee will continue to take appropriate account of the likely efficacy and costs of such purchases as well as the extent of progress toward its economic objectives. (Words emboldened by author)*

The Fed wanted to send a signal that the bond-buying programs can be discontinued at some point, but they didn’t want to say they were really doing it very
soon. Obscurity in these lines has caused confusion and contrary interpretations of the markets for the financial industry.

In the current interest rate increase discussion, each monetary policy would include more than a dozen factors that play a role in the FOMC’s decision-making. But the readers can’t tell which factors are prioritized over the others. “When you give that broad range of things, it just leads to rampant speculations,” Hall said.

Lee said that the Fed chair has always been vague on the significance of each factor.

Economics and monetary policies are complicated by nature. They are like many official documents that are passed around in Washington. Legislation is rigid, written with complexity to assure legal precision.

“If you want precision, you need to be able to use the full range of vocabulary,” Lee said.

“When rules get written sloppily, they get challenged in court,” Heltman said. “That’s why they use seven paragraphs to explain one thing when one paragraph would do.”

4) Efforts of other Fed officials

Fed transparency moves have occurred systemwide and go beyond the high-profile efforts of Fed chairs. Besides the Fed chair, other Fed governors and officials at the regional banks also advance transparency, recognizing a lack of transparency potentially hampers the modern economy.
Federal Reserve officials nationwide actively promote openness. In a 2009 public speech in Basel, Switzerland\(^\text{18}\), William Dudley, president and CEO of the Federal Reserve Bank of New York said of the 2008 financial crisis: “There were many areas where a lack of transparency contributed to a loss of confidence, which intensified the crisis.” In 2010, Dudley participated in a SABEW event and explained the outlook, policy and mandate of the Fed, a move to further engage with the media to facilitate the Fed’s public communication.

Narayana Kocherlakota, president at the Federal Reserve Bank of Minneapolis since October 2009, said, “One of my main objectives has been to make both the Minneapolis Fed and the Federal Reserve system more open and transparent.”

Regional bank presidents Charles Plosser (Philadelphia) and James Bullard (St. Louis) have both spoken out about the significance of communication and transparency in central banking\(^\text{19}\).

Fed officials at all levels are giving an increasing number of public speeches all around the world. They generally begin a speech with a clarification that they speak only for themselves as a single individual, which demonstrates the cautious nature of their communications.

However, the whole Fed community is generating more communications with the general public. As a result, Fed reporters follow these bankers around the globe to cover their speeches, indicating how the Fed has increased its own public profile.

---


\(^{19}\) https://www.fedinprint.org/subjects/transparency.html
5) Data release at regional banks

The website of the Federal Reserve System today contains more comprehensive information, press releases, data and disclosure on the monetary policy, banking regulation, payment system, consumer information and a wide array of economic research.

Besides the Board of Governors, regional banks are also providing more economic research. The St. Louis bank’s website called “FRED” or “Federal Reserve Economic Data,” tracks 292,012 data sets on all aspect of the economy. Regional banks in Atlanta, Boston and Philadelphia also provide national and regional economic data.

Reporters scrutinize the information to analyze the data releases to support their news and enterprise, said Mui, who published several stories that went viral by analyzing regional banks’ economic data. She said, for example, she wrote a story that said women with children are more productive in the workplace than those who don’t have children based on information in the Federal Reserve Economic Data.

Forces behind the transparency

The Fed has always been so closely watched by players in the financial world, and it is also scrutinized by the public, especially since the financial crisis.

“There is always a temptation for the central bank to speak in a whisper, because anything that gets said reverberates so loudly in markets,” said Jeremy Stein, a former member of the Fed’s Board of Governors. “But the softer it talks, the more the market leans in to hear and, thus, the more the whisper gets amplified. So efforts to overly

http://www.nytimes.com/2014/05/07/upshot/whispers-from-fed-could-lead-to-wild-swings-internal-critic-says.html?r=0
manage the market volatility associated with our communications may ultimately be self-defeating,”

Various factors have influenced the Fed’s growing transparency. The tendency toward openness has been pushed by the combination of crisis reaction, politics and legal pursuit. The Fed’s realization of that communications can be an effective tool.

1) Crisis brought scrutiny

Criticism of the Fed spiked after the bailouts of General Electric and AIG. The Fed was a major player in stabilizing the economy during the crisis. The ever-increasing scrutiny and questioning of the power of the Fed have pressured the institution to communicate more with the public. “The government rescued corporations but didn’t rescue ordinary people who lost their homes and jobs,” Lee said. “People had been resentful. They generally misunderstood and didn’t know much about the Fed.”

“The crisis created a focus on what the Fed was doing and the realization of what kind of power they wielded,” Irwin said.

The Fed exerts more power than it used to within the banking system, and the public is eager to know what the Fed is really doing. Managing trillions of dollars of assets, the Fed feels the “democratic impulse to say more about what they are doing,” said G. R. “It would have been a real blow to credibility and wouldn’t be politically sustainable. So they have to be transparent.”

2) Politics and policy

“In some circumstances they are forced (to be more transparent), against their own will,” Hilsenrath said. Political forces are a driving force behind the Fed’s transparency.
Legal forces also have ruled against the Fed’s will. The Fed refused to divulge the names of the banks that borrow emergency loans at the Fed’s discount window, saying not doing so is for the betterment of financial stability. However, it lost a Freedom of Information Act lawsuit in 2009\textsuperscript{21} to Bloomberg and had to identify the companies in its emergency lending programs to the media and the public.

Soon after the crisis, in 2010, President Barack Obama signed into law the Dodd-Frank Act, which has imposed thousands of additional restrictions and mandates on the Fed. “For example, the swaps markets were completely dark before Dodd-Frank,” said Heltman. “I think that’s been illuminated in a very meaningful way. The whole dark pool of the financial activities has gone more known.” The act also improved regulators’ view of the market by disclosing more information about the banking industry and the economy.

Some politicians have been very vocal in criticizing the Fed, such as congressman Jeb Hensarling, R-Texas; Sen. Elizabeth Warren, D-Mass.; and Sen. Rand Paul, R-Ky. These people have been trying to hold the Fed accountable, and those efforts have meanwhile pushed the Fed to be more transparent. Some have questioned that the Fed has deviated from the Taylor rule, a rule-of-thumb equation describing the interest rate decisions. The Fed is different from Congress in the sense that none of its officials are duly elected, another fact that has drawn criticism.

3) Realization of transparency as an impactful economic tool

As the interest rate has remained at zero for nine years, the Fed has been left with few tools to stimulate the economy. In January 2012, the Fed officially announced its

\textsuperscript{21} http://www.bloomberg.com/apps/news?pid=newsarchive&sid=a7CC61ZsieV4
inflation target to be at 2 percent and the longer-run normal rate of unemployment to be between 5.2 and 6 percent.22

“One innovation started under Greenspan but really continued under Bernanke is (that) being transparent about your goals and intentions can actually make polices more effective,” Irwin said.

The Fed wasn’t the first central bank to announce its key target rates, nor was it the first one to introduce press conferences. The European Central Bank has held press conferences ever since its establishment in 1998. Global central banks have been leaning toward more communication.

Economists have largely recognized the role expectations play in the economy. The modern Keynesian Phillips Curve introduced expectations as a factor influencing the relationship between unemployment and inflation.

On Jan. 27, 2015, the Fed said in its amended policy on external communications of committee participants that “considerable evidence indicates that central bank transparency increases the effectiveness of monetary policy and enables households and businesses to make better-informed decisions.”

“Central banks realized that they could use communications and transparency as a tool to shape those expectations,” G. R. said. “It’s not that they want to be democratic, it’s because they realized it’s a tool,”

4) Global economy and the Internet

As globalization deepens, central banks are having more interrelated communications with one another. Central bankers all around the world get together at

---

events such as the Group of Twenty (G20) meetings. The Fed has to keep domestic media updated on its activities lest anonymous sources from the other side of the world reveal major incidents before it gets a chance to do it, so as to control accuracy, G.R. said.

Across different times zones, there are always markets running. When the Asian markets are closed, the U.S. markets open. The Fed can no longer expect the economy to digest certain information utilizing the time when the U.S. markets are closed. Because of that and the fact that the Internet transmits information instantly, the Fed has had to open up to the globe.

**Multifaceted transparency**

1) **Difficulties and complexities in becoming transparent**

   Ever since the crisis, the economic backdrop has become increasingly complicated, which requires more descriptions and explanation, and the Fed has been initiating more diverse economic tools, such as quantitative easing. That has made communications at the Fed more difficult than before. “During the crisis, they were doing things they had never done before,” Hilsenrath said. “They went to unchartered territory.”

   The Federal Reserve Bank system is a giant multilayered institution with challenges to its communications. Participants’ opinions at the FOMC have been diversifying, especially as the 19 people on the committee have become more collegial since the Bernanke era.

   The Fed’s system is composed of the Board of Governors in Washington and 12 regional banks. Each institution acts individually, providing statistic information and policy decisions. Regional presidents often make public appearances and speeches, and
they are more accessible than the board members and are more willing to talk on the record, according to journalists interviewed.

The system’s massive size and the growing complexities of the economic conditions both have added to the difficulties in the Fed’s communications.

2) Boundary of transparency

Reporters reflect that the Fed is a relatively transparent agency, especially compared with institutions like Congress. But as with all transparency, there are boundaries to and limitations on the Fed’s communications. These may come from external requirements that are not subject to the Fed’s own will.

“The Fed is always going to see more than what the markets could see, by virtue of its access to privileged information,” Heltman said.

The Fed’s everyday work involves communicating with banks and the financial industry. It has examiners inside banks around the nation to understand the banks’ balance sheets and weigh their potential risks. A lot of the information is confidential, and it’s illegal to disclose it. Mishandling of the information could create economic chaos.

Unlike the White House, which may give some exclusives to certain reporters, people at the Fed “don’t want to do on-the-record exclusives,” G. R. said. “If they have got something to say, they usually want to broadcast very broadly. Second, they view ‘exclusive’ as some kind of violation of privilege.”

The Fed doesn’t tend to plan exclusive stories, and there have been cases where certain communications became “leaks” and eventually turned into federal investigations.
In 2012, Yellen met with an analyst at Medley Global Advisors, a financial firm, and the conversation touched upon the Fed’s plans for further economic stimulus. Medley later disclosed what it learned from the meeting to its clients. The incident has escalated into an insider-trading investigation in October 2015\(^2^3\).

Fed officials routinely communicate with market participants to understand the economic conditions better, but the conversations the Fed facilitates may provide informational advantages for the people and companies that are involved in those events. Leaks are the last thing the Fed wants to incur during its communication efforts. The Fed sets a clear limit about it in its policy on external communications of committee participants\(^2^4\):

\textit{Committee participants will strive to ensure that their contacts with members of the public do not provide any profit-making person or organization with a prestige advantage over its competitors. They will consider this principle carefully and rigorously in scheduling meetings with anyone who might benefit financially from \textit{apparently exclusive contacts} with Federal Reserve officials and in considering invitations to speak at meetings that are sponsored by profit-making organizations or that are closed to the public and the media. (Words emboldened by author)}


3) **Constraints in over-sharing**

Having more communications may not be more effective. Sometimes over-communications backfires.

The Bank of Japan holds press conferences once a month, which is said to have hurt its credibility because the bank president reports to the public too frequently and couldn’t keep his promises. The European Central Bank has cut back the frequency to eight meetings a year in 2015 as opposed to once a month since its establishment in 1998\(^\text{25}\).

For the Fed, “the academics over time will be debating whether transparency is a good thing,” Hall said. Some people argue that FOMC meeting transcripts should be released sooner than five years after each meeting, but a lot of major economic issues last longer than five years, and releasing the transcripts that involve discussions about those issues may create political problems, such as the Greek debt, Hall said. Releasing transcripts of officials’ discussions about on-going global events too soon may harm policy execution processes and trigger political instabilities. Therefore, transparency efforts shouldn’t merely expedite the information releasing process at the Fed.

There are people calling for the Fed to broadcast the FOMC meetings live on C-SPAN. Reporters might favor that but the change would be unrealistic and possibly cause unnecessary market fluctuations.

The Fed wants to ensure economic stability, and excessive disclosure of its activities would make the organization “more centrally controlled, less democratic and less transparent than it is now,” Irwin said.

Over-communication could also restrain the Fed’s activities and sometimes even have “lethal effects.” For example, after 2004, the Fed promised to raise interest rates at a measured pace, which many suggested would lock the Fed into a pace much too slow for better economic recovery. “In that case, more communication was not only ineffective communication,” Hilsenrath said. “It kind of became a constraint for them, which prevented them from taking necessary actions.

4) Non-transparent aspects of the Fed

There are matters the Fed is not being transparent about.

First, the current FOMC information disclosure is mostly on a bi-meeting schedule. When there’s an FOMC meeting with no press conference and only a statement very similar to the last one, the media and the financial industry are left with little information regarding what has changed. Hamrick said an example would be the July 2015\(^{26}\) statement that was “very much the same as” the June statement\(^{27}\).

Second, even though there are a lot of discussions about the interest rate hike in 2015, the Fed’s message is still very vague. Hamrick said, “it’s really hard to characterize Fed policy right now because it’s almost like the Fed doesn’t want to characterize it.”

If the public wants to interpret the FOMC’s minds by looking at the “dot plot,” a dotted chart showing the FOMC participants’ projections of the federal funds rate, they will have little clue because the dots are not labeled with names. Hall said the chart “underscores how little they are actually telling you. It actually muddies the water more than it makes it clear.”

\(^{26}\) http://www.federalreserve.gov/newsevents/press/monetary/20150729a.htm
\(^{27}\) http://www.federalreserve.gov/newsevents/press/monetary/20150617a.htm
Also, people question if the Fed is being less transparent as a banking regulator. Banks are complaining the Fed is not very transparent in 2015’s “stress test.” The Fed doesn’t tell what conditions it includes in its test. Hilsenrath said banks described the Fed as a “black box” because the criteria of the stress test are unknown to people outside of the Fed.

Moreover, a Wall Street Journal story in February 2012 pointed out that the Fed had been making regulatory rules almost exclusively without public meetings after the Dodd-Frank Act granted it more regulatory responsibility.

“They are not open about everything,” G. R. said. “It’s selective.”

Suggestions for the Fed to improve its communications

The reporters interviewed provided suggestions for the Fed:
- Hold press conferences after every FOMC meeting, even though some recognize the difficult and potential redundancy to do so. When there is only a similar statement released after a meeting without a press conference, reporters have no idea what happened during that meeting.

- Allow several more FOMC members to speak at each press conference.

- Release the projections after every meeting. FOMC members should “stand by their dot” in the economic projection “dot plots.”

- Allow reporters to keep their microphones at the press conferences longer and have the chance to ask follow-up questions.

- Make the process of calling on reporters to ask questions at the press conferences more random and democratic. Give more chances to reporters at non-major financial outlets and foreign media.

- Open up the regulatory policies according to the requirements of the Dodd-Frank Act.

- Open up the Financial Stability Oversight Council, the conglomeration of the Treasury, the SEC and the Fed.

- Facilitate more on-the-record interviews instead of only permitting the attribution to titles such as “a senior Fed official,” which would decrease the richness of the stories.

- Hold more regular briefings with small groups or individuals. Reporters said they think that Bernanke did more off-the-record briefings with reporters than Yellen does.
• Form a special task force from the press corps and the Fed to get together and talk about transparency issues and information disclosure.

**Suggestions for the journalism community to improve their Fed coverage**

“(Reporters) provide an important public service getting people who would otherwise not want to think about money into thinking about money and to being educated enough to understand money and how it works in the big scheme,” Heltman said.

Reporters interviewed think that the public hasn’t learned enough about the Fed and that there should be more coverage of economic topics across the board. They provided the following suggestions for members of the Fed press corps:

• Diversify interview questions at the press conferences so as to wisely use the limited time reporters have interacting with the chair.

• Invest more resources in covering the Fed as a banking regulator.

• Adopt a more aggressive approach of holding financial institutions accountable and challenging their conventional practices; produce more accountability stories, which are very important to society, even though they are harder stories to do.

• Sharpen Washington-based reporters’ news judgments when the national capital keeps spoon-feeding journalists with information, as described by Hilsenrath; sift through the excessive number of news events in Washington and work on really important stories that require a lot of investigations and digging instead of being distracted by irrelevant events.
• Take the initiatives to write stories that hold the Fed accountable and provide analytical knowledge for the audience; enhance the Fed coverage so that the institution feels more pressured and obligated to improve its economic policies.

• Engage with the general public with more versatile storytelling methods such as infographics and data visualization, and in a more instant way.

• Acknowledge that it can be very technical when explaining issues involving the Fed, but remember the world is not only composed of financiers and investors.

• Ask the questions that the general public wants to know at the press conferences and connect the Fed with the average people.

• Be humble and forget about trying to impress peer reporters with difficult questions; reflect from time to time whether reporters are pursuing the right topics, which is a lesson learned from the recession, when the press overlooked covering the housing bubble before it was too late. The media need to be humble and careful to watch everything that might be a problem in the economy.

• Embrace more diversity in the Fed’s press corps. Currently, most of the Fed reporters are white men, often ones with beards. There are few female or minority reporters, which reflects the lack of diversity in financial journalism. Also, international media, such as France’s AFP and China’s Xinhua, though have some presence at new conferences, seem to have less direct access to the Fed than domestic media.
Analysis: Rethinking transparency

The Fed seems to find its way into the news almost daily in the post financial crisis era. There has been a spike in coverage of America’s central bank.

The global tumultuousness has hastened the Fed’s march to transparency. Financial journalists have done their jobs with increasing access to the Fed and its information.

Efforts to be more open and transparent started at the Fed in the 1980s and have continued since. It did not happen overnight. The Fed coverage is accordingly very different from before. Globally, with the financial crisis acting as a catalyst, many central banks around the world also adopted more transparency. This provided journalists and people around the globe with more information to better understand the economy.

Historic move

American reporters are direct beneficiaries of the nearly three-decade-long development of the Fed’s transparency. The way they do their jobs is totally different from their predecessors. Economics reporters are enjoying the privilege of having much more disclosed Fed information—such as the statements, meeting minutes, the transcripts, the economic projections, etc.

Reporters should realize that this access didn’t come easy. The Federal Reserve, for much of its history, was not open and transparent. The Fed was cloaked in secrecy and had zero communications with the public. It didn’t even disclose changes in the federal funds rate.
Three decades ago, economics reporters subsequently were passive in their newsgathering. Most media did not even have a Fed beat. Fed coverage generally was part of an economy beat.

The relationship between the Fed and the media changed dramatically since the 1980s. Central banking in the United States was no longer believed to be more powerful in its surprise effect on the markets. The Fed, therefore, started to communicate more openly with the media and the public.

A landmark came when Chair Alan Greenspan issued the Fed’s first-ever statement on monetary policy in February 1994. As the leader of the nation’s central bank, he realized the necessity to elaborate on an unusual interest rate increase so the issue could be better understood. Since then, media has had official monetary policy statements to use. With more information, the Fed press corps started to grow.

Later on, more types of Fed materials have become available and in a more timely fashion. Ben Bernanke and Janet Yellen, both from academic backgrounds, have pushed forward Fed transparency, sending regular signals about the economy to the markets.

Besides the Fed chair, other Fed governors and officials at the regional banks also advance transparency, recognizing a lack of transparency potentially hampers the modern economy. They give public speeches all year round, and Fed reporters also follow them and cover their public appearances.

An important treasure trove from the Fed system is its data research and data release at all levels of the economy. The Board of Governors website provides national key data. In addition, regional banks are dedicating many resources to industry, business, demography and regional data. The St. Louis bank’s website called “FRED” or “Federal
Reserve Economic Data,” tracks 292,012 data sets on all aspects of the economy. Regional banks in Atlanta, Boston and Philadelphia also provide national and regional economic data. Fed reporters have become more data-aware than before with availability of this data, which allows them to take a deeper and historic look into the economy in order to produce in-depth enterprise stories.

These years have been golden years for Fed reporters as they have seen a spike in the Fed’s communication initiatives and in the Fed’s information and data disclosure. A good amount of excellent media coverage on the Fed has resulted to boost public understanding of complicated topics such as quantitative easing and the interest rate hike in 2015.

Transparency relativity

Advancements to transparency were not prompted by the journalism community. They also didn’t come because the Fed wanted to be democratic.

The Fed realized that disclosures of its reasoning behind certain actions could be a tool to steer the economy at low cost. Public communication is especially useful as the nation’s interest rate has been pegged at zero for seven years and the role of psychology, or people’s perceptions, has been recognized to play a bigger part in modern economy. It’s almost that the Fed wants to have more media coverage. Therefore, from the perspective of the media, journalists might as well utilize those resources provided and carry out their mission to help the public understand the national economy better by learning more about the Fed’s behavior.

To be sure, transparency is relative. The Fed is not fully transparent yet. It may be more transparent than other federal agencies and other central banks. There may be more
transparency in its monetary policy than before. However, there are still areas where the Fed is being criticized for being opaque. For example, bankers complain that the “stress test” has stressed banks because the Fed keeps the criteria of the test to itself.

Reporters need to use their judgment identifying the Fed’s behaviors and not to be constrained by the existing documents that the Fed releases to the media. Media professionals should be highly aware of not doing simply what they are guided to do or what is convenient to do. The media have the responsibility to hold the Fed accountable, and therefore, reporters should keep their keen eyes as watchdogs and produce news coverage with professionalism and prudence. Working on these accountability stories, such as revealing wrongdoings at the Fed and holding people accountable when they voice opinions in public, are more difficult and warrant much more dedicated resources. The media will be doing better service if they strive for stories that stress accountability.

The mediation between politics and economy involves the participation of the media, even though the media don’t play a decisive role in advancing transparency at times. Sometimes the Fed moves toward transparency passively because Congress and laws such as the Dodd-Frank Act that impose restrictions on the Fed.

These events themselves are great stories. Even though reporters don’t always have solid leverage to trigger changes, they could help encourage the Fed toward more transparency.

On the other side of the spectrum, oversharin...
arguing if Janet Yellen is doing the right thing if the Fed is going to raise interest rate cautiously by quarter-basis-point incremental moves.

In this regard, from the perspective of the media, reporters should refrain from asking repeated questions when the Fed itself doesn’t know what is coming forth or it is amid the formation of ideas. It may not be helpful if the media want to push the agenda forward when the policymakers aren't ready themselves.

The benign interaction between the media and the Fed requires coordination from both sides. Both Bernanke and Yellen gradually learned how to host press conferences by having inappropriate words slipped out of their mouths once or twice. The media reacted dramatically when a Bernanke speech was interpreted as hinting the end of quantitative easing, and also when Yellen during her first press conference said an interest rate hike could be expected as soon as in six months. Central bankers are learning, and so are the media. There may not be a golden mean for the central bank’s execution of transparency. Central bankers around the world are practicing and experimenting how to advance transparency by trial and error. The media are also improving their Fed coverage over time.

In recent years, as the FOMC is becoming more collegial and there are dozens of Fed governors and regional bank leaders giving public speeches around the world. Reporters sometimes find themselves overwhelmed by numerous public appearances of Fed officials within a short period of time. They need, therefore, to learn about the hierarchy within the Fed and the more influential players. The need to identify if people speak out of their personal interests instead of reflecting the reality. For example, some Fed officials are always more dovish or supporting low interest rates than others.
Reporters, as the ones in charge of building up the frame of news coverage, now bear bigger responsibilities to filter and select relative and effective information.

There has been an on-going debate about how transparent the Fed should be. The Fed may now still label more than a necessary amount of information as confidential. At the same time, however, the institution has to put a limit on its disclosure. Oversharing could be dangerous at times.

Reporters should never produce news based on insider information, which could lead to federal investigations. The Fed established a policy on its external communications that forbids FOMC committee participants to provide any confidential information to any parties during its regular interactions with the financial industry.

Also, the economy has an intricate mechanism with a multitude of factors weighing in. A series of historic events unfold gradually over time. Disclosing too much information too far in advance could be dangerous for the execution of policies and the stability of the economy. The media should bear this in mind very carefully and not intrude on the wrong territories. Any nation’s economic management is bound to be a hierarchy, and reporters should comply with the rules of federal agencies. There is information that is only entitled to the Federal Reserve. Reporters should always obtain information via legal and ethical measures only.

**Role model**

Today, the People’s Bank of China (PBOC) still whips its staggering economy by catching markets off guard when its interest rate changes. The PBOC may appear arbitrary, but it reminds people the time when Paul Volcker steered the Fed’s policy in similar patterns 30 years ago and threw surprises to the markets on Christmas Eve.
Emerging markets and their central bankers would gradually improve their own monetary policy and macroeconomic policy. Even though Greenspan said he didn’t want to set up a precedent when he released the first monetary policy statement, the Fed is indeed a precedent of central bankers’ long march to transparency.

Communication is the next economic tool. To establish and improve this tool, the Fed, the media and all related public communications efforts have recruited more talents, such as reporters, researching analysts and public affairs specialists, to facilitate and push forward at different related bodies.

The Fed’s actions, albeit not perfect yet, have been revolutionary. They could serve as a role model for its global counterparts in terms of developing initial transparency.

Fed developments since the 1980s have unleashed forces that have led to transparency domestically. Globalization and modernization are leading other central banks to the path to transparency. The Fed’s move has attracted a vast number of international media. Because the U.S. dollar is the most important currency in the world and the American economy plays a major part in the international economy, media outlets around the world, such as Al Jazeera, Xinhua, CCTV, Kyodo, AFP, Financial Times, etc., all very closely follow the movements of the Fed’s. By reporting on the U.S. central bank, they compare the U.S. economy with their own nations’.

Reporters around the globe could ride the tide and make contributions to society by stimulating central banks to become more transparent and educate the general public about their national economy.
Actions at the Fed appear to be contributing to a better informed press corps, one that seems poised to ask better questions and produce deeper and richer stories of benefit to consumers to make better financial decisions for their families.

Improving Fed coverage produced by the media benefits the Fed as the institution learns how to approach to better transparency and improve their public communications practices. The more mature Fed press corps is prompting the Fed to be more transparent and accountable. The interaction and coordination between the two sides will provide better coverage and more efficient information to both the financial industry and the general public. This in turn could help improve the economy with more information guidance and disclosure.

Summary and reflection

The Federal Reserve hosted an “Introduction to the Federal Reserve System” workshop for 18 reporters at the Board Room at its Eccles Building on Jan. 17, 2014. It was the first time business reporters were invited to the room where FOMC members meet eight times a year. I was fortunate to be the only student participant at the event and marveled at efforts that the Fed was making to help reporters do their jobs better.

During the half-day event, representatives from the Fed’s public affairs office gave us an overview of the structure of the Federal Reserve System and also briefed us about the resources on the Board of Governors’ website. The Fed staff encouraged reporters to use the Fed’s public affairs for questions and information. In turn, they also asked the reporters for ideas about how the Fed could improve its communications efforts. At this event I got my initial interest in the Fed’s transparency topic, eventually deciding to make it the subject of my graduation project.
Reviewing the findings of my graduation project, I think the achievements the Fed has made in its transparency endeavors are exemplary and invaluable. The Federal Reserve’s press corps today has access to an abundance of disclosed information, while reporters and the public may be expecting more disclosure in certain areas where the Fed hasn’t been fully open yet.

Main findings from this project listed below could help economics reporters better understand the Fed’s transparency endeavor and improve their reporting strategies. It could also help journalism organizations improve their professional practices and think ahead what the industry needs to do with its economics coverage amid the media industry’s dramatic restructuring.

- The general public and the media started to pay more attention to the Fed’s activities after the financial crisis of 2008. Amid the changing landscape of the economy, the old access practices of the Fed – rooted in mystery and secrecy – were found to be inadequate. Transparency urges the Fed to be clear about how it exercises power and makes decisions, and why.

- Both Fed chairmen and regional Fed officials are dedicated to the Fed’s long march to transparency. The Fed publicized its economic projections, started press conferences and made public appearances to connect the central bank with consumers.

- The drive to improve the Fed’s transparency, in line with the Fed’s global counterparts, was aided by increasing scrutiny from the public, criticism
from politicians, legal forces and the realization that transparency could be used as an economic tool to steer the markets.

- Transparency is a relative concept. There are still areas where the Fed is not disclosing enough information, including banking regulation.
- The public may not be able to expect full transparency of the Fed because the Fed controls a huge amount of confidential information that cannot be shared. Also, a certain lag in information disclosure is believed to help stabilize the economy and facilitate execution of policy.
- The Fed’s rhetoric may be dense and technical. But the bank has found that it must retain the words it uses to maintain legal accuracy on complicated topics.
- The relative nature of transparency makes full disclosure impossible. The institution has to reveal its business for better governance of the economy, but it is being selective and defensive at the same time. In addition, too much transparency may actually cause things to lock up, which could disturb its policies. Policy makers need to weigh the intricacies in those strategies and advance the Fed’s transparency over time.
- Covering the Fed and the economy is a valuable public service that reporters provide the public to inform them of how the Fed’s activities influence their lives while holding the institution accountable.
- Journalism around Fed issues is potentially better with greater transparency. With more information and access, stories will be richer and deeper. By the same token, the Fed benefits from journalism in that they
are able to practice techniques that improve those practices around transparency.

- Financial media should embrace more diversity and encourage reporters with minority backgrounds, such as female and African American reporters. They could provide diverse perspectives to the media coverage.

- Business and economics reporters should remain humble and constantly reflect if they are following the right economics topics and how they could improve the Fed coverage; media organizations, facing the industry’s own challenges, could take on more organizational initiatives to sustain media coverage on those important but not as click-generating subjects such as the Fed.

- The Fed and its press corps learn from each other and improve their actions. The public benefits when more and better information is available.
Story to pitch for publishing

(The author plans to pitch the below story to one of the following websites: the Missouri School of Journalism website, the Society of American Business Editors website and Writers website, or Talking Biz News website.)

Discussions on Rate Hike Shows the Fed’s Leap Forward to Transparency

The most significant economics discussion of 2015 is likely to see an outcome when the Federal Reserve’s Federal Open Market Committee (FOMC) meets Dec 15, In its final meeting of the year, the Fed is expected to decide if the U.S. will end its 9-year-long zero-interest rate era.

Fed chair Janet Yellen has openly commented on a rate hike to prepare the financial industry since she became leader of the nation’s central bank in February 2014.

“At this point, I see the U.S. economy as performing well… Domestic spending has been growing at a solid pace,” said Yellen in testimony before the House Financial Services Committee on Nov. 4. She said a December rate hike would be a “live possibility.”

Markets rallied in the second half of November, more signs of a looming rate hike. People are confident of economic growth even knowing the interest rate will increase. Yellen’s months of communications and conditioning seem to be paying off.

The effects of a rate hike would eventually affect all aspects of the economy, even as the country prepares for the holiday shopping season

More disclosure
“It’s pretty dramatic. In 100 years of the Fed’s history, for most of that, you had zero communications,” said Don Lee, Washington correspondent for the Los Angeles Times.

Fed chairmen never disclosed their thoughts on monetary policy until about 30 years ago when the Fed started its move to transparency.

Increased disclosure has changed the way the Fed functions. The nation’s monetary policy was once secretive, until the Fed’s first-ever monetary policy statements came in 1994.

This release “was the start of the more transparent Fed,” said Martin Crutsinger, an Associated Press reporter who has covered the Fed for 31 years. He said the progress the Fed has made in terms of transparency would have been unthinkable several decades ago.

The statement is now the most important official document on the Fed’s monetary policy. It explains all the complicated measures the Fed is taking to stimulate the economy. The number of words in the statements has increased fivefold in 20 years.

**Clear goal**

The old school thought that believed in central banking’s surprising effect has been gradually replaced by the realization that more public disclosure could act as a low-cost economic tool. This conscious has been behind the rate liftoff debates.

“Being transparent about your goals and intentions can actually make polices more effective,” said Neil Irwin, a Fed reporter at the New York Times.

In January 2012, the Fed officially announced its inflation target to be at 2 percent and the longer-run normal rate of unemployment to be between 5.2 and 6 percent.
Fed officials have frequently referred to these numbers when evaluating current economic conditions.

The Fed nowadays provides an abundance of information release to the media and the public, including monetary policy statements, economic projections, voting results, press conferences, FOMC meeting minutes, the Beige Book, transcripts and various datasets on both national and regional levels.

As the nation is well informed of a possible increase in the interest rate, people have been able to refer to those disclosures to better understand the economic environment.

**Long March**

A rate hike would impact all aspects of the economy, both domestically and globally.

Even with increased disclosure, Fed activities can still be “very arcane,” said Jon Hilsenrath, reporter of *The Wall Street Journal*. He said the public may not understand very well this “very complicated institution with enormous consequences.”

The Fed is more open than ever before, but it is still has room to improve. This year’s news events have further introduced the Fed to the public. However, more is yet to be done.

Ylan Mui, reporter of *The Washington Post*, said the Fed’s tradition to be technical and hard to understand is unlikely to change anytime soon. She said, “the way the letters are arranged on the keyboard is not the most efficient way for you to type. In fact, it’s designed to slow you down.”
The year 2015 has been a landmark year for the Fed as it considers a rate hike. It will be a challenge for the Fed to stay in the media spotlight after the decision is made, as the economy further recovers and society moves away from a long-term financial crisis.

“News tends to be driven by crisis,” Mark Hamrick, Washington bureau chief of Bankrate.com said. “Once you get beyond the crisis, there’s the sense that we don’t need to necessarily pay as much attention.”
Appendix A: Interviewee list

Don Lee

Don Lee is a Washington correspondent for the *Los Angeles Times, Chicago Tribune* and several other Tribune newspapers. His articles are syndicated regionally and globally. He was the *Los Angeles Times*’ Shanghai bureau chief from 2004 to 2009, when he came back to Washington and since has been covering the Fed and the economy. He covers the Fed part-time.

G. R.

G. R. is a veteran correspondent who has worked for multiple major news organizations. The correspondent has almost three decades of experience reporting in Washington and has spent 10 years so far covering economics professionally. The correspondent previously covered international economics and is currently focused on reporting on the Fed.

G. R. “preferred to speak anonymously so as not to compromise his neutrality by voicing a public opinion.”

The author randomly assigned the initials to this person.

John Heltman

John Heltman has been the Fed reporter for *American Banker* since November 2014. His coverage emphasis is the Fed’s regulatory matters, including the stress test and Dodd-Frank. Before he joined *American Banker*, he covered the Commodity Future Trading Commission, the Environmental Protection Agency for Argus Media. He has been based in Washington since 2009.
Jon Hilsenrath

Jon Hilsenrath started as a Fed reporter for The Wall Street Journal the week before Lehman Brothers collapsed in 2008. Before that, he had been covering economics since the early 1990s, and he was based in Hong Kong during the Asian financial crisis.

Kevin Hall

Kevin Hall is the chief economics correspondent for McClatchy. He started on the Fed beat in 2005 and has covered the institution under Alan Greenspan, Ben Bernanke and Janet Yellen. Before that, he had been based in Mexico for more than nine years as a foreign correspondent.

Mark Hamrick

Mark Hamrick has been the Washington correspondent at Bankrate.com for 2.5 years. He started as a general assignment journalist for the Associated Press in Texas and became the organization’s business editor for broadcast in 1994. He has covered the Fed under three chairmen. He hosted Ben Bernanke at the National Press Club twice when the Fed was in the process of initiating press conferences.

Neil Irwin

Ylan Mui

Ylan Mui has been the Fed reporter for The Washington Post since 2013. She started as an intern at the Post in 2002 and later covered education and local Maryland district news. She joined the financial reporting staff in 2005 following the retail industry, until the crisis led her to cover debt issues.

Martin Crutsinger

Martin Crutsinger has been covering the Fed for the Associated Press since 1984. He has covered the Fed under four chairmen over the past 31 years.

Eric Kollig

Eric Kollig has been working at the Fed’s public affairs office since 2012. He handles daily interactions with reporters and deals with mostly the Fed’s communications on bank regulatory matters.
Appendix B: Question list for the interviews

1. What are your experiences covering the Federal Reserve and the economy?
2. What are the key subjects in the Fed coverage? What is missing in the current media coverage?
3. How do different Fed chairmen’s personal styles differ? How have the Fed’s public communications evolved under different chairmanships?
4. How has the Fed become more transparent in its information disclosure in the past three decade?
5. How has the media coverage on the Fed been different before and after the crisis?
6. How has a more transparent Federal Reserve changed the way reporters do their jobs?
7. What is the interaction between the Fed and reporters like?
8. How have your experiences at the Fed’s press conferences been? Compare the Fed’s press conferences to those of other federal agencies.
9. How do you use the materials provided by the Fed? How do you use the data releases at different Fed regional banks?
10. How do you normally read the tea leaves of the FOMC statements? How do you evaluate the statements’ clarity and understandability?
11. In what ways do you think a more transparent central bank can benefit the economic development of the society?
12. How do the media and traders interpret information from the Fed differently?
13. What else do the reporters expect the Fed to do to improve their public communications efforts?
14. What else do the reporters expect themselves, their peers, and the media organizations to do to improve the Fed coverage?

15. How has the emergence of digital media and various online tools, such as social media, brought changes to the way reporters cover the Fed?

16. How has globalization changed the Fed coverage?
Appendix C: Interview transcripts

Jon Hilsenrath

The Wall Street Journal

Interview on July 28, 2015 in Washington

What are your experiences of covering the Fed and other economic issues?

I started on the Fed beat the week before Lehman brother collapsed, September 2008. Before that I had been covering the economics back to the early 1990s. I’ve been covering areas and issues that the Fed had a lot of influences on. I used to be based in Hong Kong in the late 1990s. I learned about financial crisis firstly in Hong Kong.

What are the topics related to the Fed that media covered the most?

I will put it into a few different categories. The area that generates the most interest on Wall Street and the financial markets is monetary policy. This involves the Fed’s decisions about whether they are raising or lowering interest rates, or they are launching new bond buying program, which is known as QE, and whether to give guidance on how long they are going to keep rates at zero. Monetary policy question moves the market the most and there’s a huge demand at the Journal for stories breaking the news on what the Fed is going to do next. It’s a big category.

Another one was, during the crisis, crisis management—what did they do to keep the banks and the financial system afloat. That was more in 2008 and 2009—all these emergency programs that they launched to bail out the banks. That was very early on.
That relates to their job as the lender of the last resort. When there’s a crisis, the Fed is expected to provide liquidity to the banks to keep banks from failing.

Another important piece of the beat is what I would call accountability stories—holding the institution accountable for actions it has taken in the past for the way it’s run as an institution. This is where they got a lot of pressure from Congress right now. Because they are so powerful and because we had a financial crisis there’s a lot of concern on Capital Hill that the Fed needs to be watched over more carefully. So we have to do those accountability stories. A couple of examples: looking at public comments that Fed officials have made about the economy and trying to assess which officials have been wrong or right most often; and tracking down traces. We did a story from years ago about that chairman of the New York Fed traded Goldman stocks, also when he was a board member of Goldman. We try to hold people accountable.

Finally, the regulatory environment. The Fed, in addition to being in charge of monetary policy, setting interest rates and the QE program, also is in charge of overseeing the banking sector. They are the regulator, so there have been a lot of changes inside the institution since the financial crisis about how it regulated banks.

Two other areas—the Fed as an institute has changed since the financial crisis. They’ve gone through a lot of changes in terms of how the place is run. One of the whole moves is to become more transparent. Finally, writing about the economy, because all of their decisions on interest rates are driven by how they see the economy perform. I on a regular basis look at job market, inflation and productivity.

How the communication styles have evolved or changed under the past two chairmen?
It’s changed a lot. Going back to Greenspan, Greenspan really dominated the place. An individual really drove the decision-making in the Fed. Bernanke was more consensus-driven. He tried to make the decisions that came out of FOMC meetings more a result of dialogue and debate among the 19 FOMC. Yellen has continued that practice trying to be consensus-driven. It’s a place more driven by committee decision-making, whose communications were sometimes complicated and confusing. Because they are doing things that reflect views not only for one person, which was the case with Greenspan, but for 19 people. We’ve seen cases in the past where they tried to make some compromise, and the message that came out of that compromise was a bit modeled as to what exactly what they were thinking.

An example, they might put a line in their statement where two different people in the room would have different interpretations, or two different Fed officials would have different interpretations of what that line means. The statement comes most in mind was April 2013, they were trying to signal the QE bond buying, but people on the committee who were worried about that the people in the market was expecting the program was going to go on forever. They wanted to send a signal that the thing was going to evolve depending on how the economy evolved and eventually they would wind it down. But they didn’t want to come out to say that they are going to wind it down. Then they put an obscure line about how it could go up and down depending on how the economy performed. Some people thought they were going to expand the program instead of shrinking it. Sometimes, this consensus-driven or compromise-driven approach led to some modeled messages. It’s one of the problems they have.
Another example, we’ve seen over the years that more and more Fed officials and regional Fed presidents are out speaking all the time. They are trying to communicate clearly their views about the economy and where monetary policy is going. When you got 19 people all communicating their views, they’ve got all their different points of view. Sometimes that also has led to some mixed messages and confusion about where they are going in their decision-making. They speak all over the world.

*How do you prioritize as those Fed officials are giving speeches all over the place?*

As a reporter, you have to understand their influence in the decision-making process and also understand their tendencies as individuals. You have to know each one of those people fairly intimately. Some people’s views are going to matter more than others. Yellen’s and Bernanke’s words are going to matter a lot more than the St. Louis and the Kansas City Fed presidents’. There’s a pecking order inside the institution, which is important to understand. You have the Chairman and the vice chairman and the president of the New York Fed, and you have regional bank presidents. They all have their different approaches themselves. Some of them you always know that they are always hawks or doves. When they say something, it’s kind of predictable. Other people sit on the fence and see how a debate is evolving. Sometimes they are important to watch because they give you a sense of how the center of the decision-making is shifting. We need to talk to a lot of people, and understand who the players are and how they are affecting the decision making process.

It’s their influence and their personal style, both of that matter.
How has the communications process been different before and after the crisis?

The regional bank presidents matter because they are part of the federal open market committee. The body makes decisions of interest rates, and you can’t totally ignore them.

If you look at the statements the Fed put out, they’ve become a lot more complicated. This is how things have changed as they’ve become more transparent.

During the crisis, they lunched the very complicated programs and people didn’t even know what quantitative easing meant. So they had to explain some of the things in their policy statements. They made their statements so much more complicated. It was also because there was so much stuff they were doing. The economic backdrop was also becoming complicated, which led to more descriptions and explanations. During the crisis, they were doing things they had never done before. They went to unchartered territory.

There is a view in the economic field that a transparent central bank is more effective than a non-transparent central bank. They mean it in a very specific way. They want people in the markets to understand what’s driving their decision-making process, so that people in the markets aren’t surprised nor caught off guard by the decisions they make. They want the markets to be able to adjust as economic data evolve, so they are trying to explain the reaction function: what their goals were for inflation and how were they going to respond on interest rates depending on how their forecast for inflation is evolving. They are spending a lot of time trying to describe in more explicit terms what this reaction function is. One of the debates they had was in 2010 or 2011. They put out the statement of policy objectives, which was a big deal for them. For the first time, they
have codified that they had a 2 percent inflation target. They never established that as a formal goal before. And that was one of Bernanke’s big faiths. They had a long debate as what to put in the objective statements and how their inflation goals fit together with jobs and unemployment. But they had debates on each single line of that statement and it went on for months and months.

Target rates were introduced by other central banks long time ago.

But the Fed is different because the Fed is required by Congress. It has got two mandates. EBC and the Bank of England have one: two-percent inflation rate. But for the Fed, its mandate is first to stable prices, which they interpret to mean 2 percent inflation. And the other is maximum stable employment, which means lowering unemployment rate. They’ve got the employment mandate, which a lot of the other centrals banks don’t have.

Do they explain the items very well?

They struggle. It was a real challenge for them explaining all of these. A lot of people would say they didn’t explain things very well. The best example would be the tapering in 2013. When there was a view built in the markets that the Fed was going to do the bond-buying program for a very long time, and then they started to talk about ending it. Then the markets freaked out, which hit emerging markets and bond yields went up. That is one of the example of the problems they have communicating with the public.

What’s the media’s role in all this? From what I see is that I’ve got three responsibilities. First, to break news. People are paying money for the WSJ. They want to get information
they don’t get anywhere else. So one of my jobs is to break news. Another job is to holding the institution accountable, when we see wrongdoings or misjudgments to shine the light on them. The third is to explain. It’s a very complicated institution with enormous consequence, and it’s an institution a lot of people don’t understand well. They are doing very arcane things. My three responsibilities as a journalist are explain, analyze and describe this world, the strange world of central banking to our readers, and our readers can make their own decisions as how will it influence their own lives, businesses and decisions. I don’t see my job is to help the Fed. I see my job is to help our readers to understand the Fed. I’m covering them. I’m not working for them. Covering it is getting our readers closer to the truth that how their decisions are made, and to understand the consequences of those decisions.

*Is it hard to break exclusives at the Fed?*

It’s an institution like any other institutions. I think of covering it like covering anything, like New York Yankee baseball team, or Proctor and Gamble, or the White House. When you cover any institution, your responsibility is to get to know the key players inside the institution and key players out side of the institution who interact with it. Try to get them talk to you and tell you stuff. You build scoops by talking to people at different layers of these places. For P&G, beat reports wants to know the top people at the boardroom and the board of directors who oversee the executives. You want to know the CEO, the suppliers, customers, mid level managers. All of those people have a role understand how the company works. It’s the same thing with the Fed. I want to
understand the markets who are affected by its interest rate decisions. I want to know top
most senior people but also lower level researchers producing research that goes into
decision-making. Being well sources and getting to know as many people as you can.
You try to talk to everybody.

It’s a big building. You imagine it’s filled with lots of doors and windows and lots
of people and lots of rooms. I want to look through as many doors and windows and talk
to as many people as I can to get a picture of the three dimensional object. I want to get a
three dimensional view of what’s going on there.

**Has reporters’ access been improved?**

They put out more materials, projections of what they think the economy is going
and target inflation. Press conference four times a year is a concrete example of that they
want to make themselves more accessible to the media. Yellen and her first 18 months
did fewer public speeches than Bernanke did in his first 18 months. She’s spending less
time speaking about her views.

Press conference is very important to the people and the markets. Regional
bankers speak more.

**Has the media coverage changed?**

I won’t take it given that the Fed is more transparent. You need to define what
transparency means. The Fed says it’s trying to be more open. It’s doing things like press
conference and putting out projections, which provide more details into their thinking and
monetary policy.
If you look at regulatory matters, a lot of people argue that they are less transparent about regulations. They do the annual stress test about banks—how their capitals are going to be affected by different economic scenarios when unemployment goes up a lot and the inflation goes up a lot. The Fed has the model they use to assess how the banks they regulate would perform under these stresses. But they didn’t provide the details how the model works. They don’t want the banks to get the system. If they review the model, they would shape their own analyses to give the Fed the answer it wants. That’s their argument. The banks complain the Fed is not being transparent. They are being forced to describe how they do and perform under stressed conditions. But the Fed doesn’t describe its model of what those conditions would look like and how it will look like in the economy. People call it black box. So in that way, the Fed is not being transparent. I did a story with Victoria McGrane a few years ago about the Fed is holding fewer open meetings than it used to on regulatory matters. They used to hold the meetings and the public is allowed to participate.

I wouldn’t buy it automatically that the Fed is being more transparent. They are to a certain extent making things more open, but in some circumstances they are forced to do so against their own will. They do this discount opening window to banks. Congress wants them to divulge the banks that were involved in the emergency loans. The Fed says: no, no, no, no. They finally put the Dodd-Frank law and then forced the Fed to divulge the names of the banks with a two-year delay. Banks get emergency discount loans from the Fed. The Fed didn’t do that because they suddenly decide it is a good thing to do. They did this because they were forced to, on the one side by Congress on another side by the Supreme Court to divulge this information. Sometimes they are
forced to do the things that are against their own will. It’s not like all apple pies and great intentions. It’s like any institution. It’s a complicated place with complicated set of motives driving people who are making decisions there.

What are the driving forces for the Fed’s transparency?

They have tried to become more transparent in some aspects in what they do but not all aspects they do. In the regulatory front, it’s much more questionable if they’ve become more transparent. In describing how they see the economy, how they are making decisions about monetary policy, they seem to be trying to be more transparent. They are doing it for a few different reasons: One, they think it’s good practice and it’s actually been necessary for them. When they pushed interest rates to zero, the economy was still very weak. They didn’t have many other tools to work with to try to get the economy moving again. So one of the things they did was the forward guidance. They started giving guidance what they expected to happen to interest rate. They sort of like was making promises that interest rate was going to remain low into the future. They did that on the surface it’s more transparent, but they did it for a very specific reason. They wanted the guidance they are giving to influence markets to push down not just short-term interest rates, but long-term interest rates. It looks like it’s something they did in the name of transparency, but they were doing it because they were trying to add extra fuel to the economy. So this transparency push was driven in part by economic circumstances, also because certain things are good practices for central banking, such as inflation target, which describes more clearly how you intend to reach and achieve it. It’s an active transparency. It’s also seen as an approach to produce better outcomes for the economy.
It’s a way to keep the markets calm and stable. They don’t want to repeat the 1994 incident.

Another, the accountability thing is driven by Congress, the media and the public. People see the Fed as the black box institution that needed to be clearer about what it’s up to. There are a lot of factors.

**Was there a knowledge gap on the economy between the Fed and the markets before the crisis?**

I wouldn’t agree with that. 1994 is a good example. That had been a problem before 1994. But what caused this crisis in 2008 was a whole bunch of other things. The Fed might have made fundamental mistakes getting interest rates too low in the first place. They’ve admitted that they did a terrible job regulating banks. They let banks go off and lend very reckless loans. And there was this idea of global savings glut—all the excess savings like from China. All these savings found its home and found its way into the U.S. treasury and MBS. PBOC bought all these U.S. dollar bonds to keep its own currency down, funneling all these Chinese savings into USD assets and pushing down our interest rates, causing all these speculations in the housing markets. Stuff like that placed a much bigger role than the notions that market expectations weren’t along with the Fed.

The Fed, in fact, had the opposite problem for the period from 2004 to 2006. This is a debate they are still having today. They tried to give the markets forward guidance.
They didn’t want to repeat the 1994 experience. When they started raising rates in 04-06 they said they are going to raise rates in a measured pace. So this was an act they tried to be transparent about how they expected to proceed. In retrospect, there were a lot of people thinking that they locked themselves into an approach that wasn’t appropriate. They shouldn’t have gone a measured pace but should be more aggressive early on to avoid the housing bubble. That was actually a case an effort of transparency got backfired.

More communications may not be more effective communications.

That was a great example additional communications by the Fed potentially have lethal effects. They promised to proceed in a measured pace. [Yellen mentioned this in one press conference.] There’s the feeling at the Fed now this measured approach didn’t work. They shouldn’t have locked themselves into just raising rates a quarter percentage point increment every single meeting, because the economic outlook evolved then they weren’t in a position to respond to it. So in that case, more communication was not only ineffective communication. It kind of became constraints for them, which prevented them from taking necessary actions.

**Are they sometimes oversharing information?**

The leak thing was a quite embarrassment. They need to protect the information they use internally. This is an example of the inadequate control on the internal information preventing them from getting out to the public. The other problem, related to the investigations the inspector general are doing at the Fed about leaks to private financial advisers. The Fed wants to talk to people in the markets to understand market
views about the economy and monetary policy. But they don’t want to be privately giving away information on their own plans that people can trade on it. So they have these challenges as whom do they talk to and what do they say. This is part of the transparency problems. On the one hand they want to have conversations and dialogues people in the markets and people in the economy to understand what’s going on, but they could be giving away information that’s extremely valuable. It’s a struggle, a challenge for them how to do good transparency and how do you become transparent without giving anyone an unfair advantage.

**How to define transparency?**

Another word for transparency, they are trying to become a more open institution, but there are many facets into that. To doing it well, it’s a culture change too. There’s a famous saying from Greenspan: if anytime you understand me, I must have misspoken. They wanted to be as obscure as possible. They thought that catching markets off guard is something that gives them more power.

**The Fed’s leadership, previously mostly from the financial sector, are now more from academic backgrounds?**

It’s definitely the case that more academics are running around the place. This idea that being more open about your economic goals and your reaction functions is an idea grew out of academia. That does have something to do with it. Greenspan is more of a markets guy. Volcker is more of a long-time public servant. Not academics. Bernanke was an academic who fought very hard for inflation targets. He really wanted it. In his
world, that’s a form of transparency. So far, Yellen is more or less in the same line as Bernanke. She tries to be more plainspoken.

Yellen has been pretty consistent when she talks to different groups. Bernanke, too.

Are the statements clear and understandable? Should they be very understandable?

The problem is it’s hard for them to write clear and understandable statements. Three reasons: the statements they put out are results of dialogues and debates and discussions among 19 people who disagree about a lot of things. With the wishy-washy words in here, they are trying to find a way to get as many people as possible to sign of the statements. Another thing, it’s like in any profession, like medicine and law, people have their own languages. Central bankers have their own languages, too. They tend to write in the language that average people don’t understand. If you go out on the street and ask what does quantitative easing mean? The Fed didn’t like the word quantitative easing. So they coined a phrase called long-term security asset purchases. What does that mean? People drop that because people think that is too complicated. As journalists, we try to translate these jargons these guys are speaking into words that the public could understand. The other reason, they don’t want to pin themselves down. They want some flexibility. It helps for them to have some grey areas.

How to get closer to the actual meaning of the tealeaves?

Talking to as many people as possible. At the institution, making sure that I understand the issue. I can’t rely on one source because there are a lot of people with
inputs into these things. I could miss something. You’ve got to talk to as many people as possible to make sure you really get the real understanding of it. One of the clues that I get to something is that the more people I talk to, then I started thinking maybe I know a little bit more than they do on the subject. When I started to hear the same thing over and over. I know it’s okay.

*How have your experiences at the press conference been?*

It depends. Sometimes, I go with a specific question that I want to get in. Other times—the press conference happens right after they release the statements and economic projections—I want to see what they say in the projections. Then I decide what to ask them. I might go to a press conference without a set of questions, but just want to see how things evolve. In terms of preparation, we do a lot of reporting before the meeting. We write a story called a curtain raiser, laying out what different officials are thinking, how we expect the meeting to play out, what issues are around the agenda, what debates are likely to evolve, and what decisions are coming out of it. There’s a lot of reporting going to that. It’s a lot of preparation. Before the meeting itself, we have a story meeting one day or two days before. We will talk through what the stories will be. We have to feed so many different platforms for the stuff. Headlines for Dow Jones newswire and MarketTalks, a commentary for the website. For audio, we have a story right away. When there’s a press conference, we do live blog. There are just a lot of activities we need to tend to. Our Fed reporter team is around six people. Different people are involved in different aspects. The place was different ten years ago. News wire was separate ten years
ago. But the team is not too different. They may have had four at the wire and the Journal had two, but we put them together now. Bloomberg will have a big team.

*How is the interaction between the Fed communications team and the reporters?*

We know each other pretty well. When you are on the beat for a long time, you want to be civil, cordial and collegial. Different reporters have different styles, some are very antagonistic, some are friendlier, depending on how they interact and socialize with people. I won’t say I’m antagonistic. But at the same time, you want to have a good relationship, but you also don’t want to be captured by them. You don’t want to get to a point where you feel like they will cut off your access. You don’t want to feel like you are at their service and they can dictate you. So it’s so important to have many sources on a beat. You don’t want to feel dependent on any PR person. That’s a very important rule. You want to be well sourced enough so that you can get multiple angles for a story so that you don’t need to go back to one person to get them to get you the information you need.

*How do you compare the Fed’s press conferences and the staff with other agencies’?*

I think the press staff at almost any institution in Washington is very political. Certainly at the White House, Treasury and the Capital. They are serving the political agenda of their bosses. I think the Fed’s press staff is less political. Republicans or Democrats have their own agenda they are serving. You just need to be mindful of that. Their agenda is about protecting and defending the institution of the Fed. They value its independence strongly. I think the press staff is extremely guarded about insulating the
Fed from outside criticisms or anything that might challenge its authority, because they very fiercely want to defend its independence. They see that as in the best interest of anybody to have an independent central bank. That makes the PR people there defensive about the place. As supposed to the White House, PR people defend the president and advancing the presidents’ agenda. At the Fed, it’s about defending the Fed, but it’s also about defending the Fed as an independent institution. But that’s an agenda like any other agenda.

About the press conference, it’s hard to ask follow-up questions because they want to get to as many people as possible. So, that makes it pretty formal and regimented. I think it would be good to loose them up a little bit. Because they give you the mic and you ask a question, and you pass the mic on. I think it’s good to hold the mic in case you have a follow-up question.

What suggestions do you have for the staff to improve their work?

My attitude is always to make people more accessible. More accessibility. I don’t think it’s my job advising them. Their approach is their approach. My job is to do as best as I can. My job is to get good stories in front of my readers. For the press people, when they are helping, I’m very happy to accept their help. If not, I will go around them, go through them, or go over them, or go under them. I don’t see it as my responsibility on giving them advice. I never thought of it. They are honest people. Like anyone, they have their biases and agendas. You just have to get to work with them.

What suggestions do you have for your peer to improve your work?
One of the lessons from the financial crisis was that our financial system is very established—the central bank, the regulators, the banks themselves and traders. The media covering them could have done a much healthier skepticism about conventional wisdom. And a more aggressive approach of holding these institutions accountable and challenging their world views. It’s a lesson I think we learned from and we are better at it and we need to keep on with it. The really big issue is accountability. That’s the one that I worry about the most. The scoops, with hard work you will get scoops. The analyses, you want to be doing good clear analyses.

The accountabilities are the harder ones to do, because nobody likes to hold their feet to the fire, but they are the most important. The media are protected by the First Amendment, because we are supposed to be holding powerful institutions accountable to the public. That’s what I worry about. Are we doing enough of those stories? It’s tricky. Because you’ve got to ask yourself: who am I supposed to be holding accountable? When you think about the Fed policies in the past few years. There have been two kinds of groups who’ve been very critical about what the Fed has been doing. One group says: the Fed’s pushed interest rates too low; they’ve done these bond-buying program; they are going to cause another bubble; and they are going to cause runaway inflations and all those problems. Some of those people might say you have to buy gold because the Fed is destroying the value of the dollar. These are the people who are very skeptical of the Fed. And then there’s the other people say the Fed hasn’t done enough, the economy is in such a bad shape and they should do more QE. Holding interest rates low forever until we get more inflation. I want to be skeptical about the institution. Should I look through one group’s perspective of view or the other group’s perspective of view? If you look at it
through the skeptics’ view, but they’ve been dead wrong about what was actually going to happen. One of the accountability stories we are trying to do is, who’s been right? We looked into the different views. Hawks say we should raise the interest rate right now. Doves say no we have to keep the interest rate low. We want to stimulate the economy. We went through years and years of public statements and saw who’s right and who’s wrong. This case it turned out to be the hawks—the people who said the Fed’s going to cause runaway inflation—are wrong. The Fed wasn’t going to destroy the value of the dollar. They did all those things and it didn’t happen. In this case it’s holding accountability of the people who are skeptics, who are saying things that are going to happen but turned out to be dead wrong. It just so happened Yellen, a dove, said keep interest rate low. Her projection about the economy is right. We talked about accountability, you got to have an open mind about who is it you are going to try to hold accountable in the first place.

**What’s accountability?**

Accountability is ensuring WSJ readers know and understand the inner work of the institution including misjudgments and misdeeds that people might be involved in. Also empowering our readers the information they need to have to call out the Fed and the people who run it when they do something wrong.

Three different aspects:

Misjudgment: the inflation forecast, that’s one of the misjudgment. If people said these policies are going to cause inflation and the dollar to crash, they were wrong. They misjudged. Then we will tell our readers.
Misdeeds: Steve Friedman, chairman of the Fed’s New York Reserve Bank, who was trading Goldman Sachs stock when the Fed was bailing out GS. That’s wrong. It wasn’t against the law. He was allowed to do it, but it was wrong. We reported it to our readers and he stepped down after it happened. That’s misdeed.

Empowering people with information: we use the FOIA process to get the chairmen’s calendars. We put them out on our website, so that anyone can see who Yellen has been meeting with over the course of 18 months. Our readers will use this information in different ways. For example, the Republicans will analyze and say: Yellen is spending all of her time meeting with Democrats, and she’s not meeting with Republicans. She is biased. She’s a liberal. She’s carrying the weight for the Obama administration. Our job there was to give the readers access to the information. They could do whatever they want with it. In this case, Republicans may use it and say Yellen has a political agenda. But we had done our job to give them the information and empower them with the information to let them try to call out if they see something is wrong.

Misjudgment and misdeeds are the harder stories to do. The Friedman story took me and an investigative reporter weeks to do it. And this thing we did this analyses that got their inflation forecast wrong and right—it took months and months to work on. Accountability stories are really hard to do. This town spoon-feed journalists with information. It’s like Detroit is an auto town. They spit out cars. This town spits out news stories. Everybody has a flack in this town. It’s constructed to create news events. I personally think these news events are very distracting and keep reporters from doing the
really important stories that require a lot of investigations and digg
ing. We all get trapped
in it. We all need to orient ourselves to do these harder stories.

It’s gotten harder and harder to do that on any beat, because every one is obsessed
with their Twitter and inbox. These constant buzz spinning around this town. People are
constantly consumed in it. I think it’s distracting to a lot of people. It’s hard for the Fed
beat, because it’s just been a very active and busy institution. People want to have this
rate debate every day. That’s very distracting. People may think the Fed meets and they
must be doing something. But they might not be doing anything. And no press conference
doesn’t mean there’s no news. You need to dig it.

I don’t mind the data. I don’t do Twitter. I think it’s just too distracting. I don’t
use it. I avoid reading it. I think it’s too distracting.
Martin Crutsinger
The Associate Press
Interview on August 14, 2015

Fiscal policy is so constrained now, because we are running deficits. The ability to increase spending, to boost the economy or to cut taxes severely limited. So Fed is the only entity. During the great crisis, they threw a lot of money early on in the problem, and then they stooped in the fiscal side. It’s the Fed that did the trick on that.

*How have your experiences covering the Fed been?*

I covered the Fed since 1984. I started in January 1984 covering economics for the AP and the Fed is part of the beat. I just came from the Treasury Department (1500 Pennsylvania Ave) next to the White House (1600). There is a press room. In the old days, when I started, we worked in that press room inside the Treasury Department. We were just as much as the press room for the Fed as we were for the Treasury Department, because the Fed back in those days sent all of their information through that press room. We were sitting in the Treasury’s building, even though we cared more about what the Fed was doing than what the Treasury Department was doing. The Fed didn’t want us to sit in their building.

When I started covering economics, the AP only had two reporters there. I covered the Fed. There was a downtown reporter and a Treasury reporter. We back each other up because there were only two of us. Now since 2005 I’ve been back in the Treasury Department.
Is the reporter's community growing bigger?

There are two forces. Yes, when I started covering the Fed in 1984, we just came through a very bad period of the 70s. There was a very high inflation, because of a series of oil shocks and the OPEC boosted the prices of oil. Normally you can reduce high inflation with recession, because people are out of work so they demand less in wages, and therefore inflation stops, but in this case it wasn’t working. We were in a period of stagflation. We had a stagnant economy and high inflation. Those are the worst of both worlds. Ford didn’t know about how to deal with it. Carter came in. Initially nothing he did was working. But he appointed Paul Volcker as chairman of the Fed. Volcker at the time was the head of the New York Fed reserve bank. We later learned that he had a recipe for dealing with high inflation but it would be very painful for the economy. And indeed it was putting us back in a recession, which was caused by the Fed raising interest rates. Volcker raised interest rates to a level that hadn’t seen since the civil war of the country. We had a prime rate like 19 percent. Mortgage rate is now at 4 percent. It was really high back then. But it did work, although it put us into the worst recession of the post WWII era. In 1984, Reagan said this is a lousy economy and I can do better, but he didn’t change the Fed chairman. Reagan supported Volcker’s efforts to fight inflation and reappointed him to the Fed. That’s a long history to say. That’s like the start of the idea that the Fed may have more power than we realized.

Volcker caused the recession with very high interest rate, which caused a lot of news organizations for the first time to think the Fed was very important. They started
devoting more covering into it. And there just have been an increase in financial journalism. More people worked in financial journalism. That’s one stream.

For the other, the Internet started hurting journalists. There have been cut backs in almost all news organizations. A lot of news organizations are trying to do more with fewer people. I’d say for the number of people covering the Fed, it’s probably still at a very high level, because people understand now how important the Fed is.

Media certainly increased the spotlight on financial coverage. And then, there are more organizations beyond the traditional print papers and wire service that I’m familiar with. There are more Internet and digital services as well.

**So you’ve covered the Fed under four different chairmen?**

I came in under Volcker. I covered 16 and half years of Greenspan, eight years of Bernanke. Now I’ve got Yellen.

There has been a drastic change just in my coverage. Under Volcker, central banks in that era believed that the less they told the public and the markets the better it was. They felt there was a surprise effect the Fed had. It was more important to keep the markets guessing what the Fed was going to do and not give them too much information. Truly, that’s how they had been operated since they were created. It was not only the U.S. central bank, but also the central banks all over the world. They watched each other and changed their policies depending on what they saw did and did not work. That was very much what William Greider wrote in a book called “Secrets of the Temple”, which was a book that talked about this huge powerful institution that had such an impact on the
economy but didn’t tell you what it was doing. That was the era that existed when I started.

Back in those days, it was interesting to say the Fed was so much the same. There was a FOMC, which met 8 times in a year and decided what to do with interest rates. That’s the same today. The framework is the same. What’s different is that back in the old days, they didn’t tell you what they decided. They met and you knew they were meeting behind closed doors. They put out minutes. The minutes only came out after the next meeting. It reduced the significance of them. Now they come out before the next meeting. At the end of the meeting, you didn’t know what they had done. They didn’t put out any statements. No statement. No press conference. Nothing.

The Fed’s most important policy tool is the federal funds rate. They can control the key short-term interest rate, but they wouldn’t tell you. What they did tell you was the discount rate. It’s a less significant rate. That’s the rate they charge the banks with difficulties coming to the Fed’s discount window that needed a loan. It was an emergency loan. Volcker called that ringing the gong, because the discount rate was announced. They still announce the discount rate change as well, but it doesn’t get as much press now. Back in the old days, it got a lot of press because that was the gong Volcker was ringing. That was his way of signaling the tightening monetary policy. They are cutting it to loosen monetary policy. Now because they announce every meeting what they do with the funds rates, they don’t need to ring the gong anymore. That change of moving to statements happened under Greenspan in early 90s. It was a similar period where the Fed had not changed rates. They were relatively low. He was going to start raising rates. You can go back to see the transcripts. You can read it. He basically didn’t
say let’s start being more transparent. He said: I don’t want to set a precedent, but it’s been so long since we changed the funds rates. I want to put out a small statement. I think it’s going to help the markets understand better what’s going to happen. That was the camel’s nose in the tent. It was an initial move. There were Fed people who were uncertain, because they were working in a world where they never told or never announced the changes. But they agreed and went along with the policy. Then they put out a small statement. It’s very funny. It’s very little all in Fed speak and very hard to understand.

Then for a long time, they would meet eight times a year. The Fed would call to the Treasury’s press room. And the press official at the time named Joe Coyne, a former AP guy, would say, “The Fed has met, and there would be no announcement.” Because the agreement with us was if they did change the Federal Funds rates, they would put out a statement. If they didn’t make any changes, there would be no statements. So we could write a little bit of that, instead of not knowing anything. But it was still very minimal. You could see how the statements had changed on the website.

That was the start of the more transparent Fed. That was the key thing Greenspan did, but that was huge, because it went from not telling us anything (except through the minutes, but they didn’t tell what they did with the funds rate in real time.) Investment firms would hire PhD economists to study the open market operations performed by the New York Fed Reserve. It was like 11 in the morning. They would watch to see what was done. Then they may guess what was happening. Initially, before they refined the policy to tell as much as they do now, under Greenspan, they would still be watching the changes in the repurchasing agreements in the early mornings and make guesses if the
Fed would change the federal funds rates or not. Then it became, now we will tell you. We will just announce a statement whether we moved the range in our federal funds rate or not. That’s were we were. And Bernanke came in and said it’s been a quite of information in our minutes, but it came out only after the next meeting. They didn’t want to tell the markets what they talked about at that meeting because it will disrupt the people a lot. They only tell them after they meet again. So they can say what they did in the last meeting, and this minutes is two meetings ago now. Bernanke said that’s silly and think we should tell them about what we did at that meeting. Now they come out three weeks after the meeting. That was one change.

Also, the Fed wanted to be politically independent because they feel that’s a better way to monitor monetary policy. They don’t want to be seen as controlled by Congress or the administrative branch. But at the same time, they want to acknowledge that they were created by the Congress. The Congress created the Fed by law and they could abolish the Fed if they want to just by changing the law. So Congress said that you are accountable to us, even if you are politically independent. You have to come and testify before our banking committee in the house and the senate twice a year in Feb and in July.

That testimony used to be called the Humphrey-Hawkins testimony, named after the two lawmakers who passed the law back in the 70s. It’s now called the monetary policy report. Most people still call it the old way. That was the only time the Fed chairman under law was required to talk about the monetary policy to Congress. As part of that testimony, they updated their economic forecasts. It’s called the monetary report to Congress, which includes the revised economic forecast in that report. The chairman would testify how they were handling monetary policy, their latest view on the economy.
and their forecast on the economy. The meeting would be in June. The chairperson would go up a couple of weeks later, and testified what they decided on the last meeting. It was decided by the entire FOMC. Now though they change their forecast four times a year, they don’t wait till they tell the Congress. They release it in that meeting.

Now, there are eight meetings. Four times of them, we go and take the policy statements. We also get revised economic outlooks that are given to us right away. That’s another transparency process. It also has a lot more information, like the dot plot is in there now. All of this kind of information, people could see and get some sense of what the Fed is doing. And the third thing Bernanke did was adding the news conference. He did news conferences and Yellen has carried it on.

So these are the three big changes:

The biggest change was putting out the statements after the meeting. Greenspan did that and Bernanke made the statements longer and had more details in it.

The second was the speeding up of the release of the minutes and updating their economic outlook four times a year instead of just twice a year.

The third was the news conferences.

Those are the transparency moves they made.

Greenspan started it but he was very cautious and took incremental steps. I think part of it was because he needed to bring the board of FOMC along with him. There are 12 voting members and 19 people meeting 8 times a year. While only 12 got to vote and they all got to talk about it. You don’t want to be a chairman who did not have the board behind you. So he had to bring the board along.
The other thing, Bernanke proposed as an academic the need of having an inflation target. They resisted it. As a governor, Bernanke argued the introduction of the inflation target is a proper approach. Greenspan didn’t want it. But under Bernanke, they did put the inflation target. They also have a target for unemployment. Yellen encouraged that. She was the chair of the communications committee when she was vice chairman.

They’ve always worried about employment and inflation, but they didn’t tell us as much about what’s the right place for it to be in their mind. Now they say if we do our job correctly, the unemployment rate should be between 5 and 5.3 percent and inflation should be around 2 percent. Now they’ve told us. That’s greatly more transparent. Now we can judge the outcomes of their meetings by the actual numbers. That’s a big change.

*What are the differences in their personal styles?*

Volcker was very much kind of a gruff. He was very tall. I think he was 6 foot and 7 inch. He smoke cigar. He would actually smoke cigar during the hearings. There were jokes that he would send in signals by how much he would puffing on that cigar, or he would use the cigar to cover up what he was trying to say. It was kind of tough.

Greenspan made a career of being opaque in his comments. It was sometimes very difficult to understand what he was saying. The thing with Greenspan was if he wanted to a question from a lawmaker, he would answer it and you could understand it. But often times, they were asking questions he wanted to remain vague about, so he circled around. There were some very funny Greenspan quotes.

Bernanke didn’t make jokes about that. He came in and tried to speak more plainly and more directly. In their belief, you can further the job by being very clear
about the markets. Sometimes you need to believe some ambiguity about what was going to happen.

You can see some miscues. Bernanke at the June 2013 meeting came out and said he had been authorized by the FOMC to describe their current thinking on how they would start scaling back the bond purchasing. At the time, they were buying 85 billion dollars a month long-term treasury security and mortgage bonds.

Market went completely crazy because they weren’t prepared for it and they thought it was going to happen right away. There was a big spike in bond rates, and money started flowing out of emerging countries like Turkey. It caused them to struggle to defend their currency rates. All sorts of bad things happened, because he may have been too clear in one way. He hadn’t prepared the markets enough and it turned out like this. The markets thought it was going to be in September. As it turned out, that was called the tapering tantrum because everything blew up. It waited till December. They did it very incrementally to start cutting. The Fed likes to do things very slowly and incrementally. They get the markets prepared. That was the most famous miscommunication during the Bernanke era where he scared the markets needlessly. I think they learned from that. You are seeing some of what Yellen was doing is to prepare for the start of the rate increase.

At Yellen’s first news conference in March 2014, a reporter asked her what does the term considerable time mean. They used the terms in the statement but they didn’t define them. So she said probably about 6 months. She used a specific time that caused the markets to jump a bit. But it turned out didn’t happen. There was no interest rate raise last year, but it got markets nervous. She was the new chairman. It’s kind of a
relationship. The markets need to learn how does the new person is going to do things. The markets didn’t know what she was trying to tell them. She never repeated that mistake again. Dr. Yellen is a very smart lady. She may have made a mistake but she corrects it and never makes that mistake again.

I will give an alternative view. For that March statement, she may have done what exactly she wanted to. There’s a huge debate going on now about if the Fed created some bubbles driving stock prices too high and bond prices too high by keeping rates low for too long. One way to deal with the perception is to hint that you are going to move before you are really going to move. She may have meant to do that.

It allowed them to keep rates low for a year and a half longer but it may have adjusted the markets perception and caused them to be a bit more cautious. That goes back to the whole Volcker thing—not telling the markets too much. You want to be a bit cautious about what the Fed might do. That increases the Fed’s power if you are a little worried about them. There are all sorts of arguments on how do you handle the monetary policy.

Many believe it’s better to be more open about what you are going to do. But there’s an opposing side that they’ve gone too far on the other way. They are too transparent now that the markets don’t worry about the Fed changing policy enough. As a reporter we always want to have more transparency we will side with that and hope the Fed to provide more information and let the markets decide that.

As a reporter under those four chairmen, how have you done your jobs differently?
Reporters can listen to not only the Fed chairmen, but also the Fed official. That’s a good thing. What else we have is there’s a whole body of private economists who are employed by economics forecasting firms and investment houses. They are willing to talk and share their insights.

You interview the Fed officials while you can. They are always very cautious especially for those individual interviews and they always tell you that they only speak for themselves not the FOMC. It’s just their personal perspective. But if you interview enough of them, you can kind of put together. AP doesn’t have enough resources as what the others may have on the Fed coverage. The person that matters really most is the chairman; no matter it is the Volcker era or the Yellen era. They may make it sound like that they are saying slightly different things. We’ve had dissents. There are always Fed bank presidents who feel like they want to worry more about inflation and economic growth. They would often dissent. You can’t always focus on them. You need to focus on the chairman. Volcker once had got voted out on a discount rate cut, but it never happened to the other three. They are pretty much careful. They talk to other officials quite a bit. If you listen to the chair, you will get a good idea of what the overall majority is. So I’ve always done that. They are all very smart. They are certainly the people you want to focus on if you want to know what the Fed is going to do. The chairman is the most important.

The Fed is not the Supreme Court. You are not going to get 5-4 decisions out of the Fed. If they are doing their job correctly, you are going to know whatever the chair is saying would mirror what the committee believes. So that’s what you want to focus on.
What kind of democracy it is?

The markets would be very turbulent if we reported it in September that the Fed decided to have the rates unchanged by a vote of 6-4. There are only 10 voting right now because of the two vacancies. Then people would think: wait a minute; four dissented it? It doesn’t work that way. The markets need to have the confidence that the Fed chairman is in control. That one person is controlling it. Everyone else is pretty much in view. You could have dissents. Bernanke had as much as three dissents. Yellen had three in December—two wanted right away or faster liftoff, one wanted slower. You can have three dissents it would still work okay as long as the markets believe that she hasn’t lost control of the committee. They want a strong chairman no matter which way it is. The markets would feel like there was nobody steering the shift if they didn’t feel like the chairman was in control. But in terms of democracy, yes, everyone gets to vote. They always listen to each other. They have the two-day meetings. They used to have only one-day meetings except for when the chairmen needed to present the monetary policy. Now all of the meetings have been two days long after the financial crisis. They have a lot of time to hash it out inside. From what I can tell, she has done a very good job listening to others. This is the longest she’s gone without a dissent. Those always come from regional bank presidents. It’s very rare to have a dissent from a board member because they feel they do have to stick with the chairmen. It’s usually more often that you see dissents from the regional presidents. It’s been a while now since we had the last one. It’s a more dovish committee than her first year, because Plosser from Philadelphia and Fisher have gone after the rotation.
How do you comment on media’s coverage on this round of rate liftoff discussion?

It’s always more complicated at the time when they want to change policies. They are about to change policy—again very cautiously, baby walks, quarter-point moves. She’s told us several times now.

Greenspan loved quarter-point moves after very meeting. Some people said that was the wrong communication, because the markets started to depend on that, both mostly in tightening and sometimes loosening. It was very predictable. She said we were not going to do that. She said we needed to judge at every meeting and decide how will we move. She is saying we are going to be very dependent on how the economy is telling us. I think it’s been good.

There can be criticism. Some of the economists that I talked to said the Fed has become too transparent in some ways. In some ways, too much information is confusing to the markets. But I think she has done a pretty good job.

The markets said they are going to move only during the four meetings that are with a press conference. But she said no, we can move any time. And they’ve done a test of their conference call after a meeting. They know how to run a conference call. Then the markets would know, oh no, they are testing it. They will do it that way if they need to.

Are there over communications from the Fed these days?

There are certain code words there, but people don’t know what they can focus on. It’s such an important economic policy institution we have in this country. You are going to get criticism no matter what you do. For the most people that I talked to, they
say she’s done a great job preparing the markets for a possible rate increase. I asked the question last time. Some people say Yellen has prepared the markets well, and others say rates have been low for so long, so you can’t avoid the turbulence. She answered it and said, no, I think there may be turbulence. She is saying: be careful.

**Are there too many public speeches and voices?**

I don’t think it’s a problem for journalists. There are financial papers covering every single speech. The AP doesn’t do that. We are more like the New York Times. Because we serve newspapers, if it’s having an impact on the markets we will take a note in our Wall Street story everyday. But we don’t feel the duty bound to write all 19 members’ speeches. We believe primarily we focus on the chairman and reflection of the broad view of the Fed committee on any one time.

**How do you evaluate the code-like statements?**

There are a lot of private economists. We will interview them. We are a wire service so we have to write a story in a lockup room about what’s happening. For one, we look at the markets and see how they react, as they look at the same statements as we are. We also interview private economists to give us the judgment.

The Fed can’t always know how the markets are going to react, but that may become the story sometimes if they seize on a particular thing. Also, private economists are trying to understand it with their clients. You got the three sources helping you. Sometimes, if you are really confused, you may simply call the Fed. They don’t want to mislead things. Just like any human endeavor, I don’t mean to mislead you, but you may
not be so if they made a boo-boo sometimes. They will send out guidance sometimes about what they said. That’s a back and forth process, but they will help you understand. That’s a gradual process but they don’t move too fast and they kind of get you ready and then they say a little of something. If you look at the statements over the years, it’s changed very little. It’s very much the same.

We ask the definition of the phrases. That’s how she answered the question about “considerable period.” Journalists would ask: “Madam chair, what does that mean exactly?” She helped us a little bit. It was a new reporter in Washington someone she wasn’t familiar with. I really think she was helping that person out. That’s how I interpreted it when I was there. It did have an impact. We go through that statement, especially when there’s a new phrasing or something, it can be pretty guaranteed that somebody in that room was going to ask the question. What does that exactly mean?

“Reasonably confident.” That was my question. “What would it take, madam chair, for you to be reasonably confident?” She would explain. She went through a variety of things that the Fed would be looking for to be confident in the inflation to be back where they are from, or to be at where they had wanted it to be. It’s a given take at the news conferences. Just think of a world that didn’t have the news conferences and no policy statements. The world has really changed from what it was before. They are giving us a lot of information. You might argue that have they gone too far? As a journalist, I’d say no, no, no. I want more. But it’s a lot different when I first started covering the Fed.

The code language changed over time. If you go back to 2004 when the last time when they went through a long period of time keeping the rates low, they had a word where they said: we will be patient before we raise rates. Then “patient” disappeared and
the next meeting they raised rates. People were looking for that parallel. Because they had patience here before they had considerable time they would promise to be patient. She said no, she told us no. Now they are not going to use the disappearance of a particular phrase to signal. Now we will only do it on a meeting-by-meeting basis. So because of that language, that’d be telling the markets that we are going to pull the trigger in the next meeting. She doesn’t want that to be the message. She wants the message to be—we will decide at the next meeting if we will pull the trigger. And if we pull the trigger, we can do it at any meeting. We will do it on a meeting-by-meeting basis. But the language has changed. The code words did change. They educate you. They let you know by various ways what the new phrase is. There are those phrases. It’s like anything. You’d wish they’d be more clear and direct. But you understand they need some kind of buffer.

Is the current transparency level what the current economy needs?

I think so. As with all policy makers in Washington, they are judged by their results.

We all thought Greenspan did a great job. He was considered the maestro of the economy. The guy presided over the longest economic expansion in the U.S. history—over a decade in the 90s. There were great books written about it. Then we had the worst financial crisis and 7 years of the worst recession since the Great Depression. Greenspan lost some of his lust. It’s the results out there. At the moment, she is still doing a great job. Among the economists that I talked to, I hear very few warnings saying the inflation is going to be a real problem anytime soon. That’s the key thing. The Fed’s biggest job is
they want the economy keep expanding as much as it can. They don’t want to have a recession. But the true job they have in the long term is to make sure that inflation doesn’t get out of control. So far they are doing a great job. They helped dealing with a great recession. This wasn’t a recession caused by the Fed. It wasn’t the too tight monetary policy that caused this recession. It wasn’t like the one that Volcker caused in the 80s. This was caused by a number of policy errors just all came together.

What are the forces driving the trend? Political power, general society or the media?

I think it’s just the profile of the Fed is much higher now. They wield so much power now. They are sitting behind a balance sheet of over 4 trillion dollars in bonds. The Fed is a very powerful institution. It can create money, running the printing press. They can just with a click of fingers to create money to buy these bonds and increase their money supply. They had a balance sheet like 700 to 800 billion back in early 2008, now it has grown to 4.5 trillion dollars. That’s a lot of assets they are controlling. They were the principle actor controlling our interest rate. That’s a very powerful policy tool. People just noticed it now.

There are some conservative Republicans thinking it’s getting too powerful, and they are not accountable enough. That’s a move you see at the house’s financial services committee. Its chairman Jeb Hensarling has been very critical about the Fed. It wants the Fed to be more accountable to the Congress. He wants it to be audited and the monetary policy decisions to be audited. They want the legislation that would require them run monetary policy by a single rule, like the Taylor rule. There are critics saying the Fed is
too powerful but not accountable enough. That’s the world chair Yellen has to function in.

*What’s overcovered or undercovered in the media?*

We missed writing about the housing bubbles back before the crisis. For this, I think we are doing a good job. Of course journalists always think they are doing okay. I think we are probably covering the right topics. But we can’t be surprised. If the financial crisis in the Great Recession taught us anything, it was to be humble about whether we are pursuing the right economic policy or not. We had a period after the 1980-1981 recession where things are pretty steady. There weren’t any problems overseas, and our economy was doing pretty well. We had the inflation under control. Then in 2008 we were taught that we had mistakes that we didn’t realize. The key thing is to be humble and be careful watching everything that might be a problem. We just may not know what that problem is at the moment.

*Twenty years ago what were you writing about? How has it changed now?*

I think so. Basically that’s before the Great Recession and after the financial crisis. The crisis really increased the power of the Fed a lot, and it also increased the spotlights on the Fed. There is a lot more knowledge that what the Fed does matters a huge deal. I think there’s just a lot of tension on the Fed’s policy, because the country went through a terrible recession, with millions of people out of work, and a lot of your generation didn’t get jobs. It’s been pretty eye opening. We probably are writing about
the same thing of the Fed, but we kind of delve a lot deeper now. They are also followed more closely by the readers, because the recession just comes out so bad.

**How the Fed can improve their public communications?**

There is some push on them to have news conferences after every meeting. ECB’s Mario Draghi does that. As a journalist, it’s fine. I’m happy to talk to them eight times a year. That’s a possibility. You could go to the extreme, like some lawmakers and congressmen are talking about: televise the FOMC meetings. Just have C-SPAN there watching what they are saying to each other. Whenever you have a secret meeting, you will always have people worrying about what’s going on. I think they are moving in the right direction.

They got a lot of criticism for how they used their lending powers to institutions, such as the 185-billion-dollar support package they put together for AIG and other big banks. Dodd-Frank passed. It has tightened restrictions there.

She sits as the vice chair of the Financial Stability Oversight Council, which is the conglomeration of the Treasury, SEC and the Fed. They are the banking regulators and market regulators. They are fairly secretive. They can open up, too.

Pretty much I think the movement they are having are in the right the directions.
Neil Irwin
The New York Times
Interview on August 14, 2015 in Washington

Can you introduce your experiences of covering the Fed?

I started covering the Fed for the Washington Post in 2007 as the beat reporter. For the crisis, I covered it day in and day out intensively. Then I did my book in 2012, and I published it in 2013.

When I came back from the book leave in late 2012, I’ve been more of an analytical role or columnist. But I wrote about the Fed frequently both there and now at the New York Times. In 2014, I moved from the Post to the Times. I don’t cover the Fed anymore day in and day out, but I do follow them very closely. Write about them here and there. I intensively covered them from 2007 to 2012. And then have kept a toe in that world in this analytical role.

What are the topics that you’ve written the most about the Fed?

The entire crisis response was the biggest story in generations for the Fed. All the things they did, on the financial stability side and the bailouts, Bear Sterns and AIG and also on the monetary policy side, cutting interest rate to zero, and introducing and expanding QE two or three times. These eight years that I’ve been covering the stuff has been really a remarkable and important time for the Federal Reserve. Those are the major threads. The crisis stuff has been pretty much over now. The monetary side has been fascinating.
I had direct interactions with the Fed more so under Bernanke. When Yellen took over, I was already in this more columnist analytical role.

**How has the Fed’s transparency changed over time?**

I think there are a lot of important ways the Fed, despite its reputation, is relatively a transparent institution. More so now than I started doing this. Things like the press conferences that started in 2011. I think that’s an important dimension of transparency. There are some important ways in which they are clear about what they are trying to do and what their goals are. If you really read carefully, or if you really know how to read a Yellen speech, or the minutes, or any other documents, you can understand a lot about what exactly they are doing, why they are doing that, and why they think it’s a good idea. If you read the speeches of the different governors and presidents carefully, you could understand the tensions and the disagreements within the community. That doesn’t mean they are perfectly transparent. But by the standards of the governments that I have actually worked with, it’s pretty good. That gets me through a long way. I wish they could do more on-the-record interviews. I wish they were blunt on those regular interviews. But those are the things that you would expect reporters to say.

**When you were a beat reporter, was it hard to get what you wanted?**

I had followed them closely for a long time. I’ve read Fed carefully. I went to Columbia University, did a fellowship with my MBA, and took some classes on the monetary policy and monetary economics, so I was put on this beat because I had long-standing interest. I wasn’t coming in blind.
I remember one time, when I had only been there for a month. Bernanke gave a speech. I read it one way, and I think most of the press read it in another way and I think the Fed intended it to be read the other way. I actually did have some sources telling me that you may want to look at this one line. They noticed my emphasis was not quite right. The Fed wants the press corps to broadcast that message that they wanted to send. So this was a case where I was new and didn’t quite know how to read the subtlety in that language. I actually got some help to do that. I think it’s always hard when you start with a new beat and try to understand how communications work in that world. I think I got a lot better. It’s always hard. The Fed had to use this very intricate language. It’s central bankers around the world, not just the Fed. They always add caveats. They always use very technical language. Learning how to interpret that is part of the job. It’s always learning. Even people having done it for a long time can get it wrong sometimes, that’s part of the job.

How do you make sure you do it right?

There are a lot of people helping you. There’s an entire community of Fed watchers. It’s like the kind of work that we do, but a more technical version. They are also trying to read the speech, read the statement, and understand what it means for the policy in the future. In the FOMC statement, for example, if they changed their description of economic risks, how do you interpret that? What does that say about what they are going to do in the future? You are not alone doing that, because all the economists are trying to do the same thing. You can speak to them and talk through their
ideas. But practice makes it better. How do you know you are doing it right? If something comes true, you are doing well. If something’s wrong, you will find out.

**Should the Fed be clearer? Is the statement clear enough now?**

They call it constructive ambiguity. I think when they say they are data dependent, and they will make their decisions depending on how the economy evolves. They mean it. They really do. Reporters want to be able to write that the Fed is going to do X, or the Fed did why. But when it’s future looking, they really don’t know. They can guess and predict. Part of the challenge is that they want to maintain the flexibility and do what they want to do. And the world is a messy place. We don’t know how things are going to work out. It’s genuinely uncertain how the world is going to evolve.

**Was there a gap between the economic predictions of the Fed and the markets during the crisis?**

Markets and the economy are two different things. It’s true the Fed regulates banks. They have examiners inside all the banks in the nation, especially the big ones. Everyday, they are trying to understand what’s on Citi bank’s balance sheet and what risks JP Morgan has. These are confidential information, and they are not allowed to share that. The New York Fed has a markets desk, which has a couple hundred people calling around different segments of the financial markets every day to understand together as what’s going on. All that feeds in their information apparatus. It’s true that they knew stuff that the rest didn’t during the crisis. But I don’t think it was an environment where them publishing more would help. It might make things worse. But
it’s true they have knowledge of the banking and financial industry that the rest world doesn’t.

In an ideal world, how transparent the public and the media would expect the Fed to be? What’s transparency?

I think the basic idea of transparency is the organization that exerts power, like the Fed, which obviously does, should be clear about how they are exercising power, what decisions they are making and why. In some areas, such as monetary policy, it’s quite fair. You get transcripts every five years for policy meetings. They give speeches all the time. It’s a little different on banking and some of the regulatory stuff. It’s unclear on where the power resides and who made what decisions. Partly because it keeps the banks’ information confidential we don’t know what their interactions are like with big banks. I don’t know what an ideal world would look like. I don’t know how to fix it. But it’s certainly an area where you can see improvements.

What are the driving forces pushing the Fed to be more transparent?

A lot of it is Congress. The crisis created a focus on what the Fed was doing and the realization of what kind of power they wielded. But I think they haven’t been there. Since 2008, they have been under extreme pressure to explain themselves and to justify their actions. They’ve gone from an 800-billion-dollar balance sheet to 4.5 trillion dollars. They’ve bailed out insurance companies and investment banks. They exert more power than before within the banking system. Of course Congress is going to have a lot of questions about the power and how they are using it, and demand more clarity and
transparency of what’s going on. I think the crisis and congressional pressure has accelerated it.

I think it’s continuing a long-term trend, which is one of the changes Bernanke has made. I think under Volcker and Greenspan, there was a sense that part of the Fed’s power comes from this mystique and the sense of being the man behind the curtain secretly. One innovation started under Greenspan but really continued under Bernanke is: being transparent about your goals and intentions can actually make policies more effective. I think that’s one of the big revolutions Bernanke brought to the Fed.

So for the short-term, it’s the impact of the crisis. For the long term, it is the shift to that realization.

ECB did press conferences long before the Fed did. They’ve been doing this since they were founded. It’s clear that that’s the kind of the general thrust where a lot of global central banks are leaning towards.

**How do you compare the Fed with BOJ, ECB, BOC and other central banks?**

Here is why it’s hard to say. I’ve been a reporter for a major American newspaper covering the Fed. When I wrote about other reporters, I’m by definition foreign reporters covering these. I found it’s relatively easy to deal with them. If I go to BOJ, I don’t speak Japanese. ECB explains to me very well. One thing ECB is different is that each country has a governor. If you are a reporter from Belgium, there’s the Belgium central banker that you may have relationship with. It’s a bit dispersed. The real power is Mario Draghi and people around them. It’s a complex. It’s not too different from what we have here at the reserve banks, but it’s a bit different. ECB were doing a press conference very month,
but just this year they cut it back. They may have realized that it was a little excessive. They are now doing it roughly as the same schedule as the Fed in terms of the meetings. But they are doing a press conference for every meeting.

*Is there enough international coverage of the Fed?*

I think it’s harder. It’s probably easier for an American journalist to get access to ECB than a European journalist getting access to the Fed. I’m not sure why that is exactly. There are foreign reporters at the press conference, but they rarely get a question. Even if they do, it’s usually the British media, such as the Financial Times. That’s a valid concern. I’m sure it will be very frustrating if you are a foreign reporter from Germany or Japan and go to the press conference knowing you will very rarely get a question.

I don’t know if the Fed is transparent towards the world. I don’t know how to judge that. Dollar is the most important currency in the world and the Fed sets monetary policy for the dollar. The things they do affect any assets, currencies and economies on earth. I do think they have the obligation to be clear and transparent.

*Are the media writing about what they should write about? Is there anything undercover or overcovered?*

I don’t know. I think it’s about right. This is a very important institution in the U.S. and around the world. It deserves to be covered very seriously or even aggressively. I think the press corps generally does that. I think sometimes we may miss something we could do different things better. But I’ve never felt like, for example, when I was at *the Washington Post*, the editor would put important things in the front page.
[How are the regulatory matters?] That’s tougher.

[Will it help if there’s more coverage of that?] Yes.

Sometimes what happens is because it’s not through a person whose job is covering the Fed. That’s editorials. The times we have excellent investigative reporters covering the Wall Street. Gretchen Morgenson is a columnist. Jessica Silver Greenberg’s done a lot of stuff on shady loan practices. Sometimes, a lot of the best stuff tie to the Fed’s regulations is not about the Fed per se. It’s about what banks are doing.

*Has the advent of the Internet complicated your work?*

In some ways, it has made our jobs both harder and more interesting. In the old days, where there was less transparency, they didn’t even announce what their interest rate policy was. You needed to parse along the money market to understand what they’ve done. In that environment, if you were a reporter who can get your calls answered, that was a huge service. Now they put on the statements on their website and everybody can see it instantly. These would have been a huge scoop or a huge thing in the world of 1993. You are not doing much for the readers if you are only regurgitate that nowadays. You need to bring more to the table, providing more analytical varieties. It’s harder than I think the job was then, but there’ also more fun.

*Are there overcommunications from the Fed?*

There’s signal of noise. There are 19 people on the board. Any regional bank president is not speaking for the Fed when he or she speaks. Sometimes markets will read that. You will see a headline and the markets will move even if that governor or bank
president is not particular influential on that issue. Those overreactions don’t happen as often as they used to.

**Will people skip the media to go to read things that directly come out of the Fed?**

We don’t have a monopoly interpreting those documents. Every bank has their economists. All those consultants and bankers are out there. Research firms. I think that’s healthy. If people just trust the Times and the Journal telling them what the Fed is doing, it will be bad. It would be beneficial to have a lot of smart thoughtful people trying to understand the stuff and help explaining. That helps the Fed, too. Yellen can give a speech tomorrow, saying and predicting something about the future interest rates. And instantly that future policy will be priced into the markets today and start to affect the markets immediately. That’s helpful. That turns on the dial on the economy one way or the other depending how the economy evolves.

**Do you think the media and the financial industry have the same amount of information about the Fed?**

In a broader sense, some of the best reports have more access than people from the financial community. People in the financial industry have their own economists and many of them may be former Fed economists. They might have old friends to talk to. I’m not sure if there’s a way to generalize.

**What do you expect your peer to do to improve the Fed coverage?**

I don’t have any complaints right now.
**How is the current rate increasing conversation?**

Everybody wants to know if the Fed is going to raise rates soon. The reason the Fed is ambiguous about it is because they don’t know it themselves. They are trying to decide. Sometimes as a journalist you would think if the source could tell me what they are really going to do and I will get a scoop. Sometimes the truth is that that person doesn’t know it either. They are trying to figure it out as well. That’s my guessing of what’s the situation right now.

**Is it harder to get exclusives from the Fed?**

It would be much fewer than many others. They don’t really play the game of deliberate leaks and have deliberate ways to plan stories. They don’t operate that way. If you are a Fed reporter waiting around for them to call you up with an idea that something they want you to do, you are going to wait for a very long time.

**Is the Fed reporter community pushing the Fed to be more transparent?**

I think so. I hope so. It’s kind of our job. We mean by transparency sometimes is different with what Congress means (auditing). I think giving press conferences is big, in terms of what reporters mean by transparency. Reporters sure want to have more opportunities talking to the Fed directly. [If there are too many press conferences,] it will make each one less important. Frankly, people solicit eight conferences instead of four. That might help. Then maybe those foreign reporters may get questions more often.
There are some benefits. I think we all prefer more rather than less. Also, going from zero to four is much a bigger deal than going from four to eight.

**What would you expect the Fed to improve their public communications better?**

I’d love to have the policy meetings run on C-SPAN, instead of the five-year delay for the transcripts. I can see why they are not doing that.

For one, the markets would be going crazy. Also, there’s a case to be made during the meetings public setting putting the video on TV. Even putting the transcripts like a month after instead of five years after would actually make the organization more centrally controlled, less democratic and less transparent than it is now. So there’s an argument that things would become much more scripted and power would be much more centralized. It’s a healthy process now that the 19 people are going to have a meeting in a room.

Some of the things might look like transparency and nice, but I’m not sure how much they would actually enhance actual transparency in the sense of having a really constructive and deliberative debate.

**What kind of value do you want to provide to your audience? How are your peers helping the society?**

I think the biggest thing is that we are clear and direct, and we can say so when the Fed is wrong or messes up. With hindsight, they went into QE too slowly, the economy might have not been as bad if they went to a more aggressive and quicker and larger QE program earlier. Maybe the employment rate might have gone below 5% much
sooner if they were more aggressive. Part of holding them accountable is pointing out when they hit their own targets and goals. They’ve been undershooting inflation and overshooting employment for six years now. It is a big part of our job to point that out, to understand the analytical and results, and to put it on the front page of major newspapers. If having that kind of pressure, focus and attention can make for slightly better economic policy, we are all better off.

Could you give me some interesting stories happened to you as a Fed reporter?

It’s hard to overstate how scary the crisis period was. This is a little story happening on the day of the Lehman Brothers’ bankruptcy. The previous weekend had been the Freddie and Fannie bailout. On Sep. 14, 2008, I had been working like three weeks straight without a day off. That weekend I was really tired. Finally, I had a day off on Sunday and went to a bar watching football game. I got an email from a source at the Fed said, hey, are you in the office? It was Sunday afternoon. I said no, should I be? They replied, you might want to be in the office. I asked could I wait till the end of the football game? They said you might want to be in the office. And so I left halftime, and covered the Lehman Brothers and all the other stuff that day. And I didn’t get a day off for the next two months or something. That was a rough.

When Bernanke did the press conference, I did the first question. I was being extraordinarily nervous. I asked a really mundane and boring question about the GDP report coming out the next day. It was an obvious question. It was not too bad. I remember was being extraordinarily nervous. I said to myself, “this is the first question.
Don’t blow it.” If you look at the transcripts, I didn’t say my name, but I should have said that I’m Neil Irwin from the Washington Post. I was too nervous.
What’s your experience covering the Fed and the economy?

I became an exclusively financial journalist in 1994 when I became business editor for broadcast for AP. I began working as a general assignment journalist for AP in 1986 in Taxes. The day you began as a full-time financial journalist, it was the day you also began to understand the Fed. At that time, the Fed wasn’t nearly as transparent as it is today—it still has a long way to go today—but it has done a lot of things differently.

Over time, things I’ve done include having off-the-record and on-the-record briefings from the Fed leaders. In some cases, I would sit in a room with a bunch of other journalists hearing Alan Greenspan talk. Later that was doing the same thing with Ben Bernanke. I hosted Bernanke and organized appearances for him twice at the National Press Club. The most recent one was in 2011. It occurred that vice chair Janet Yellen was head of the communications committee at that time. The communications task force ultimately made the decision to hold press conferences in 2011. Chairman Bernanke held the first regular press conference after a FOMC meeting. I’ve heard from Fed staff that it was an important process for them to appear at the press club in that kind of news conference format to help them understand that that can work at the Fed. For me, I was really pleased to be part of that process.

Now working for Bankrate.com for the past two and a half years, I have been to all the conferences that Yellen has held. I’ve attended, not all, but a fair number of
appearances she has made on Capital Hill. I have direct interactions with the Fed under three chairmanships. I’ve asked questions at news conferences hosted by Bernanke and Yellen.

**How are the three chairs different?**

Each of the individuals has had a more direct way of speaking, which is parallel to the way the Fed pursues to become more transparent.

Greenspan can literally speak for entire paragraphs basically you have no idea about what he was talking about. That was his way of trying to be public about complicated discussions the Fed was having, but at the same time not to disclose too much. They don’t want their whole thought processes to be fully understood by the public. Not very much information was disclosed at all in the Greenspan era.

The Fed never held press conferences before 2011. That’s been a tremendous improvement. But Yellen still only holds press conferences after every other FOMC meeting. At the July FOMC meeting, there was a statement looking very much the same as the previous statement. And there was no news conference. There were no updated economic projections. Those who were left to translate that what might have changed from the previous meeting were really left with very little to go on, or almost nothing to go on as a matter of fact. I always argue that I think it would be very helpful for the Fed to hold press conferences after every policy-setting meeting. It’s not entirely clear if the rate increase is going to happen. We don’t really know what’s inside Yellen’s head and FOMC members’ heads. Even though the Fed places a goal of transparency high among the things they say they strive for, there are still a lot that they can do.
Can you tell how much weight do they place on these different elements they cited in their rate increase decision-making?

They have two mandates: to have a healthy labor and job market and an inflation target lower than the two-percent target that was created by themselves. Over the last several years, the Fed has changed from having announced essentially a target of 6.5 percent of unemployment rate to now being 5.3 percent in June. Now we are 1.2 percent below the target and we don’t seem to know when it would be good enough for the Fed to raise interest rates. The one thing that is probably farthest from what it needs to be is the inflation data. We also had the worst labor cost index data in 33 years. In another words, it’s a lack of wage gain. Those who would be against the interest rate increase could easily make the case right now to say things are a little sloppy. We don’t truly know the contraction in the financial markets in China. We don’t really know whether there’s a credit bubble there.

There’s a high degree of uncertainty about what the Fed is doing. Yellen has basically said that you shouldn’t be so focused on when the first interest rate increase will be as perhaps you should be on the acceleration of the trajectory of interest rates over time. The projections of the FOMC members have shown that the interest rate should not be going back to historical levels in the next two years. But that’s just the guesswork. They don’t know how the data is going to proceed. Those are among the reasons why they don’t want to be entirely transparent.
Do you think the media are saying the same thing and having the same headlines from this past FOMC meeting?

Among financial journalists, there are generally sophisticated understandings of what the Fed is doing. Then you go out to the general journalism community and the general audience who don’t really understand the Fed and don’t understand why they need to know. Most general journalists don’t have a clue.

That’s really why the burden is really on us to help the general public to understand. A fairly small community of the financial journalists is paying attention to the Fed. If you look at the room at the FOMC news conference, maybe 40 journalists are seated at the table here, and then there are technicians. Those are the only people in the U.S. that’s dealing with the Fed in terms of journalism, but that gives you an idea as how small that community is.

Even after the crisis, there’s still not enough journalism attention paid to the Fed?

It’s hard for me to say what enough is. At the end of the day, journalism is depended on the business support of what they are doing. The audience doesn’t seem to be necessary beating the door down to find out what Yellen had for breakfast. They want to know what Kim Kardashian had for breakfast. Since we’ve got farther away from the financial crisis, and as unemployment has been seen as less of a crisis as when you were at a 10 percent of unemployment rate. There’s absolutely less interest in journalism about covering the economy now than there was before. News tends to be driven by crisis. If you’ve been in the U.S. after “911”, there was virtual panic for quite some time. That was reflected in the news coverage. It was almost like PTSD. So the same thing happens with
the economic coverage. If there’s a 10 percent unemployment rate, the world is going to an end. Sometimes, the stock market performs as if the economy was going to end. Once you get beyond the crisis, there’s the sense that we don’t need to necessarily pay as much attention now.

What are the Fed-related topics that are most written in the media?

Inevitably, that’s about the direction of interest rate. Right now it’s when will the first interest rate increase occur.

There’s a fair amount of coverage about the relationship between Congress and the Fed because essentially Congress does have the responsibility of overseeing the Fed board. There’s always some tension between the Fed and the members of Congress, people at the Senate and the House. People at the Congress are duly elected, but no one at the Fed is elected. These people and legislators feel direct political pressure. They feel compelled to act upon the criticism of the Fed that many voters feel. Many voters are angry with Washington. Because of this anger, and the Fed is part of Washington, therefore you need to be angry with the Fed. The reality is Fed was among the principle actors that saved the U.S. economy from total disaster. Congress did very little and has been very inactive in recent times. Basically there have been no legislations in terms of the economy, because there’s this gridlock between both parties, less so now than a few years ago but still. There’s an irony that when Yellen goes to the Capital Hill, she is sharply criticized by Congress for the things the Fed has been doing. If you are going to give out grades to the Fed versus members of Congress, probably you are going to give Congress a lower grade.
**How do you compare the news coverage on the Fed now and five years ago?**

If you don’t have access and information it’s very hard to write very much. Now there’s incrementally more information as Yellen talks about more things in the news conference. The Fed has more things to concern about after the crisis. There are more things to write about now. There might have been more stories written before 2006 because of the collapse of the news industry in recent years.

The weight of the stories that have been written out is more significant than what was written in 2006. The interest rates and the housing crisis… There’s a pretty substantial coverage of the Fed now.

When I go to news conferences, my concerns have been sometimes my fellow journalists ask too technical questions. They ask questions about the difference between inflation rate of 1.3 and 1.5 percent, whereas I’m thinking what’s the person out in the public thinks about and how that works out in real life. I asked a question about there’s an unintended consequence of low interest rate that savers got very little money in this era of low interest rates. I asked what would you say to someone who’s a senior citizen who only has savings. She said I hear from those people almost every day. That was her way of trying to acknowledge the difficulty that people have. She and Bernanke have said that unless the broader economy is doing well, the plight of savers alone is not significant—k I’d say that and she wouldn’t, but that’s really what they mean—unless the economy does well, we can’t only be concerned about savers. Ultimately, the savers will do well if the economy goes better, which is true.
Can you compare Bernanke’s, Yellen’s and Greenspan’s different personal styles?

Greenspan tried to say virtually nothing in his public appearances. When he intended to say something, the impact was huge. When he talked about the irrational exuberance, which was a time when the stock markets were rallying, it was seen as the possibility of him thinking the stock market was overvalued. Stocks had a really bad day after that. If you go back in history, there may have been some truly significant Greenspan speeches and comments but at this point it’s been too long, I can’t think of any.

Bernanke, beyond doubt, perhaps had the most difficult job of the three, because he was on the case when the house was burning, which left him, the Treasury secretary Hank Paulson and the FDIC chair among others to come up with these responses to the severe breakdown in the financial and banking system. The irony was that Bernanke was appointed by George W. Bush, who was not a person thinking the government intervention was something you should be in favor of. But if you look back to the comment, Bush essentially said we needed to keep the banking system afloat. At that point, government intervention was the only thing they could do. Bernanke is a student of the Great Depression. He certainly was knowledgeable about the lackluster growth in Japan and he understood as well as anybody as possibly what the risks were and trying to guide both the U.S. and global financial system through that difficult time. He is not a populist per se, not the kind of person who would be able to rally the American public, but he is professorial so he can at least try to speak in a way that intelligent people can understand.
Yellen worked with Bernanke at that time as the vice chair. The perception was that Yellen is more liberal than Bernanke. If it’s true she was nominated chair by Obama. Yellen does speak quite a bit about what she calls labor market slack, in other words, a less than optimal job market. Bernanke ended up being the wartime general. And in some ways, Yellen has to be more attentive to the health of the economy rather than trying to keep it from being defeated by financial crisis. You can almost use the analogy of her being a doctor or a nurse. I wanted to avoid the nurse thing, but it is historical so. She is the first female chair of the Fed. I spent time privately with her and Bernanke as well. Yellen is more like a regular person. She is the smartest regular person you could ever meet. And her husband is a Nobel Prize winning economist, but she is kind. She is caring. She is incredibly intelligent. That’s maybe she is why the Fed chair now as supposed to before. Another thing about Yellen, there was some concern that she could be “dovish”, or being inattentive to working to avoid unpleasant outbreak of inflation rate.

She seems to be extremely flexible. She was willing to do some things in this era of unprecedented monetary policy measures. It was her view that back in the day that we should raise interest rate. Right now she has been arguing in favor of not raising interest rates. Bernanke engaged in unprecedented moves aimed at saving the economy. And Yellen is continuing to do things that in many ways are unprecedented keeping interest rates at record low levels.

*How do their different personal styles translate into the Fed’s different communications styles?*
That’s a difficult one, because there’s something called Fed speak. They almost have a language of its own. I like to point out both beige book survey and as well as the monetary policy statement. They are very often referring to economic growth as having been modest. (And normalize and transitory.) Those are good Fed speak words, too. The two words they sometimes use in comparing: modest and moderate. If you ask 100 people what the difference, they’d have a hard time figuring out what the difference is. That’s something would happen to both under Bernanke and under Yellen. Trying to say something without trying to say too much.

Yellen seems to be a more straightforward person. We have a more straightforward approach but it still can bear some improvement.

**Is the statement written clearly enough or should they be very clear?**

The Fed has a problem because it thinks it’s doing the best it can.

Right now because we are dealing with unprecedented times, the Fed has to do things that they have virtually no experience doing. While those who have quick solutions of things might say we really want the Fed to say this really needs to happen exactly before what is needed to raise interest rates. It wants to maintain the flexibility and the power to not have to do that if things change and they fail to take notice of something.

There’s psychology that can overwhelm the data and data that can overwhelm the psychology. It depends on the situation. The economy is driven by psychology sometimes, and almost entirely. In a crisis situation, psychology is all that matters. It’s very hard to combat that when the psychology becomes panic striking. It’s really hard to
characterize Fed policy right now because it’s almost like the Fed doesn’t want to characterize it. They just want to say data dependent, but we don’t know what’s the data they are requiring. She has given a lot of speeches about the slack in the labor market. But if you came up an algorithm of what the federal funds rate is going to be, only the Fed would know that and it’s probably very changeable from time to time. We don’t really know how the Fed is going to present itself at the September meeting and so on along the line this year.

*Should they be definite in their message?*

From a person whose job is to translate what they are doing, I wish they were more oblivious, because that would make my job easier. That doesn’t mean that’s necessarily also the best for the Fed in this instance, but to the degree that the Fed said that transparency and robust communication are among its goals. As a journalist I advocate for the First Amendment, freedom of speech and access to government officials and trying to ask them things all the time. We are at the position to say we want the Fed to communicate more not less. That also gets to the quality of communication. If it uses two statements for one meeting to the other where they are essentially the same. That doesn’t seem like the quality of communication is very good to me. That’s when we wish they’d allow Yellen to speak more freely. Effectively, Yellen would decide to speak more freely. Therefore, we could try to present what she says and characterize and translate it.

*What are the sources do you refer to use in your reporting?*
Some of it is just having a good collection of experts to speak with. Those include former members of FOMC, economists in both academic and private sector setting, and surveys that I do on a regular basis of both economist and financial markets experts. Those surveys help me have a benchmark for what the federal funds rate, ten-year treasury notes and job markets would look like. Surveys inform me what should I be reporting. If I don’t speak with experts once a day, it would be surprising to me. Sometimes I speak to a lot of them. The things they send me are their writings. I always try to find new quality sources that can help me get an idea of what’s going on.

When you do interest rate surveys, you would realize that there are people at this end of the spectrum and that end. There are different spectrums.

This economy is unlike any one we’ve seen in the modern era of the U.S. It’s more like the economy coming out of the Great Depression. I don’t mean to the extent that we had 25 percent of unemployment like what was back then, but it’s slow to heal. It’s different during the Depression, because you had Roosevelt coming up with those aggressive responses that putting people back to work building things. You had massive reforms of the system.

*How journalists use the data differently from the traders on Wall Street?*

People on Wall Street are only about how to profit financially from that data. They are trying to nuance the data and policy to figure out what are the applications for the U.S. and the world, and where would the money flow.

Journalists are either literally or spiritually forbidden to try to profit from the news. That doesn’t mean not for his own retirement money. Conflict of interest ethics
considerations keep us from engaging in any financial behavior that is based on the knowledge we have. There have been many times I was knowledgeable about information that was financially sensitive that would be insider information that you have to avoid that. It’s pretty easy for the authority to figure out how that works.

_Do reporters on this beat know more about the Fed than the traders?_

I don’t think so. They may have better access to the information and more media information. You are closer to the sources of the information. You may have a greater or fuller awareness of everything she said at the news conference that certain people in the financial world don’t pay attention. But those people ultimately have access to tremendous database and in the era of the Internet, you can access the transcripts and watch the web video of her appearances. I think the difference is that I can dial the telephone and tell them I’m a journalist, and I don’t have an exact financial interest of the outcome of the question. I’m just trying to understand. That’s very different than someone who says I want to make money from trading oil from what you are going to tell me. That’s a big difference.

_Can you reflect on your experiences of attending the press conferences?_

It’s been pretty consistent since they started so in 2011. There’s a bit of hierarchy where higher visibility journalists are given the opportunities to ask both the first questions and more questions. If you are not at the highest level of journalism organizations, it’s a little hard to get questions in. That’s a little different at the White
House where they really mix it up a lot more. The Fed isn’t quite as random in the way they choose people to ask questions.

It’s done live in the room. The chief communications officer Michelle Smith decides the order of the questions. She would point to people and let them know that they are the next. The process really hasn’t changed very much since it started. We see the statement first and we get the projections materials before the news conference. The chair delivers the statement varying in length but pretty much the same from meeting to meeting. Then we ask questions and try to fill out the balance of about exactly an hour every time.

It’s been a tremendous improvement that the Fed has held the news conference. I’d like them to hold a news conference after every meeting. It remains to be seen if they will remain in that position. It would even help if they allow several other FOMC members to speak at these news conferences—probably not all, because that will be pretty unwieldy. But they leave it to her to speak for all of them. That’s not entirely transparent. Because there are some FOMC statements that people voted against. In recent time, three has been the largest number of those who opposed. If they really want to do something radical—if they would let those who voted against to speak, that would be truly remarkable. Because what they do currently is they characterize the opposition in a very succinct manner. They deliberate how to characterize the oppositions when someone votes against it. It would be a lot more transparency if they let the FOMC members speak. It would give us a lot better view of what’s actually happening in there.

*If you let everybody talk, will it disrupt the current recovery?*
A monetary policy almost has a life of its own. They want to reflect all the individuals and all the FOMC members. I think you are right, if you let everybody speak, there would be cacophony. There can certainly be some noise. That can certainly be disruptive. But it would also be very democratic. It would be radical as what the Fed has represented over time. But that may sound like a lot like Congress. That’s not what they want to do.

How do you compare the press conference at the Fed other federal agencies?

The Fed news conference is very polite. There have been difficult questions asked recently of Yellen. Maybe that’s part of the maturation and the process. It’s a very polite news conference. It tends to be very technical. There aren’t a lot of questions that the general public would ask. So that’s where I find myself. I’m trying to be a little closer to the member of the general public than the members of the investment community.

They prioritize those major financial outlets. They do. It does seem to me they prioritize the media that speak to the financial industry.

There have been general journalists at the press conference. But there haven’t been a lot of journalists there who are not specifically interested in the Fed. The population or community of people who cover the Fed has always been exclusively financial or business journalists. That’s a little different from the White House, where you have people come in and out.

It’s both. [A lack of interest among other journalists and it’s difficult to understand the Fed.] If you send a sports journalist to the press conference, it can’t be
good. Probably most of that is appropriate. You don’t want to ask questions that are so off-base that you have very bad answers.

Under Bernanke, they had really tried hard to develop connect between him and the American public. He went on 60 minutes. They took him to South Carolina where there’s a roadside business, not very good-looking but still in existence. It’s called “South of the Border.” Bernanke worked there as a waiter when he was younger. That was a very broad brushstroke way of trying to connect Bernanke with the American people. But the Fed doesn’t really do that very often. They haven’t done very much to connect Yellen with the public. It’s very interesting about how you manage somebody’s image.

**What would you suggest the Fed do to improve their public communications?**

First is to hold press conference after every FOMC meeting. They can update the economic projections after every meeting as opposed to every other meeting. Those would be two most important things just going from the bi-meeting schedule to the every-meeting schedule.

She goes to Capital Hill. She is engaging in that disclosure. Some of it is more about how do they do their jobs behind the scene. For example, there has been criticism about the investigations and about the leak. Those are very big issues, but there’s nothing else the journalists can do about them except for asking questions.

That can be a good question for me to ask: do you feel you can do more to disclose the way the Fed operates to the American public when there is still a wide range of dissatisfaction of the way it operates?
They said they could hold a private briefing with journalists to an extent that someone writes a story that says it’s from a Fed official, but doesn’t say it’s from her.

She has said they can do a telephone briefing after the FOMC meeting if they decide at a meeting without a press conference. That’s something they can be doing.

There have been times where the Fed wants to get ahead of an issue. There have been times they’ve misspoken, but that’s different than engaging in too much communications.

**What do you think the journalism community can do to improve the Fed coverage?**

The hardest thing for the Fed reporters to do is to connect what the Fed is doing to average people. The challenge for journalist is to try to assess what typical people are experiencing and try to connect what the Fed is doing to that experience. The most compelling stories that we can do are to go out to talk to people and ask what is been like in a zero-interest environment. Ask a business, a saver and a retiree what’s that like. We shall be better at asking questions what the general public wants to ask.

Investors are not the only people in the society. It’s the voters and the people whose interests aren’t represented in Washington. We should not just ask questions that are trying to impress our peers. That’s really the last person they need to worry about—appearing smart in front of your peers. They need to remember what their audience is.
Kevin Hall
McClatchy
Interview on July 24, 2015 in Washington

_Could you brief me through your experience of covering the Fed?_

I’m the chief economics correspondent of McClatchy I started the beat in 2005. I became a correspondent at the end of Greenspan and all of Bernanke and now Yellen entering her second year.

_What topics have you written the most about?_

I wrote about pretty much the economic crisis in 2007 and 2008. Up until the end of 2007, the Fed didn’t get that much attention. The Fed was holding rates low. It’s been nine years since the Fed had the rate low. We came out of a period when Greenspan held the rates very low for a long period of time. Many people now in retrospect feel that they’ve kept the rates too low that encouraged the bubbles that eventually burst in the housing and stock markets. Greenspan gave way to Bernanke who initially described the financial crisis as something passing and not a big threat, and he came to regret those words. At the beginning of Bernanke’s time, Tim Geithner the head of the New York Fed, had yet to become treasury secretary. Geithner was the only voice who warned the Fed consistently of AIG. Hank Paulson, the former chairman of Goldman Sachs, was secretary of the treasury at the time of the crisis. That’s the background. But the Fed was just one of the things that you cover and you watch. It wasn’t at the front page of anything until 2008 when the bottom started to fall out. In 2007, you started to have
hedge funds closed. You started having the first signs of the coming crisis. The Fed’s
governor Edward Gramlich, who was one of the first to look at some of things and
warned about them. It wasn’t really warning, but more of a warning about housing

Before the financial crisis, the coverage was mostly about whether they were
going to raise interest rate or keeping them low. Monetary policy at that time was on an
autopilot. There wasn’t much mystery. There wasn’t a clear shift. Today, the question
whether it’s going to change the rate is a different story, because it hasn’t moved in nine
years. It hasn’t been up for nine years. It hasn’t been moved at all since December 2008.
You are looking at seven years without changing the interest rates at all. It has never
happened since the Fed has been around. It’s been very unusual. Since we are in this very
unusual period, the Fed has become a completely different animal. What completely
changed was that Bernanke was able to do all the creative things they did amid the crisis.
Because of this broad law in the language of the Fed’s mandate, they allow it to do
“whatever it’s necessary to preserve the stability of the financial system.” They could do
whatever they wanted to address the crisis. In the aftermath of the crisis, that was when
Congress started to complain the Fed has too much power. Our system is set up on
checks and balances. There’s no check against the Fed. They are autonomous. They can
print money. They control the money supply. Who is watching the Fed? There has been a
theme through out the rescue. There are a lot of conservatives who said the Fed used
taxpayers’ money. But the Fed didn’t use the money. The Fed created money to bailout
AIG. Geithner was the only voice that warned the Fed consistently of AIG. He realized
that AIG posed the threat for non-bank lenders. It’s very complicated stuff—structured
investment vehicles and CDOs. All those complex financial arrangements have been done by investment banks and non-bank lenders like AIG. They controlled a lot of these bonds. They weren’t conventional bonds issued by conventional dealers in New York. They were completely new animals that were not regulated. He was really the only person in power who had been actively addressing this problem before things blew up. He was the one that was the most thought of poorly, which was ironic because he really was the one who warned us.

**How did the media pay more attention to the Fed at that time?**

(I don’t think media at the time wrote much about the Fed.) Bloomberg wrote about the Fed. We didn’t do much. The average non-financial ones didn’t. The distinctions are: Bloomberg writes for the sophisticated audience. We write for the general public. When people write about the general public, Greenspan was treated as the larger-than-life figure. He famously said, if you think you understood me, I must have misspoken. He was famous for not answering question and became kind of a running game when he came to the Capital hill. He found unique ways not to answer Congress’s questions. That in itself was an evolution of the Fed, because Greenspan’s predecessor Volcker believed in keeping the markets guessing. There was no information at all. They believed the Fed’s power was in holding all these cards. If there were a rate increase or a change in the federal funds rate, it would be whenever they felt it was necessary to shape things up. There were different dynamics.

To understand the Fed’s history, you have to look at the evolution of the economy. At the Volcker era, inflation was at double digits. His mission was to choke
inflation out of the system and create the “great moderation” since 1980-1982. It’s been stable inflation. That was kind of one world which worked that way. The real turning point in the modern Fed and the modern markets was in the 1987 crash. You had a big turndown. That opened everybody’s eyes as how markets would begin to change structurally. The kind of money that was there all started to change.

The next turning point was 1999 as Clinton was leaving office. The Glass-Steagall Act was repealed and left the investment banks with much freer hand to do a lot of the things they did that led to the crisis. Investment banks were not well regulated virtually by anybody. They were regulated by the SEC, but the SEC’s mission was investor protection. They were not looking at the safety and soundness of these investment banks. They simply wanted to make sure that investors were not screwed by them. So there was really nobody. That’s why Geithner warned that the investment banks and these AIGs created banking or banking-like arms in London that created all these creative finances. That opened the door to that.

The Fed was surely aware about it but didn’t have mandate to do anything about it. The Fed did negotiate the international banking accords—the Basel accords. You have the evolution of the U.S. economy, and also the evolution of the global economy. The Fed became an institution that interfaces with China and Russia. That didn’t happen before. PBOC and Russia’s central bank never had any relationships with the Fed until after 1989. If you look at them as an evolution, what we used to cover the Fed might have been just rates. Then it became currencies, the peso crisis in 1994, the Asian tigers in 1997, and China coming to the world stage in 2001. All these things expanded how
people covered the Fed as the world stage changed. But the Fed was seldom on the front page really until 2008.

*Have the chairmen’s personal styles also influenced the Fed’s communications styles?*

That’s a good question. That’s one of the evolutions.

Volcker was of course secrecy.

Greenspan ran the Fed as a committee of one. When he started the meeting, he would say here is what we are going to do. What do you think of it? It was very seldom that anyone challenged him. He didn’t like to be challenged. He was a strong figure. Nobody challenged him because he had two things as his legacy:

First, his handling of the 1987 crisis was very strong, which surmounted its leadership. The committee of one helped cement his place or productivity.

Second, he rightly noted that one of the things that made the economy doing so well was the contribution from the Internet. Internet’s contribution was not directly captured in the data.

Those two things recognizing what were really underlying the strengthening economy made him famous. But again, he never held press conferences.

Then Bernanke came in. He was the first academic to run the Fed. Greenspan was a banker. Volcker was an analyst from a big corporate. Before, he was a forecaster. Bernanke was an academic. He was the greatest living mind of the Depression. It was good timing if you were about to have one. I think history would be extremely kind to Bernanke, because he understood the errors of the past. He took a lot of heat for what he
did. He certainly prevented a great depression from happening. He may have locked in a slower recovery and created a whole other kind of issues.

But Bernanke’s style was much more inclusive. He spoke the last instead of the first. The chairman is still the chairman. He still held a lot of weight. So it’s a democracy but it’s a strong-leader democracy. When he came in, the big controversy over him in the media was inflation targeting. He wanted to adopt the European, which generated big controversies. From his perspective, we were going to target inflation, because we view the expectation of inflation as important as the actual inflation. So the inflation targeting anchored. It created stable business decisions that helped stabilize the economy. That was his theory on inflation targeting. He did that when he came in.

Many people thought it was going to be his legacy. Then the crisis hit. Would he have done press conferences if there not had been a crisis? If I ever got to sit down and interview him, that’s the question I would ask him.

It’s an outgrowth of the Fed pushed by the crisis and all the controversial things they had to do. Bernanke’s legacy actually would be transparency.

The academics over time will be debating whether transparency is a good thing. Some would like to accelerate the time before they make the actual notes and transcripts of the FOMC meeting that they released. Now it’s after five years. Maybe even five years is too short of a time. There are things in the released transcripts we are still dealing with today. So you now see the thinking of the Fed. It takes a long time for things to unfold. A lot of these on-going situations last longer than five years. You may create political problems releasing something you were talking about, for example, the Greek issues.
Another thing, he introduced the press conference. It was widely appreciated.

Then is it successful? How do you measure success? If you measure success from a media point, it’s been a tremendous success. Now you know what the Fed’s chairman is thinking. Not only do they have the press conference, but also now every quarter they come up with the economic forecasts. They tell you not only their thinking has changed over the three months, and they also have the famous dot plots, which underscores how little they are actually telling you. If eight dots are here and eight dots are there, they aren’t telling you anything. It’s almost no guidance. It actually muddies the water more than it makes it clear. I’m not sure if all this openness has helped them communicate the rate hikes coming. It will be interesting over time to see whether they go back to maybe holding press conferences twice a year. From a policy standpoint, if I were the Fed looking out in the world, I don’t see there are benefits of four press conferences every year. I would like to do two or one. From a media’s standpoint, I’d like to have 12 as a member of the media.

But in terms of the idea of communicating policy and direction, I think the press conference made the ideas less clear, not clearer. Just think about all the other places where they give the public information. At least twice a year, they go to Congress to report on the status of the economy, where they are asking all the questions we are asking. And they all give speeches. It would be better to go on an as-needed base.

Now, does the rate hike decision have to come during a press conference? People are assuming that, but I don’t know. Yellen said there’s no reason that they couldn’t hold an inter-bank meeting. During the crisis, they made a lot of decisions on conference calls and during inter-bank meetings. I would not be surprised at all if they didn’t raise in
September but are going to do it in October or December. That’s my own view. That’s not to say that they can’t hold a press conference at the end of a non-scheduled press conference FOMC meeting.

*Are the materials they are giving to the public confusing?*

Because of the situation they are in, they are trying to say that there’s a range of things we are going to look at before we raise rates. When you give that broad range of things, it just leads to rampant speculations. It’s going to be the unemployment rate and also others and others. I’m not sure it’s been very clear.

There’s no other board member who holds a press conference. They might have speeches. They sometimes talk to the press on the sideline, but almost very seldom.

If you are at the Fed and you want a quote, forget it. You will almost never get a background quote. They don’t work that way. Unlike the Treasury or the State Department, if you get a situation like the stuff in Greece. If you call the Fed and asked what do you think Yellen thinks about how ECB is handling this. You are not going to have somebody in the background saying the Chairman thinks “blah blah.” In terms of operating their press office, it’s nothing like other government agencies would operate. It’s unlike the White House, because the White House would say these kinds of things. I think they are unique because they are an independent agency that guards its autonomy. They probably would defer the State Department or the White House for things like that, but they wouldn’t be involved in that. But for something that’s more mundane, like Congress, a new bill was advancing or something. They will put a statement unattributed, like Rand Paul’s auditing the Fed. They will seldom respond to the incremental changes.
If it comes up on a hearing, they will largely ignore it. They are mindful to keep Congress at an arm’s length.

What’s unique now is that the Fed has never been in so much focus since the mid 80s. People forget in the mid 80s, there was a chairman of the house’s banking committee named Henry B Gonzales from San Antonio. He was one of the more powerful banking committee chairmen. His mission in life was to disclose the Fed, destroy the Fed and abolish the Fed. The Fed had a lot of exposure on Capital Hill in the 80s. It is more like that period. You may think it has never happened before, but it happened in the 80s.

_Do you think there have been more materials provided to you as a beat reporter?_

The forecasts coming quarterly never came before. The transcripts come with a five-year lag. The transcripts used to be the only materials. The minutes are faster now. It’s three weeks after the meetings. It used to be three months. That changed under Bernanke, too. You never ever hear anything but unanimous vote under Greenspan, but under Bernanke you have dissents. It was not only tolerated but also encouraged. And there’s another thing at the FOMC meetings—whoever has the dissenting opinions are allowed briefly to argue their points. For example, one dissent may argue we don’t need a rate hike and another dissent may say the hike is not high enough.

In terms of the transparency of understanding what’s happening in the FOMC, which is the part of the Fed the public care the most about. The public doesn’t care about, even if they should, the mortgage, banking part of the Fed. It’s really only the interest rates and the discount window that always get the media attention. The financial world
cares about it for sure. The financial world is all about speculation. They look into any little sign. You look at the statement if just two words are different, a ton of financial analysts would say: it could mean this or it could mean that. I think the financial communities are probably very happy. One of the less publicized transparencies of the Fed is its action at the discount window. That’s their basic transaction. If it’s not on every day, it’s on weekly. You can get a faster sense on what the Fed is doing and it’s publically accessible. When it comes to the CFTC, they have its committee trading reports. They moved a lot more transparency, too. I think the regulatory world has moved more broadly toward transparency. High frequency traders like that. It’s still hard to get the information as what percentage of the positions is traded by whole people and fast traders respectively. It doesn’t tell you a lot about the composition.

Are the statements easy to read?

Yes, if you’ve already seen the statements. If you know who dissented—they won’t list the name in there—it will be pretty clear who it is. The Fed is also doing a lot of statistical data that many people are not aware of, such as industrial production and consumer credits. There are very important real-time indexes as well. Each regional bank has their index, i.e. at Philadelphia and Boston. They provide the actual national numbers on industrial production and consumer credits in the Senior Loan Officer Opinion Survey. What kind of credits is increasing and shrinking—it’s anecdotal but I think it’s very important. Senior Loan Officer Opinion Survey gives you a feeling of the real economy.
The Fed banks on the regional level are also doing a lot of things, such as inviting CEOs to talk at the regional banks. Here is what’s happening. The Fed has become a better data collector. It became more statistical. The Fed also involved in a lot of things the average people don’t know about. For example, the Fed used to come up with a report on how much counterfeit money is been seized on the world and taken out from circulation. It tells you how much of the currency is fake and how much and where were they seized. They stopped publishing the report. They used to hand it to Congress every two years. I can bore you with a lot of speculations. There are tons of little things the Fed does.

Another thing the Fed is doing but didn’t do before is the stress test. That’s controversial because they make a decision of what’s the solvency of the banks if certain things would happen. They are fairly transparent on the methodologies. I don’t think they published the actual bank balance sheet. This is something they’ve never done before.

[Is it because they are doing a lot more things than before so that they now have more coverage?]

That comes directly from Dodd-Frank. One of the things Dodd-Frank did was to place restrictions for the Fed. It forced banks to have their own living will. The systematic risk is something the Fed never had a mandate on but now it does. Bank holding companies are now regulated by the Fed, but they weren’t before the crisis.

Is the politics pushing more than the media for the Fed’s transparency?

Yes. I think it’s almost driven by politics instead of by the media. From their perspective, we are pretty easy to control.
In terms of who gets to ask questions at the press conferences, I’d prefer to see it to be more democratic and random. Like putting the names in a hat and randomly pick them out. But I don’t make their rule.

In the White House we have a little more power, because we have the White House Correspondent Association, but we don’t have a Fed reporter association.

**What’s the interaction between the communications staff and the reporters?**

Many of them are former reporters themselves. They’ve hired reporters. It’s a good thing. They aren’t hiring functionaries. They hire people who worked at the press and really understand it. That’s in the spirits of transparency. That’s a good thing, too. They go to professionals who know the business.

**What’s the portion of the stories facing the markets and facing the public?**

I think it’s 70 versus 30 for markets versus average person who doesn’t understand the Fed and what their mission is. Republicans are saying they are creating fake money. It’s very strange that you can produce money to buy bonds to drive prices. When you think about it, it’s pretty rational. There’s a certain amount of bonds that are always being created. Every country spends deficits in some degree. I can see why people see it unusual because it’s like creating money out of air, but if you think of money as just statistical notations anyway, it’s a way of printing money without printing money. It’s what quantitative easing is. You can’t create negative rates. You have to find a way in the real world to approximate the effect of that. That’s what this does. It creates profits and end up in the Treasury.
**Do you think media have explained things very well to the public?**

I think we did. People are more sophisticated than before because they lost a lot of money.

**How is Yellen’s style?**

Yellen’s style is very much like Bernanke. She was at his side for most of the tough decisions, such as QE and the plan to eventually to pull back from that. She was a co-partner for many things. There hasn’t been any change at all. She changed a bit of the tone of the press conference, but basically she carried on. Anything special in her term is that you now have Republicans at the Chamber and Congress. Both of them are very hostile, because she was considered very liberal, because she taught at Berkeley and because she run the San Francisco Fed. Conservatives will assume that she is a flaming liberal and they will attack her. That would be the only difference.

Bernanke was viewed more an academic academics. She’s viewed a bit more political. Bernanke was appointed the council of economic adviser head before he became a Fed chief. His friend was surprised to find out that he was a Republican. Many thought he was a Democrat. The perception of Yellen from the beginning is that she is a Democrat. That’s a difference.

**Do republicans separate her from her policies?**

No. Politicians are looking for someone to hit at to make their messages. That’s the real big difference between her and Bernanke. Bernanke was a more pure academic.
Critics say that he never really worked in the economics. He wrote books and taught classes. She’s worked in the Fed reserve system longer than he did. And she is perceived as politically liberal. I think they see her as a fairer target than they did Bernanke. In terms of transparency, I don’t think they’ve changed anything. I can spend hours talking about the lack of transparency in Congress. They are the biggest hypocrites on the planet. They disclose nothing about their schedule, whom they are meeting with and their campaign finance.

**How is the current media coverage on the Fed?**

The reporters are pretty sophisticated. Here is one example of how things have changed. Digital media such as the Vox and FiveThirtySix all have their charts about the dot plots ready to go. And they can plot against previous plots. They have the digital visualization of the Fed’s plots. It’s almost instantaneously on the web. The combination of more transparency and digital only firms have led to better contextual information, instead of what I do is just saying what the Fed said. What they do is different. The data visualization has really gotten good. As much as we conventional media hate those five takeaways, for the audience they tell them what they need instantly. It corresponds nicely with what’s happening in our industry.

**That’s what the audience want. Do you they that’s also what they need?**

If there’s a shortcoming, it’s because the Fed is a pretty closed institution. In regulatory term, it’s regulatory capture. It’s when the regulators get too close to the banks and they grew friendly with them. I think there’s always that danger in the media, too.
Because there are a couple gatekeepers at the Fed deciding who ask questions, people are afraid to piss off the Fed. And if they write a critical story, they might be afraid of the consequence. I don’t think it stops you from writing the critical story. But if you have a story that maybe I will maybe I won’t publish, you will probably lean towards I won’t, because you don’t want to jeopardize your access further down the road. I’m speculating. If you got a great story, like Bloomberg’s story on the leak, you won’t sit on that. But if you are on a story about the Fed could have done something differently—that’s not going to educate the readers tremendously and that’s going to piss off the press office—you might not do that story. In terms of that, it’s the same with other federal agencies.

There is something to the FOIA. One of the big victories of Bloomberg is winning the FOIA lawsuit. It forced the Fed to call up all the stuff. I don’t think Fed has been more FOIA friendly. But that’s a discussion across the Federal agencies. The Fed is learning carefully.

How has the Internet brought any difference to the coverage and communications?

I don’t think so. They release the documents in real time. I don’t think it changed anything.

What does the Fed’s communications office need to do more?

That’s the Fed’s choice if they want to be clear or not. I think the only thing necessary is that the Fed being more transparent about its structure divisions like a federal agency would be, because they are not only a regulator. They are integral to the function
of our system. Anything that would make them more like everyone else would be helpful, and it’s important to the public. Making it more accountable is what it’s all about.
Ylan Mui
The Washington Post
Interview on July 23, 2015

What are your experiences covering the Fed and the economy?

I started covering the Fed in 2013 after I came back from my maternity leave of my first child. It’s been two and a half years now. It’s been a very interesting time because the Fed has made a lot of big decisions. Namely, when I firstly started, they were discussing when they were going to phase out QE. That decision-making process lasted for the entire 2013. Now it’s been a period discussing when they are going to raise interest rate for the first time. I covered the Fed and macro economy. It’s a good mix because I can sort of see and try to understand where the economy is headed.

I started at the Post in 2002 as an intern. I was covering education and the local Maryland district. In 2005, I joined the financial staff and started off covering retail. Then the crash happened. And the story changed entirely. All of a sudden it was all about the debt. Later, my job changed to be a more policy job—what was the government doing to address the real pain that consumers are facing on Main Street. I covered the subprime lending, the consumer protection bureau, the credit card act, overdraft fees, etc.

What are the topics you’ve written the most about the Fed?

It’s been mainly been what’s happening with the Fed’s policy—whether it’s with the Fed’s QE, interest rates and unemployment. These are the dominant topics over the two years that I’ve been covering the Fed.
Has the Fed’s communications style changed? And how has it changed the media coverage?

I came in at the end of a big shift in the Fed’s communications when the Fed had gone from being very secretive, very closed, not telling people what they were doing to oversharing their plans. There have been a lot of speeches and press conferences which would have been unthinkable a generation ago or ten years ago. Now the press conferences are regular. I came after that big switch has been made. As a reporter, it’s great. Because of course we always advocate for more transparency and more information. But it certainly keeps us busy. There are a lot of releases that come out. There are a lot of public airings of the Fed’s debates over policy and interest rate. Staying on top of that, there’s a lot of work, because there are a lot of people talking. People tend to think the Fed being just one person, but that’s made of a committee of 19 people. There are a lot of different voices to be heard. There are arts and sciences as to weigh what voices are most influential and sort of moving the discussion. So I think it’s been a good thing for our side.

On Friday, when I rescheduled our interview, it was sort of because the oversharing of the Fed. The Fed realized that there had been a leak of some information. It was intended to be classified but then it was shared unintentionally and uploaded online for the public to see. They are trying to upload their economic models in order to be more transparent, but in order to do so, they opened a door to information breaches. So that happened. They alerted us the breach and they made the information completely public to everyone. I had no idea until they told us it was released. The information was uploaded
through some computer code. They widely shared it and we wrote a story. Then they called us saying it was wrong. They were trying to be transparent but they got their information wrong. To their credit, they corrected it. Even though as a reporter I advocate for sharing more than less, but it shows you pitfalls that can happen if you share too much information when you have a burden to be correct.

It’s tough. Other publications—the Journal, Bloomberg and Reuters—have multiple people covering this institution. They are at every single speech. They are on the ground a lot more. I’m just one person. I not only cover the Fed, but I cover the economics, too. I try to capture what everybody says, but it forces me to be choosier about whom and what do I cover.

**What are the materials and information from the Fed do you normally refer to?**

The number one thing is obviously the Fed’s policy statement, which is released at the end of each of its policy meeting.

FOMC statement. It’s the gold standard.

At every other FOMC meetings, they also release public information of economics forecast, where they think interest rates is going. Those data is helpful.

Three weeks after the meeting is held, they release the minutes of the meeting, so we have a better sense of what the discussion was like. That’s an important release.

Outside of that, there are a lot of data, which can be for long-form enterprise stories. If I wrote about consumer credits for example, I might turn to the Fed’s G19 reports on consumer credits and look at where the interest rate has been and how much credits there’s outstanding. The Federal Reserve is home to 12 regional banks that
produce a lot of research on a variety of topics. For example, I did a story about seniors who still hold student debts. The report was published by the New York Fed. There’s a lot of other information besides the official news releases that I can use from the Board of Governors and the regional banks. It touches a whole variety of topics. I did one that went on viral out from the St. Louis Fed that said women with children are more productive in the workplace than those who don’t have children. All that falls in the big umbrella of covering the Fed.

Do you think the statements are clear and understandable?

Some are clearer than others. There was one in particular, which president Narayana Kocherlakota dissented. He said something like I dissents in the fourth paragraph of the statement. We were all sitting in the conference room counting the paragraphs. Because the statement was printed on two pages, so we were thinking if it was one paragraph or two paragraphs. It was ridiculous.

Sometimes some are more confusing than others. And every single word is parsing so closely. It’s not easy to understand. If it were, I would be out of job, so do a lot of traders. There’s a whole industry around trying to understand what the Fed is trying to say. Once you’ve learned the Fed’s speak lingo, you know what to look for in a statement. Is there something different, if so is that change important? That’s the scale. Part of the reporting on the Fed is trying to accurately decipher exactly what they are trying to say.

Even now different media may interpret the statements differently. There was once when you could see the headlines and the reporters split. Sometimes itself screws up
its own communications. It’s not a perfect system. They are still learning as well what they are trying to do and say, especially in an era when you are doing so many new and unusual different things. You have to use new and unusual languages and new and unusual forms of communications tools. But they don’t always get that right. There’s a great quote by Jeremy Stein on that. It’s an imperfect science. But that’s part of covering the Fed and the beat. It was widely pointed to at the taper tantrum of 2013, when Bernanke seemed to signal that they are pulling back their stimulus sooner than the markets thought. Did they intend to say it so soon, and did they intent to let the markets go crazy? I don’t think so. There’s some given takes and some trail and error at the Fed as well.

How is the media’s interpretation of the information from the Fed different from the traders’?

In terms of media and traders, we have different objectives. Traders are looking at every single word and their implications right now. In the future, they may live in a very immediate world, while the Fed can be hawkish and dovish hawkish and dovish in the span of one day depending on who’s talking. For the press, we tend to take a slightly broader view. We have fewer concerns about whether the Fed is going to raise rates in September or December, even though that’s a big deal, but fundamentally it doesn’t really matter from an economic view, broadly speaking. We are less sensitive to the back and. One bad job report comes out, or one bad initial claim comes out—these things come out every week. Okay. It’s only the initial claim, and the next day we will have a different number.
Do you read the beige book and voting results?

Read is a strong word. I just scan and check what are the interesting things are in the beige book.

Yes. I look at the voting results at the FOMC meetings. It would be interesting if there were any dissents. The results of the vote itself are important.

And the dot plot.

These are the documents that come out with FOMC statement at press conferences. They are important in their own right as news events as supposed to other types of data, such as information on the household balance sheets or industrial production.

How did you grow your understanding of their lingo?

It’s hard. I needed to do a lot of readings. Covering the Fed is like covering an academics department at a university, partly because a lot of them are academics, and partly because there is a whole treasure trove of research, analysis and materials that you can read to try to understand the present moment. There’s a lot of reading and homework in this job. When I firstly started, just to understand what Bernanke was saying in his speeches in order to follow along, I would need to look at the Investopedia a lot. What does maturity transformation mean?

At the beginning, there is sort of getting familiar with the concepts and the vocabulary. One benefit of being in the media is that we have more direct access to the actual players and the principles. The Fed president, vice president, the board of
governors, both through press conferences and other meetings. I often find that I can sit
down and say that I don’t understand what this means, and can you clarify XYZ. That’s
really helpful both as my own understanding as a reporter to explain this to more lay
audiences. Most traders or the markets don’t have that same level of ability to ask
questions, because there’s a conflict of interest.

_Critics said the crisis could have been avoided if the general society knew as much as
the Fed. What do you say to that?_

Market participants will always say that they can use more information, just like
reporters. Reporters have had a lot of discussions that how the dot plots should be revised
for better information.

I am sympathetic of the Fed’s argument saying that they are one of the most
transparent central banks in the world. I just came back from Greece two weeks ago.
Certainly, there are very different systems in other parts of the world. I think both
markets and reporters will always push for more information. But I don’t know if the Fed
was privy to secret information that the market didn’t have in the lead up to the crisis. In
fact, the criticism of the Fed was that they didn’t have the information and wasn’t paying
enough attention, at least not connecting the dots in such a way you understood what
exactly what the economy was headed and how bad it would be. They didn’t understand
it until later than they should have. There were certain people in the markets, such as
Roubini, who predicted that the crash of the housing market would take everybody down.
What do you really need in order to accurately predict what the markets are headed.
Who are driving the Fed to be more transparent?

There’s the congressional piece. The Fed’s interaction with the financial firms has gotten more curtailed. There was a dustup with Larry Meyer, former board of governor, who published insider information in its newsletter. Then the Fed had to adjust its communications policy outside of that. That curtailed how they should meet with financial institutions. If anything, the access of the financial world to the Fed has at least officially declined whereas the Fed is speaking more directly to the public, vis-à-vis to the media. Whether that’s Bernanke doing news-hour interviews, which he had never done before, or CNN having a reporter at the news conference getting a question, they’ve made a big effort more openly to the public. The media being a microphone of that. But the individual access of financial firms, at least from a policy standpoint has been curtailed. They are obviously people arguing it’s still too porous that financial firms still have undue influences on the Fed. But at least from a policy standpoint, the rules have gotten stricter.

As a financial reporter, how do you think your coverage is helping people understand the Fed?

There’s a balance, because the Fed is by its nature a very arcane topic. Most people don’t care about hawks and doves, etc. They care about what the mortgage rate is going to be. So there’s a balance between time to push and get information and providing analysis that would be interesting to the very insular world of the Fed watchers, but also being able to write in a way that any layperson who is interested can understand the story. Sometimes, I would do the story that just bores the average readers. The Fed world
doesn’t need me to tell them who the dissents in the Fed are. But I thought it was very interesting to put them together and profile them and say do they still believe their stands even though they were proven wrong over time. I did a story about the dissents at the Fed. That was sort of a broad rush for the lay people story that was very interesting. At the end of the day, the Fed watchers and the lay people were able to take something away from it. There’s definitely a balancing act that makes sure that you are covering for both sides.

*Has there been more coverage these days than before?*

I can’t talk for before the crisis. There has been an explosion in financial coverage in general after the crisis. If you just look at the people at the WSJ covering central banking, there are so many people now. I would say there are more people covering the Fed, just by looking at the hiring spree at the Journal. There is more interest in the Fed and its power, especially since the crisis. People really saw them—to what extent the Fed had influence over the economy; to what extent it was acting when the other institution weren’t.

*How are the press conferences different than the ones at other federal agencies?*

I think it’s wonkier. But I can’t say it’s terribly different. I haven’t been to a White House press conference. I’ve been to press conferences at the Treasury and the PFCB. It’s wonkier as people would ask questions that are very hard to understand. It’s more technical by nature.
I don’t know how do they pick the reporters asking questions at the Fed. Usually, all the major media outlet reporters get a chance. What order you go in is sort of up to the communications people. But from my side, I always at least prepare three questions, depending on my order. If you go first, like in June, you kind of have to ask the obvious question. Otherwise, you have to make sure it gets asked. Depending on where you fall in line, the question is going to be a bit different. The later you are, you don’t want to run out of questions. You want to make sure you know what you want to know is answered and also you need to make a good use of your time. Because you get one question, you want to make it a good one.

**How is the interaction between the communications staff and the reporters?**

We all know each other. It’s a very small world. It’s more pleasant. It’s very genteel. People don’t shout questions to Yellen. It’s not like that. There’s a certain level of respect both among the reporters and with the press people, because it’s an academic culture. It’s sort of polite in that way. That certainly doesn’t mean there’s no push back against policy or other. It’s a very cordial environment. But it doesn’t mean everybody gets along well all the time. Sometimes I’ve definitely been mad by the press people. They said you got this wrong. I will defend my story. It’s not the sharp elbows culture on the hill in terms of reporters.

**Is it Yellen’s personal style? How is her personal style different from Bernanke?**

This is something we are trying to report out. The reality is that it’s not that different. Yellen is a very particular and very careful person. She was very close with
Bernanke. There ain’t a big difference, at least from my interactions with the two administrations. Every reporter must be trying to write about what the differences are, because that’s where the story is. It’s been a hard goal.

They are the same styles. In general, I think the Fed’s reporting has been more genteel than Hill reporting.

**What does the press need to do to improve the Fed coverage?**

There has always been an issue with the accountability reporting, because the Fed is so difficult to crack. Biggest stories—one, the big 2012 leak investigation from Republica and two, the woman from the New York Fed who took out the secret tapes. The regulators were too close to the financial banks, Goldman Sachs in particular. We had a story about it back then. But it was a reporter outside of the Fed bubble who broke that story. That’s something. It should have been one of us, but it wasn’t for whatever reason. That tells something.

Another thing at the June conference, nobody asked about that leak investigation. I don’t think it was intentional, but that was a question that fell through the cracks. I went for the first question, and I had to ask the obvious question. You can’t lead with the leak question. But the end, no one has asked it. That’s a failure of the Fed’s press corps. I think that’s a good example the Fed press corps also tends to be academic and economic. Typically, you don’t go from covering the cops or the Department of Justice to covering the Fed. So it’s a certain type of reporters that take the Fed’s job. And those reporters also tend to be academic. They will be aggressive in terms of commenting on monetary policy. But aggressive in terms of holding the Fed as an institution accountable, I think
it’s very difficult to do from a reporting standpoint. Two, also I think a lot of the Fed reporters including me are not bent that way, because there’s a reason why we are not covering the department of justice.

Covering the Fed as an agency as opposed to covering policy are two different things. One is about the accountability. Covering other agencies like Congress is a lot in that vein, versus everyone trying to pull it together to say when the Fed is going to raise rates.

**How should the Fed improve its communication?**

I think they can have a press conference after every meeting. That’s a very standard suggestion.

There is a really hesitancy at the Fed to speak on the record. There’s a lot of times they just gave us very strict information about for example how does an overnight reverse repo work. Any time you speak to the Fed, even if it’s for a non-monetary policy story, it’s always on the background. That’s like the ground rule. Attribute to a senior fed official. That’s very frustrating unless all the reporters get together as a society and state that we are not going to stand it anymore, which I don’t think it’s going to happen. I think people on the Hill tried it for a while, but then it fell into pieces.

[Doing it on the records instead of attributing to a senior director has this difference:] It adds a lot more transparency. There should be more of a push for them to not hide behind the gloss of being the Fed. Put your name to the statement. The Fed is obviously very reluctant to do that. When you look at ECB or BOE, all the members are
way more vocal. We think we have a lot of voices here, but they speak a lot more freely. More press conferences could be helpful. They need to revise the dot plots definitely.

Automatic requirement for talking in deep background when speaking to a staff member is unnecessary.

The Fed is like many institutions. It’s a large committee. They all need to agree to do it [to change the rhetoric and communications strategy.] It’s a committee that has inertia and hasn’t worked well, but people don’t understand how does it work well and how it doesn’t. It’s kind of like your keyboard. The way the letters are arranged on the keyboard is not the most efficient way for you to type. In fact, it’s designed to slow you down. Because it was set up for the typewriter, you couldn’t type too fast. But that’s how we learned how to type. That’s the way it stays. If they were starting from scratch and completely rewrite the statement. People wouldn’t know how to interpret it and the learning curve will be so high and there will be a lot of noises in the process. Instead, you kind of work with a certain vocabulary that has been tested over time, in order to convey what they are trying to do. Some of the languages have not been able to adequately convey what they want to convey. But that’s the constraint that they feel they are under. You just try to keep packing stuff together until you have a system that works better.

What other sources you would turn to?

Former Fed people, governors, economists or presidents. Formers are always the best because they know how it works.

Outside economists. Investment bankers. All these people are helpful trying to parse through what the Fed is doing.
What the chair said is the most important. We cover almost every speech she makes. Vice chairman, we pay attention to him if he says something different.

I don’t have the bandwidth to cover each single speech they give. Many speeches are exactly the same as what took place a week before. I won’t cover every one of them. But when there start to be a shift in what they are saying or there is a connection between what multiple people are saying, then I will write a story about it.

Chair and people from the Fed repeat themselves a lot.

**How many women reporters are covering the Fed?**

There are only two women Fed reporters. Myself and Kate Davidson. We had three. There are always women reporters from the international media. Usually they will have one or two women, but they don’t really ask questions. There used to be three of us there. Donna Borak from American Banker. Annalyn Kurtz from CNN Money. Annalyn went on a fellowship last fall. Donna went on a fellowship last fall. I went on a maternity leave. So there were no women at the December press conference asking questions. That’s not up to the Fed. That’s a financial media issue. But it was noted. At the Fed press conference, there’s no woman.

It’s an issue with financial journalism and the financial industry. The lack of gender equality in terms of demographics at the Fed and the media covering it is an issue. We need more women entering the field. Many people may be afraid to enter, but this is a very interesting field.
What’s your experience covering the Fed and the economy?

I’m kind of new covering the Fed. I started last November. My experience covering the Fed is probably not the most in depth. My observation of the core reporters covering the Fed is that there’s not much turnover. They tend to stay and most of them have been there for a while.

We cover from a more regulatory point of view rather than a lot of the reporters specifically covering the FOMC meetings. Most of the guys come to find out about interest rates. Some of that is a product of the fact that the rates have been very low for a long time. It’s a very important markets question. Then it became the only question they care about. Maybe in a more normal time, when interest goes up and down, it would not be much of a focus. Our interest is more asking about regulatory questions, such as how does the Fed think about living wills and the Fed’s reactions to bills at Congress to audit the Fed. Last time, I had a question asking about the Reinvestment Act. She didn’t really answer much. The time before, we asked about the bank culture and what does Yellen want to do. We cover a bigger variety of questions than other outlets.

Other media may ask what do you think about Greece, the economy and the interest rates. It’s important. Their responsibility is more about moving the markets, and getting people to react to the changes in dollars and cents. They want to ask questions to see the markets bounce.
We are after something different. It’s something you read the next day, less tied to the markets. Bankers will read us the next day and say oh, I didn’t know that’s the Fed’s perspective about the regulations that’s coming in two or three months. Jennifer Liberto at Politico and Pedro da Costa from the Journal also covers regulations. It’s minority in the press corps.

Sometimes I feel like that I ask the random question. It’s not what most people are focused on. Most reporters in that room focus on what’s happening in the markets today and what is FOMC going to do about interest rates and why. We have a broader brush. What’s challenging about that is that there are not many opportunities to ask the questions that we want to ask. We get four bites of the apple every year. We may or may not get the opportunity to ask a question. It depends on how long does it take the other reporters to ask questions. I haven’t been doing this very long, but so far we have always got the chance to ask something, which is nice. The answers have been satisfactory. I wish more people asked the kind of questions like we do. There are a lot of people going after one specific thing that the chair of the Fed can’t answer. They are asking her to predict the future. For everybody it would be more beneficial to diversify our interests to other things. The Fed does a lot of things. As a press corps, we can cover more grounds if we diversify our lines of questions a bit.

**What are the topics you’ve written about?**

I wrote a lot about the stress test process. This year we have the results of stress test. Pretty much everything I wrote about is Dodd-Frank one way or another. Pre-crisis and post-crisis, nothing is unchanged in the world. In the financial world, people think
Dodd-Frank as very big, but not so in the laymen’s world. It’s truly momentous. It hasn’t been that long since it was published, but it seems like such a big regulatory accomplishment. The sheer breath of it and the amount of volume of changes in that one bill is staggering. It’s a huge bill. Stress test is a fascinating thing. You have something that doesn’t exist except in pure theoretical form before 2009. You take a bank’s balance sheet and all its books, run it through hypothetical events and see what happens. This is an academic exercise that banks sort of did by themselves before the crisis, but now it’s the binding strength. This is what makes banks jump. This is what they comply with. It helps them stay safe and sound and weather financial bumps in the road. It’s an enormously labor intensive annual process. Not a lot of countries other than the U.S. do it. EU does it sometimes. They were instructed to do this by the law. Banks care about this a lot and the Volcker rule, too. It’s not only the Fed, it’s SEC, CFTC and more.

As the Fed is doing more things, do you see there is more diverse coverage?

I don’t claim to have read everything other media write. Just in those news conferences, there’s the laser focus on interest rates. It’s not unreasonable and not hard to understand. But the Fed does a lot of different stuff.

The Fed is a giant regulator. Yellen is a powerful woman. She knows a lot of things about what the Fed is doing. You are free to ask her whatever we want at the press conference.

Different chairmen may have different communications styles?
I heard that Bernanke was more willing to do off-the-record meetings with reporters. You can talk to him for an hour. You are never going to write anything about it, but you kind of get a sense of each other. I don’t know if it’s true. That may be a matter of personal style. As far as I know, Yellen doesn’t do that. Before Bernanke, there were never press conferences. Greenspan never had it.

Is the Fed more transparent than in the past?

I don’t know. But I can say, the main point that I want to make across is—I have covered the Fed for only less than a year, but I’ve covered a lot of other agencies—when you are talking about transparency, it’s relative, relative in the sense that you can never have perfectly complete total transparency. You can’t let everybody who wants to go to the FOMC meeting and take selfies. How is the Fed’s transparency compared to what? I covered EPA. You never get Lisa Jackson to answer a question at a press conference. She would give her speech and she gets on her way. That would be it. The press office will never help you, at least not me. There’s a joke—why bother contacting them? They are never going to give you anything. Even if they do, it will never be in time for your story. At the CFTC, Gary Gensler would have a press availability after every public appearance. There’s a range. He would sit there talking for 10 to 15 minutes. A lot of his stuff you can tell is repeating himself, but he was extemporaneous, without scripts. There’s a range. The Fed gets a lot of public perceptions that it’s very opaque; it’s not transparent; and it’s not forthcoming. From my limited experience, when I have a question calling up the press office they pick up the phone and try to answer me. Maybe it’s not for attribution, maybe it’s not the answer that I wanted, but it’s something. It’s
something that a lot of other agencies don’t do. Yellen gets in front of the House and Congress both twice a year. That’s not a friendly audience. That are more pointed and leaning questions than any reporters would ask. She goes there. We as reporters get the results from that. Then there are the press conferences four times a year. She spends an hour answering our questions. Maybe twenty out of forty reporters get to ask their questions. And the 20 who ask questions reliably would be AP, NYT, WSJ, Bloomberg, Fox business, CNBC, Reuters, Politico and American Banker… Not everybody in that conference room gets to ask question, but a lot of them do. Those people who get to ask questions serve the same public interest. It’s not perfect transparency, but it’s not nothing.

How do you compare the Fed’s press conference with other agencies’?

The Statement Department has a press conference every Friday. It’s with the spokesperson. That conference can go on forever. Anyone can ask questions. For a lot of the questions the spokesperson may not have an immediate answer, but the access is there. Yellen is not prone to slips. She doesn’t really say anything. Her goal is to say as little that she hasn’t already said as possible. She is not unique in this regard. A lot of people do this, especially when she doesn’t have something to sell there. The idea is try to stay on her message. She’s very good at that. She always makes news from this. There’s never a boring no-news press conference. She is on message. She’s controlled. Some people would only read the scripts, but she is immersed in the subject matter enough and confident enough in her role. If someone asks, she would say “I will tell you again as I told you before.” There’s nothing like that anywhere else.
Speaking of transparency, that’s not a federal agency per se. It’s public-private. As a result, they are not subject to FOIA requests. You can FOIA the Fed, but they may honor or not honor your request. If they decide not to, they don’t really have to. But maybe they would say: because we are nice, so here is your stuff. When you think about how transparent they are, you have to take into factor that you as the press don’t have any leverage to make them do anything. I’m not saying it’s the way it should be or we should be thankful for the access we get. With the Department of Interior, if you don’t get an answer, you have legal recourse to demand the information you are looking for. Depending how big a deal you want to make it, you can take it to the court. That’s not the case with the Fed. It’s more like you are inherently in a supplement role. With some agencies, you will get enough if you cause enough stink—multiple emails, call every hour for a year, eventually you will go somewhere. I haven’t tried it with the Fed, but ultimately you as a reporter get what you get.

_Do you think your audiences on Wall Street get the same amount of information as you get?_

I don’t know. I think it depends. If you say data and information, I’ve no idea if banks get what the Fed gets to see in terms of market activities. If I were the head of compliance at the Citi Bank or other big bank, and I want to meet the Fed about this and that rule, I’m pretty sure that I will get that meeting and I’m pretty sure that they will tell me something that they wouldn’t tell me as a reporter. To be clear, this is utter speculation. I’m not speaking as an authority. But I don’t think it’s very different from other agencies. If I were the head of Exxon hoping to talk to the EPA about the drilling
rule, I’m sure they will have a more candid conversation than they would have with me as a reporter, because these guys won’t write a story telling everything they’ve said at the meeting.

*If you ask the head of BOA for what he was talking about with the Fed, will he tell you? Like getting the information second hand?*

I haven’t tried, but probably not. I would imagine whatever the banker has got is valuable to him. If indeed there was any valuable information passed along, the advantage of that is that you know something that everyone else doesn’t know. If you told a reporter, the information seems to lose its value.

*What are the types of information and materials do you refer to? How do you weigh the importance of each?*

We don’t cover a lot of market-moving stories. We usually skip FMOC meeting minutes, unless there’s something that’s uncharacteristically juicy. Generally, we don’t bother. We cover the senior loan officer opinion survey, which they publish quarterly. How are the underwriting terms different than they were last quarter? It’s a way of engaging overall economic activities and demand for banking services. We also cover the beige book. These things are published periodically. If we ever run any story based on the information itself, we will refer to the document itself, like the stress test. As these issues continue to keep coming up, you will look at agencies’ reports saying what is and what is not. Then there will be people out there saying it may not be true, but the government still did research and said it.
Data won’t be really us so much. We never wrote mortgage rates. That’s someone else’s job. But if they have an enforcement action that’s interesting, we will use their primary source material. We don’t necessarily cover all of Stanley Fischer’s speeches. We sometimes cover, but we won’t write a story just because they have speeches. The Fed has this dual role. They have this monetary policy role and the regulatory role. We tend to skip the monetary policy. If the Fed raised interests rates, we would write it, but it’s not very interesting to us.

**Do you think the wording and expressions in the documents are clear enough?**

When they come out with a proposed rule… A good example would be, in April, they came out with a rule on same-day payments. Banks already agreed to require same-day payments for certain types of transactions, so they were requiring reforms to change the industry standards. There is the actual rule that is 12 pages and the press release summarizing, which is pretty standard. That’s helpful because you get the documents with an hour embargo. You have some heads start. Other agencies don’t do this routinely. It’s not a necessarily transparency thing, but it’s certainly a courtesy to reporters. I appreciated it. It gives you a chance to kind of get up to speed. The nice thing is they have the dumb-dumb version like a thumbnail sketch as what it is about. I can say to my editor that we don’t care about this or oh, this is important. Then there are always the nitty-gritty details. The nature of what they are doing is confusing, non-intuitive and filled with jargon. If you are going to be a reporter covering the Fed, it is your job not their to make things that are hard to understand understandable. It’s not their job to lead me right up to the story.
Did you have a culture shock when you first started the job?

I covered the CFTC before I covered the Fed. I expected there would be a bigger culture shock. I thought it should have been harder. I didn’t think my experience at the CFTC would have been helpful, but it really has. I feel like it hasn’t been that hard to understand a lot of the stuff. However, going from writing about the environmental policy to writing about the CFTC was really hard. I got my culture shock the job before this one.

Environmental issues have got their own set of jargons. If you are covering stuff in D.C., it is all written in the opaque or counterintuitive way, they don’t do that to be difficult, they do that for being legally precise. Everything has to be very specific. Every word has to mean exactly what it means. When rules get written sloppily, they got challenged in court. Then they get thrown out and they need to start all over again. That’s why they use seven paragraphs to explain one thing when one paragraph would do. It’s like architecture; it has to be structurally sound. Federal legislation looks gibberish in text, but when you look at a bill and a piece of legislation, it’s all done that way, because it’s supposed to be plugged in all other apparatus all based on verbal precision.

They are clear enough for the most part. I don’t read a lot of the FOMC statements. The other journalists’ concerns are definitely valid. I’ve heard about the statements are very confusing to read. But as far as the stuff that we deal with, they have a good system to explain the rules. They give you a short hand thumbnail sketch. A lot of the times, it breezes over things that are more important than it makes it sound like. When you look at the real stuff, you would find out it is more interesting than you think is. They
are getting you not to cover something maybe you should be. Everyone does it. Your job as a reporter is not to be freaked out by that. Your job as a reporter is to figure out what’s hard to understand for your readers.

A lot of federal agencies aren’t doing a good job selling their policies. They make these rules. They make it according to procedures, but they don’t go to the extra mile to explain why they made the decisions and why is it a good choice, given other options. A lot of times the stuff we are talking about are not unreasonable things. They viewed it in a certain way and ruled out the alternatives. Instead of laying it out, a lot of agencies just put the rules out there and never say anything about it again. Then they let other people who oppose it frame the argument. With respect to the Fed specifically, compared to other agencies, they are doing a better job selling their policies. Yellen isn’t the only person who is out at the Fed. You have Daniel Tarullo who is out a lot talking about what the Fed is doing in a regulatory framework. He is very specific and very forthcoming. He makes a fair amount of public appearances. Every two months or so, he has pretty big announcements somewhere. I think they do a better job than other agencies selling their ideas.

[Because they are under the spotlight?] No. A lot of the other agencies are under the spotlights, too. EPA is absolutely under the spotlight every second of every day. They aren’t compelling selling their policies. The State Department is under scrutiny for the key stone pipeline, and they are kind of stuck to the same thing that they always said. To their credit, of all the agencies that I’ve covered, there is less ambiguity about where the people stand in their points of view, which is helpful.
Are there too many voices from the Fed? How do you prioritize the different voices?

Are there over-communications?

That’s a good question. From a practical point of view, if Daniel Tarullo is speaking, we definitely cover it, and we definitely write something. If Yellen speaks on the monetary policy again, we cover it but probably not writing something. Unless she says something in their Q&A is interesting. It’s a rare situation, because she is at the top of the heap. The higher up you get, it’s not necessarily the more information you can give. The guys you really want to look at are two rounds down, someone who is like the adviser to the person. That’s the one who really has the nuance of the subject that your are looking for. She is too big to go off script.

Something from the Fed bank in San Francisco could do to get our attention is if they say we need new regulations for community banks and what I propose is XYZ… This would be interesting to us.

Are there too many voices? I don’t think so. I think it’s not a one-man show. It’s not a top-down administrative agency. Federal agencies are like all the colors of the rainbow in terms of how they are set up. There are straight top-down hierarchies. Head, deputy head, heads of the department and their minions and down. The man or woman at the tops sets the tone for the rest of everything. Then you have the Fed, which is a board. It has a chairman. Half non-regional bank governors and half regional banks’ presidents—they get together periodically to talk about monetary policies. But the board also passes regulatory stuff on its own. All the people have a little bit of power. All of them have a bit of say on what’s going on. Yellen has probably the most. I guess it’s
probably the whip kind of role. If you compare to the alternative, it’s probably to be a good way.

Yellen never gets on CNBC. She meets the exactly minimum public appearance requirements. She does some panels and speeches, but she is not out there drumming up interviews. When Stanley Fisher talks, they usually deliver a message or their observation, to counter something they’ve seen in the press. Some regional presidents are more eager to get in front of the camera.

*How do you describe the interaction between the reporters and the communications staff?*

Very good. I dealt with a lot of different flacks at different agencies. American Banker is a bigger profile than other places that I’ve worked for. I call and I will get an answer, as long as my question is not ridiculous or fundamentally wrong.

It’s not their job to bend over to accommodate me if I’m a jerk. Your credit as a reporter is like your credit rating. If you ask reasonable questions, and give them enough heads up, if there’s something that you don’t understand you call them. If you have this kind of interaction with agencies, you will establish a relationship. You get what you want and they get what they want. It’s symbiotic.

*How can the Fed improve their communications?*

I don’t know how much outreach they need to do. It will be useful to them and to us reporters to make subject matter experts available to comment on the record. A lot of agencies won’t make a sale of their policies and their points of view. If the Fed can make
the heads of projects comment on the record to say in their words, or if they make the people to explain how something works or explain why they made the decision they made, that would make our stories richer. That would make the Fed feel more accessible. It’s a public perception that the Fed is not transparent. Mysterious, nebulous, illuminati building with no entrances… The reason it has that reputation is because it’s very powerful, it’s not like any other agencies. It’s independent. It’s not accountable to president or Congress. Selling that criticism is not fair. It’s being judged by the standards that are impossible, impractical or illegal. If you compare it to other agencies, they come out very favorably. It would be better to put a human face on some of the choices they make or stuff related to what they are doing. I would love to have the exclusive to quote someone saying things with some color understanding the bond liquidity. I’d like the Journal to have a different exclusive. I wish they made those people available for our stories saying knowledgeable things.

I think they are doing what they are doing for two reasons. The people that know the stuff don’t want to be in the news all the time. If I were someone working at the Fed’s risk management, it would be weird to have my name in the paper saying one or two sentences. Also, unless there are panels or open press, they want to stick to the script. If I were them, I would make more people available.

**What should you and your peer reporters do to improve coverage on the Fed?**

There need to be more diversity for people covering the Fed and the financial industry in general. They all look like me—white, male and often with beards. There are a couple of women, but there are no people of color. They never take questions from
foreign agencies. That’s something for the industry to do. There’s a lack of diversity in financial reporting.

Beyond that, you can see in National Geography—they have the documentaries of fish in the sea. They all follow nothing or each other like a cloud. It’s like the Fed press corps a bit. Everybody is following everyone else. Everyone is chasing the same thing. If it were my decision, I would tell everyone, if she’s answered the question about interest rate, take it off your list and ask a different one. Maybe we shall come up with questions that she can’t dodge easily. That’s hard to do. Because she’s very good at dodge. There’s a lot of interest in getting reactions out of her. The day before the June press conference, the Financial Services Committee was short of content because of their investigation into the 2012 FOMC leak. There was the twitter kerfuffle about it. I didn’t ask that question because our paper doesn’t care about it. If I ask that question, I would be carrying someone else’s water.

Sometimes I hear good questions—spicy and having a zing to it. But a lot of the times… No. That I get to ask a question to Yellen is a privilege. Not that many do that, not that many people care. But among the people that care, I want to ask something no one else have thought of.

Before the crisis, the Fed got to see the markets in a way the markets themselves didn’t get to see. Do you think the markets and the Fed are looking at the same thing now?

I don’t know. The Fed is always going to see more than the markets could see, by virtue of its access to privileged information that’s privileged to only itself. They get to see Citi bank’s dirty secrets, side by side of Bank of America’s dirty secrets, or
proprietary positions. They really see where everyone is. For every bank, no matter how awesome it is, only really gets to see where it is and its best guesser where its competitors are. There are certain things that have changed that have made the public’s view of the economy better.

One, stress test has done a lot to give the banks individually better views of each other. The markets in general get a sense of what people’s vulnerabilities are. It’s not a substantial change, but it wasn’t there before.

The other, the swaps markets were completely dark before Dodd-Frank. I think that’s been illuminated in a very meaningful way. The whole dark pool of the financial activities has gone more known. For the most part, Dodd-Frank’s reformed information gathering in a way that has benefited the Fed and FDIC. They had a view and the market had a view before. The Dodd-Frank has improved market transparency but I think it has improved regulators’ view of the market to a far greater degree. The market can’t have the same view that the Fed has. Some of that is just natural and some of that is required. I don’t know the information that’s provided to the public is adequate. I suspect not. As long as you are not talking about proprietary information that will make markets dysfunction. I don’t see how more information can be hurtful. That probably can be improved.

*How do you think media are helping the general people, economy and society?*

Theoretically, the point of journalism is education and watchdog. For the general public, either they get finance, either they know all about the stuff and get on the jargon, or they know nothing about it. My colleagues do a very good job. They provide an
important public servicing getting people who would otherwise not want to think about money into thinking about money and to being educated enough to understand money and how it works in the big scheme. That’s an incredible public service. Especially when you are not interested about it in the first place, you are never going to get anywhere.
Don Lee

Los Angeles Times

Interview on August 8, 2015 in Washington

What’s your experience covering the Fed and the economy?

I started covering the Fed in 2009. Just after I came back from Shanghai as Los Angeles Times’ Shanghai bureau chief. I’m not a full-time Fed reporter. A colleague started a year ago working on it with me. It’s a smaller part of my overall coverage, but I’ve been to most Fed events and followed the Fed chair in different places, when they speak in different places or give testimonies at Congress, and so forth.

I follow the main policies the Fed makes. I’m not following how to do financials too much or personnel changes. It’s really a platform to monitor the macro economy (and to look at their financial regulations.) I do keep a pretty close look at the Federal Reserve’s data and their research.

You can describe me as a Washington correspondent for regional papers, including the Los Angeles times, Chicago Tribune, and six and seven papers, syndicated regionally and globally.

What are the stories you’ve mostly written about on the Fed?

Their assessment of the economy, the thinking behind the interest rate policy making, and about the conflicts they’ve had internally, and sometimes with Congress and different players out there.
What are the differences in Bernanke’s and Yellen’s personal styles and how have them influenced the Fed’s communications styles?

In general, there is very little difference. They follow pretty much the same format. The length of time of the press conference is about the same. Both of them have a similar calm and low-key way of talking. They are very similar. She’s cut from the same cloth as Bernanke. Bernanke started the press conference but she had been the leader of the communications enhancement committee within the fed, so she was very much a leading person in the Fed’s communications outreach. I don’t see much difference. They are both very cautious. They tend to be very even-tempered and generally very gracious. The communications staff is the same, so the people who organize the press conference are the same. The format is the same. There have been little changes that I notice.

What changes has the financial crisis brought to the Fed’s communications?

Bernanke took over as the Fed chairman only a couple of years before the crisis. In 2009, Bernanke accelerated his efforts to communicate to the public and expanded the communications policy, partly because there were a lot of criticisms about the Fed and I think he thought the only way to communicate is to have outlets to do so to (erase misunderstanding.) Bernanke has been to town halls and started the press conference. He knew that more communications will serve the Fed’s purpose and could deflect some of the criticisms from Congress and the public. I know there was a very significant change before the financial crisis and afterwards in terms of the Fed increasing the number of different channels communicating with the public and the media. The press conference has been only about three years. It’s pretty dramatic. In a hundred years of the Fed’s
history, for most of that, you had zero communications. That was seen as a way giving
the Fed more influence that they could be more effective. They could keep things under
wraps. But in the last decade, you had a wide opening. The press conferences, the
minutes, the interviews, and the speeches of the Fed official – it’s been pretty dramatic.

What are the driving forces behind the changes?

I think most of it has been driven by the fact that the image and the criticisms the
Fed had took after the financial crisis. After the AIG and GE bailouts, the public has been
very resentful of that, because the government rescued corporations but didn’t rescue
ordinary people who lost their homes and jobs. People generally misunderstood and
didn’t know much about the Fed. The image of the Fed is very friendly to Wall Street and
to corporations, but less caring of ordinary citizens.

One way Bernanke combatted that was to be available and made the Fed more
accessible to Main Street. There was the town hall meeting they had in Kansas City. They
went to the heart of America to tell the ordinary people what does the Fed do. Sometimes
it was very defensive, but for the interviews with CBS, they went to Bernanke’s
hometown, a very small town, in South Carolina—sitting on the bench, watching people
come and go and portraying the chairman as a normal person and as well as a champion
of Wall Street. A lot of this was to combat this negative perception and trying to change
the image of the Fed and also to communicate more effectively.

Also, there’s the notion that the Fed can get better responses from the markets if
they communicate with more forward guidance and more policies. The communications
policy could give the Fed the ability to influence market makers and thinkers, because the
interest rates had already gone to zero by the end of 2008 and you couldn’t bring interest rates down lower. That left the options of QE, basically printing money to buy bonds, and the other being the Fed’s communications. The Fed could say when it will make the next move and how it would chart the path of the future. That would give signals to the markets and the markets would react in one way or the other, so that it would help the Fed to achieve the results it wanted. It’s a pragmatic way.

Also, people are very sympathetic when Congress was beating upon the Fed. I think those are the reasons why they’ve expanded the communications.

_How has your access to the Fed increased?_

I don’t know that my personal access or my paper’s access has improved that significantly. Part of the broader opening and communications efforts is that everybody has more access. We have the materials, the speeches and so forth, but I don’t think I have a similarly dramatic increase in my personal access. I’ve sat down with the chair on an on- and off-the record basis. Every time that I requested that, they would accommodate me. Five or six years ago, they had the round table and the workshops to let journalists spend time with the Fed chair and another person. Over the last five years, I don’t think I have had greater access personally, maybe because I’m a part time Fed reporter. I haven’t pushed as hard. At the other major papers, they have many people working on the Fed. They are going to get more access, but for me and our paper and other general publications, I wouldn’t say that has changed dramatically for us.

Obviously, the readership and the level of details readers would expect from Los Angeles Times are different from the national financial publications.
Do the Fed’s statements read clear?

There’s a learning curve in the sense that you need to learn the jargon, the vernacular and the vocabulary of the Fed. If you are new to it and if you don’t have some guidance from analysts and even some background help from the Fed, you may not understand it. For example, the minutes would say “participants” and “the committee.” When it says “committee,” it means the FOMC voting members, when it says “participants,” they mean the voting and non-voting members. When they say “a number of members” and “some members”, the meanings are different.

People over the years have been analyzing that, especially full-time Fed watchers. They’ve seen a consistent pattern on how the Fed uses their language so that they could interpret more accurately what this and that mean. It’s very specialized in that sense, and it’s very hard for someone to come from the public and read it for the first time to know what that means.

If you say if it’s clear, for most people probably it isn’t. Firstly, it can be very technical. You have to understand the background and the history. It takes some time to understand what it means, but they have been fairly consistent.

You do have the opportunity at the press conference to press and try to ask the meanings of words and statements, but the Fed chair has always been vague on things like that.

I think for the public it’s probably very hard to understand, but I don’t think they are aiming for the public. The statements are aiming for Wall Street, the financial world and financial journalists.
By the nature of what they do, it’s hard because some economics and monetary policy is technical and is complicated. I think if you want precision, you need to be able to use the full range of vocabulary. It’s hard for most of the normal people to understand the statements. I think the press conference and mass media’s general interviews are meant to be more accessible to the ordinary public. They talk in more ordinary language, not too much data.

You have to be consistent. Otherwise it would defeat the purpose of the Fed. You have to communicate consistently with especially the market participants and the financial media. Otherwise people would be confused. It’s important to be consistent.

I suppose they could do make some changes, but it might take some time to do it. When you make things more general and simplified for the public, it can create more room for interpretation in some sense. It’s vague because you are not using technical languages. It maybe misconstrued. And also once you’ve set a pattern, it’s very hard to change it, because it can cause disruptions and misunderstandings, and it may be jarring. If you want to make it more accessible and simplify it, you may need to gradually do it in a very long time. That’s probably why I think you have different levels of the materials. You have the statements, releases, and testimony at Congress. Then you have meetings with the public. They have different levels of communications and specialized languages and access.

**How has the general media coverage changed?**

The Fed has become a more important player and there have been more interests on the economy after the financial crisis. There was a bigger appetite on covering the Fed
at that time. But now as the economy improves, the Fed has become less of a story. They are not making as many news these days. They have had the same policy statements for a long time.

The economy is still a big deal. The Fed has been a main player in terms of making policy. For me there’s less demand from my editors and less interest because it’s not on the fire. It’s not making a lot of dramatic policy actions. The coverage is going to naturally diminish when economy is not as much as the news and they are not doing much more. There was a lot of public attention on the fed during and after the financial crisis. It’s much more of a familiar household institution now. At that level, you probably have seen more benchmarks and stories about the Fed. I think there has been a pickup on the stories about the Fed in general, but it’s really about the news.

*How does it feel when you attend a press conference? How does it compare to press conferences at other federal agencies that you've been to?*

I haven’t been to a lot of press conferences. I’m not a big fan of press conferences. I don’t personally enjoy them. Some financial papers ask very sharp questions, so it’s good to be there for that. I almost have always had opportunities to ask questions. It’s a very small group, unlike at other agencies you have so many reporters, and you only have time for three or five questions. At the Fed, it usually goes to an hour. Usually you are able to get 20 questions. If you were very eager to get a question, you always would have a chance to ask. That’s worthwhile.

Press conferences are press conferences. The Fed has its cautious nature. The press conference is during the market hours. It is by nature to be very careful. There’s
going to be little departure. At Yellen’s first press conference, something she said caused the public panic. It was a bit more than what she wanted to say and the markets latched on every single word. The markets reacted very sharply. Since then, she learned. She became more vague, more cautious and follows the scripts. Then it wouldn’t be as interesting. You rarely get something unpredictable, but it’s also understandable. A slip would influence the markets around the world. You get nuggets of additional information or things that help you get better understandings, but it’s rare that you are going to find significant pieces of information, or significantly expand on certain issue.

*Do you get what you need at the press conferences?*

No. Usually we want more details and a lot more clarity on the direction, but the Fed is not operating under a formula. Things don’t always repeat. Sometimes the questions are repeated then you get similar answers. Most of the questions are what the chair has talked in length to Congress, in policy reports, in papers or in speeches. Sometimes you get a good quote or comment because they talk off the cuff.

Sometimes they will expand on a certain point. For example, there was one question that I asked at one time to Bernanke two or three years ago. He was talking about that we wanted to see good job reports every month, because it’s an important indicator to see when we are going to raise rates. The question was what’s good and acceptable job growth. He gave a clear indication. He said 200,000 a month. We have a clear benchmark now if it’s a good or bad month. That’s what you can get sometimes.

*There are different voices from the Fed. How do you value their importance?*
Of course the chair’s word is far more important than anybody else’s. It means I have to look at each single speech that Yellen makes. It’s not even a comparison. You can have twenty or thirty speeches from regional banks’ presidents, but they won’t outweigh what Yellen says. That’s uniquely powerful. She’s the voice and the communicator of the Fed’s policy.

In the descending order, the vice chair, then the board of governors, they don’t make too much speech on the economic policy and monetary policy. The district presidents do make speeches. You look at the ones that are voting members first and the ones that tend to be outspoken and influential. I look for people who are centrists instead of extreme doves or hawks to better know the policy making.

*How do you expect the Fed’s communications staff could do to make reporters’ work easier? How could they help more?*

I suppose they could hold more regular briefings with small groups or individuals. Reporters would have a better sense of what the key issues and priorities are. They could even just talk about what kinds of stories they are seeing and what they think about them.

Now there are 12 different regions, I need to look at the regions separately in order to know what they are doing. It takes a lot of time.

There are things posted with a delay that probably could come more quickly, such as the transcripts of the meetings.

We could have more press conferences? I don’t know. It’s enough for what I need right now. I would like to meet some people–senior economists and best thinkers talking about the research and getting to know the next important topics in the next few years.
But I haven’t really pursued. I don’t know whether I could get it if I want to, but the Fed also hasn’t offered it either. I imagine the Fed makes more engagement with people who cover them full-time. Usually they are open, fairly accommodating, respond quickly and trying to help. I don’t have big complaints.

**What should reporters do to better communicate Fed-related issues with the public?**

If we have time and dig deeper into the Fed policymaking and report on how Fed does things, that will help the public understand the Fed better. The public probably hasn’t got enough information from the Fed.
G. R.

Interview on August 13, 2015 in Washington

What are your experiences covering the Fed and the economy?

I’ve done journalism for the whole time of my life. I was with the Washington Post for 25 years. I’ve done different jobs for them. My last job there was covering international economics, the World Bank and the IMF. I’ve covered the Fed for one year and a half.

I’m a veteran correspondent with major news organizations currently focused on reporting on the Federal Reserve.

What kind of topics does your team write about the Fed the most? How do you categorize those different topics?

As of late, the main topic has been the core monetary policy and the interest rate decision. That’s been the preoccupation simply because of the country’s circumstances: six years of zero, shifting regime and what that says about the healing economy. I would say personally I incline to do more labor market and real economy sorts of things.

CNBC and MSNBC are all talking about if they are going to raise rates or not. More of an issue to me is that what does that discussion does say about the strength of the economy over all and community, industry sectors and different segments of the workforces. What’s happening in those are more interesting. We have a separate team for the regulatory issues. We are an organization along being a general service wire.
How long have you been covering the Fed?

I have been involved in covering the economics for about a decade.

How do you think the communication styles of the Fed vary under different chairmen?

Many of the same people are in place. Yellen has only been there for over a year. There hasn’t been a wholesome change. I think there are some innovations.

There has clearly been a twenty-year trend to more openness. They made the decisions in the early nineties to start publishing a statement, which was followed by the more recent innovations of the regular press conferences and economic forecasts.

This is happening with central banks globally. They are all pushing towards more communication. Partially because they realize—if you look at economic research in the 80s, scholars wrote about the integration of Keynes economics with monetarist economics. One of the perceptions there is the role of expectations in the models to build behavior and psychology into the models. New Keynesian Philips curve introduces expectations of the future. Central banks realized that they could use communications and transparency as a tool to shape those expectations. There are people arguing the inflation is so well behaved these days is because the central banks have built people’s expectations of it. It’s not that they want to be democratic; it’s because they realized it’s a tool.

There is the trend of leaning toward openness, but they are not open about everything. It’s selective. Everything they say are sometimes they wanted to be helpful. Sometimes they think it’s in their interest to communicate in a certain way. If they believe something that will not be in their interest, they won’t communicate about it. An
example would be: the forecasts for federal fund rate are not identified by name but by blind dots on the charts. There’s an argument that they should be identified by name to ensure accountability. The argument back is: it would be too much second-guessing and too much information. As soon as you know where the chair’s dot is, everybody fixates on that. They are giving cover to the chair not identifying themselves. Even to the point that rarely or occasionally they would say it’s my dot, but it rarely happens. They are protecting the chair.

What does transparency mean to you as a reporter?

It’s hard question to answer. I’ve been to this long enough to not expect them to say anything they feel that would damage their institutional interest. You have to work around with that. For Congress and the administrative decisions on the regulatory matters, you could almost draw a continuum of things you’d expect: the discussions are going to be very open, the information flow is going to be very open, excepts when there’s a fundamental national security issue involved. Then they won’t expect the government to say that much. Likewise, to the extent that the policy debate around the industry, say, could really—if it was mishandled—lead to hundreds of millions of dollars of chaos, you understand why they want to control the information flow.

Have you noticed these kinds of chaos?

Taper tension. If you go back to March of last year, to Yellen’s first press conference, she put a time frame on one of the phrases in the statement. People asked what does “patience” mean? Then she said six months. And the markets really adjusted a
bit. I think she regrets being that specific about it. That was a lesson learned on her part. Her words are really watched. They are giving weights to people who are making decisions about a lot of money. Is it good or bad for the markets? I don’t know. There are always winners and losers. They need to be careful about what they say in public.

**What are the driving forces behind the changes?**

Policy. They realized there’s a policy. The crisis fits into it, too. I have no doubt about that. When they are in an extraordinary phase, where you are really committing trillions of dollars of assets and making decisions about the common good. They feel the democratic impulse to say more about what they are doing and communicate more about what they are doing.

Congress was expecting it. It was the politics at that moment, when you had the government here bailing out the auto industry, AIG and the banks. It was not good to be too opaque. It would have been a real blow to credibility and wouldn’t be politically sustainable. So they have to be transparent.

**Do reporters have more access to the Fed’s information nowadays?**

I don’t have a comparison. I’m not sure if it has changed much. The most useful tool is the access to the policy makers themselves. It’s hard to judge what the base line is. It’s the case that the regional bank presidents are much more available than the board members. They talk on the record more. They make themselves available in their communities more. We travel to these events and take advantage of the access.
It’s also the case that there’s a lot more access to the board members than, not a lot, it is reflected on the records of interviews. They do with some regularity make themselves available off the record. They will talk pretty freely and in detail about their views on things. I don’t know whether that happens more or less than it used to. I don’t know how often Greenspan sat down with people who follow his regularly and chat informally. That’s helpful. But it just doesn’t show in the news stories because they are all off the record.

**Did Bernanke have more off-the-records interactions with the media?**

I heard that as well, but it may be a false comparison as he was presiding over the crisis. And if you go back to 2007-2009, once a month, they were having unscheduled meetings with G20 nations. There was the constant emotion back then that required him to provide more information. What they didn’t want was that some anonymous sources said the Fed was going to give a gazillion dollars to Fiji or something. You know what kind of weirdness you are going to get. You want to control accuracy. It’s to their benefits to have the reporters who follow them in detail well briefed on all the stuff, because what they were doing was truly extraordinary. It was not without risks. It required global coordination. Even if they don’t want to talk about it, the Fed has to deal with Bank of Canada, BOJ, PBOC, Germany or ECB. Europe will talk about it all the time on anything. If Bernanke didn’t tell people here what was going on, they will find it out from somebody in Frankfurt or Tokyo.
How is your overall feeling about attending the press conferences? Is it easy for reporters to get what they want out of the press conferences?

The press conference is largely done to get the chair an ability to elaborate on the statements and on the forecasts. You get to have these questions answered. In this format, you are just going to be asking about what’s relevant to the statements that were just issued. It’s not like any other press conferences. It’s helpful in some ways but not fulfilling in others.

How do you compare the communications styles of the Fed with other economic institutions, such as the Treasury?

They are smarter. I was only around Bernanke a couple of times. There’s no doubt about Yellen’s intellectual command in the material. If you ask questions you think are distracting or compelling, and you put her on the spot some way, then you will realize she has thought about the stuff four levels deeper than you have. Your question is spent. Ten minutes later, you just wanted to get out of here, completely lost your thread.

Is it hard to get the actual answers to your questions?

Without follow-ups, yes. The ideas you are going after sometimes is pretty obtuse. Sometimes it’s hard to ask the question in a way that one feels smooth to get points across. Sometimes, you ask the question and the answer you get is their understanding about what you ask, but not something you are really after. Without the second or third follow-ups or a dialogue, it’s hard. That’s why I like going the third or the fourth. I don’t like to be the first to ask the question. It runs around. If I could choose, I’d
like to go after the Journal and the Times and Bloomberg, because they have to spend their questions on the obvious stuff to make sure it got the answers. Then I will get the chance to pursue my idiosyncratic questions.

**How do you evaluate Yellen’s personal communications?**

Besides the first stumble where she quantified something she shouldn’t have quantified, she has done pretty well. An example would be the confirmation hearing with Congress, not the media, in February where she really got attacked by Jeb Hensarling and a couple of the others. She held her own. She was not intimidated or looked nervous. She really fired back in a way, which makes sense of the economic logic. It showed that she was not willing as a woman or as a civil servant to be pushed around by these guys.

**How do you evaluate the current FOMC statements? Are they clear enough?**

You have the statements and the elaboration on the statements. The statements have been boiled down sequentially to a few paragraphs compared to where it was pre-crisis. There has been a little bit more elaboration on the economy now. There’s still some tea-leave reading and some interpretations. That’s one of the reasons and functions the press conference is serving. It’s one of the reasons why the industry is still an unanswered question. The broad assumption is that they never again announce a major policy shift in a meeting without a press conference, which for the purpose of analyzing the interest rate increase. It takes half of the meetings off the table because you have half of the conferences with reporters. Is that true or not we don’t know yet.
They have changed the policy and they have changed the wordings in the statements without a press conference in July, but they haven’t made any substantial shifts in the statement unless there’s a press conference to explain them. Is it clear? If you read it with the benefits of the press conference, probably yes. In the past couple of years, people had to go strictly by what the statement did and said how things had changed. It could be very confusing. For example, they had the reference to the employment rate in there for a while and said that they won’t increase interest rate until unemployment rates gets blow 7.2 percent, and then it fell below that much faster than expected. They want to get rid of that number, but they don’t want to also make it seem like that they are going to raise interest rates. They had to come out and say: we didn’t keep it in there because it’s stupid to keep it in there anymore as the unemployment rate is already under the percentage. The words are no longer meaningful. Removing them is just an acknowledgement that the words are no longer meaningful, and there’s no other ulterior motive. There’ve been some very confusing changes in the statement over the last couple of years. It requires elaboration. You can’t look at the statement in isolation from the press conference. If people are left to interpret the statements on their own, people were going to have a lot of confusions over the last couple of years.

There are tons of commentaries. There’s tons of history. There are plenty of people at the Fed talking on the background and off the record to help chat through what things mean. Also you have the minutes after two weeks, too. If you spend enough time looking at the minutes tracing back to the statements, you have a flavor of the debate and why things are said in certain way.
Is the Fed sometimes overcommunicating? Are there too many voices from the Fed system even creating noise?

It’s not confusing. Not just the Fed has the tendency. The media as a whole are also over-communicating. This is the age that we are living. We have cheap headlines, too cheap and too quick. It exhibits from that the way we treated Charlie Plosser at the Philadelphia Fed who took every possibility to tell us that hyperinflation was around the corner. We really wrote about that too much. The question is not if it is confusing to us. The question is whether what we do with it is confusing to the people to whom we are providing information. Yes, in those cases, when we overexpose ideas and comments that by virtue of their repetitions. It seems like the voices get magnified through repetition.

What reporters should do to improve the coverage? And what should the Fed do to improve their public communications?

For my peers, I think we overcover the rates part of it, and undercover the economic debate. For the Fed, I do think they can’t have enough press conferences. BOJ has suffered a credibility blow because Kuroda has to go to Congress every month and he does public appearances every month. As a result, Japan has seen for the last ten years that Kuroda in front of them saying that inflation will come back but it never comes back. So just by virtue of these mandated appearances, his public credibility is probably shot. You can’t have too many press conferences. That being said, they only have eight every year, I think they can do a public press conference every session. That’s going be fine. I think they just should put their names on the forecast. Stand by your dot. Because there’s always the suspicion that they give you a central tendency so they lock out the top three
and the bottom three, so they do the median and the one left. If I want to try pull the media up and down, my aim would be in the media, I would try to go higher and lower as I could go and still be the middle fourth. I don’t know what that type of game it would be. But I guess Charlie Plosser to some degree doesn’t want to be the guy who has his dot thrown out, so he would aim to wage between the number three and number five just to pull it up a little bit.

**Is it harder to get exclusives from the Fed than from other institutions?**

Yes. Because of two reasons. As nice and smart as they are, they don’t want to do on the record exclusive. If they have got something to say, they usually want to broadcast very broadly. Second, they view “exclusive” as some kind of violation of privilege. It’s one thing to break political news as what the White House is going to do. It’s another thing to – as you see one little incident in 2012 where the WSJ and the financial company pieced together. I don’t think they got a leak as deep throat. They had enough casual conversations just to figure it out. It was kind of smart shoe leather analytics. That now ended up with the justice department and congressional investigations. They don’t want exclusives. They make it pretty hard to get exclusives.
Appendix D: Data mining work as research sample

Please see attached Excel file.
Appendix E: Project proposal
GRADUATION PROJECT PROPOSAL:
REPORTING ON BUSINESS AND ECONOMICS UNDER
THE FEDERAL RESERVE’S INCREASING
TRANSPARENCY

Li Lin “Linly”
University of Missouri
Spring 2015

Committee members:
Randall D. Smith, Chair
Martha M. Steffens
Barbara S. Cochran
Index

1. Introduction .............................................................................................................................................. 1

2. The professional practice component ................................................................................................. 4

3. The analysis component ......................................................................................................................... 5
   3.1. Research statement .............................................................................................................................. 5
   3.2. Research questions.................................................................................................................................. 6
   3.3. Explanation ........................................................................................................................................... 7
   3.4. Theoretical framework: framing theory ............................................................................................... 7
      3.4.1. Psychological and sociological roots ............................................................................................. 7
      3.4.2. The procedure ................................................................................................................................ 8
      3.4.3. Media framing ................................................................................................................................ 9
      3.4.4. Audience framing .......................................................................................................................... 11
      3.4.5. An evolving concept ....................................................................................................................... 12
   3.5. Literature review: covering the Federal Reserve .................................................................................. 13
      3.5.1. The goals and the structure of the Federal Reserve ....................................................................... 13
      3.5.2. The revolution of central banks and their transparencies ............................................................. 14
      3.5.3. Materials for the media ................................................................................................................ 16
      3.5.4. Understand the audience of economic news ................................................................................. 18
   3.6. Methodology ...................................................................................................................................... 21
   3.7. Publication plan .................................................................................................................................. 23

4. References .............................................................................................................................................. 24
1. Introduction

My graduate studies are blessed with many great business reporting resources at the Missouri School of Journalism. As an official ending of my master’s program, I will relocate to Washington D.C. to carry out my graduation project. Three integral components of my project include: working full-time as an intern at American Public Media’s “Marketplace” daily business news radio show, attending the weekly seminars at the Missouri School of Journalism’s Washington program, and finishing a research project focusing on the interrelation between the media’s business coverage and the Federal Reserve Banking System’s increased transparency in information disclosure.

1.1. Personal pursuit of business journalism

My pursuit of business journalism started almost five years ago when I realized this sector is the hope for Chinese journalism in the heavily censored media environment. The Chinese government craves the economic development of society, so it enables much more freedom for business reporting. I saw my chance, and my hands-on internships at CNBC Asia-Pacific and the FT’s Mergermarket revealed the appeal of business reporting to me.

In the past two years, as a journalism student at the University of Missouri, I was able to interact with top tier people in the business reporting industry through my coursework and class trips. I’ve participated in five events organized by the Society of American Business Editors and Writers Association, which exposed me to the professional standards of business reporters. I continued honing my skills through related
courses including “Business and economics reporting,” “Bloomberg terminal training session,” “The arts and mechanism of business stories,” “Data journalism,” “Computer assisted reporting,” and two independent study projects.

I’m blessed to have had the chance to practice my business reporting skills at The Charlotte Observer and Bloomberg. My understanding of business stories kept evolving when I was covering oil prices, corn, taxes, manufacturing, the retail industry, the auto industry, and more… It strikes me that the business circle treats news like commodities, or everyday necessities, for their professional decision-making. Audiences pay constant and careful attention to business news because they have direct impact on people’s and companies’ tangible financials. This is true for interconnected modern businesses all around the world.

1.2. Preparing for a career in business reporting

After several years of effort, I feel that I’m gradually becoming a real member of the business reporting community. I will grow my professional skills during my internship with “Marketplace” to prepare myself for a real career in business journalism.

“Marketplace” is one of the most popular business radio shows in America. The show provides important business and economics daily recaps for a national audience. Its content uses very understandable language and vivid examples, which helps grow business literacy among the general public. Clips from the show are also broadcast in many other general radio news programs.

Previously, I mostly wrote for professional business audiences, but with “Marketplace,” I will produce very creative and intriguing business stories for a much
broader audience. I will also practice telling business stories via audio, a new reporting platform for me, and also post stories on the show’s website.

Taking advantage of the internship location in Washington, I will participate in covering the potential Federal Reserve’s interest rate increase. From my previous internship experiences, I deeply realized the significant role the Federal Reserve Bank System plays in the American economy.

Almost all business stories have connections with the central bank’s monetary policy. I have consciously tried, and keep trying, to develop a solid understanding of the ins and outs of the dynamics of the nation’s macroeconomics. It provides me with an opportunity to realize this goal to make the Federal Reserve the subject of my research component.

2. The professional practice component

Internship host:

I will work for “Marketplace,” an American Public Media’s daily business radio news program. All of my reporting work will be closely tied to business and economics topics. The program’s Washington D.C. bureau is located at 1150 Connecticut Avenue NW #525, Washington, DC.

Working hours and dates:

My professional project runs from June 9 to August 31, 2015. During this period, my position requires me to work 40 hours per week for the newsroom. I will take Friday mornings off in June and July to attend the Washington program’s seminars, and will work alternative hours to make up the time, if necessary. The total hours of my work will be at least 450 hours.
Main duties:

I will work collaboratively with the four “Marketplace” Washington reporters in all reporting and program production tasks, including:

Researching for the radio show’s daily newscast;
Collecting sound bites and recording interviews;
Conducting pre-interview, planning newscast content, and writing transcripts for radio hosts;
Writing stories for “Marketplace’s” website;
Helping with some administrative tasks for the bureau.

My work will contribute to the daily newscast of “Marketplace,” which can be heard via radio, podcast, and the “Marketplace” website www.marketplace.org. I will collect my research memos, audio clips, and published written articles on the website as physical evidence of the project.

Work preparation:

Technology wise, I will review the course materials of “Fundamentals of Convergence Reporting” (I took the class in fall 2013) and pre-practice audio news production skills. I will also receive technology and reporting training during my first week of work. Business knowledge wise, I will read through the “Chartered Financial Analyst” exam’s textbook on macroeconomics to have a thorough understanding of the macroeconomic system.
Supervisor:

Dave Shaw, Washington D.C. bureau chief of “Marketplace,” is my direct supervisor during the span of the internship. He will provide feedback when I finish my work at the end of August. He can be reached at dshaw@marketplace.org or (202)-223-7207.

3. The analysis component

3.1. Research statement

In recent months, the Federal Reserve has frequently appeared as a main subject in media coverage because of heated discussion about the potential increase in the nation’s interest rate. The interest rate is a critical tool of the Federal Reserve’s monetary policy package.

Following this heated news topic, my research focuses on the Federal Reserve Board of Governors’ more transparent communications measures with the media and the public.

The Federal Reserve’s monetary policy has direct or indirect influences on all economic activities of society. Therefore, economics reporters need to have a clear understanding of macroeconomics in order to connect the dots of all aspects of the economic and business activities in the society. While reporting, economics reporters rely heavily on statements and other materials disclosed by the Federal Reserve Bank System.
and its Board of Governors. Those reporters are among the first and the most important consumers of the public information provided by the Fed.

I will select a group of economics reporters from national media outlets, and discuss with them their reflections on the revolution of transparency of the Federal Reserve and how this trend has changed their reporting.

3.2. Research questions

My main research questions include:

How has a more transparent Federal Reserve changed the media coverage?

How do journalists utilize existing disclosed materials provided by the Federal Reserve?

What do journalists think the Fed should do in order to better inform the general public during the current economic recovery?

3.3. Explanation

My work will largely familiarize myself with the topic of the research component. While working in Washington D.C., I will have abundant opportunities to engage in coverage of the Federal Reserve’s activities, and I will enjoy the geographic advantage to participate in related macroeconomics lectures and open activities held by the Federal Reserve Board of Governors. I will be able to connect with leading economics reporters in the Washington area to find appropriate interviewees for the research component of my project.

Economics reporters interpret the same information released by the Federal Reserve differently because of their different audience targets, and because of their inherited perspectives of the media organizations they affiliate with.记者生产
news stories through a “framing” process. The framing theory will support the framework of the research component, specifying how various factors playing a role in journalists’ decision making during news production.

3.4. Theoretical framework: framing theory

In the past decade, the United States’ international affairs news has been dominated by the “terrorism” frame and economic news by the “financial crisis” frame. The decade before, the “Cold War” frame set the tone for political coverage in the nation. Applied to diverse news stories, the framing theory has been evolving ever since its inception.

3.4.1. Psychological and sociological roots

Communication studies were once criticized as lacking in core knowledge, but on the other side, the subject can bridge scattered theories in various disciplines (Entman, 1993, p.51). Framing theory, whose theoretical roots trace back to sociology and psychology, has a wide academic span facilitating framing analyses from a micro level—individuals’ internal informational process—and also from a macro level—the society’s established cognitive conventions (Goffman, 1974; Kahneman, 2003; Tewksbury and Scheufele, 2009).

“Social life itself is often organized as something that individuals will be able to understand and deal with.” (Goffman, 1974, p.26) From a sociology perspective, Goffman said one could adopt multiple frameworks when processing an event. In a “natural framework,” things happen, and people will react with “guided doing” from their socially constructed “social framework” (Goffman, 1974, p.22). People’s interpretation
schema is rooted in the broader social background, which supports them to integrate events into their own set of interpretation system.

From a psychological perspective, reference dependent perception leads to a variety of personal interpretation of the same information. Kahneman said people refer to previous stimuli that they preserved in their mind to draw the contrast in order to assign meaning to the new stimulus they are facing. The psychological choice will make each individual read current news events differently (Kahneman, 2003, p.1454).

3.4.2. The procedure

Media or any form of information distribution act as prisms reflecting diverse versions of presentation of an event, and the presentation will reach audiences for interpretation. Framing takes place throughout the dynamic stages, which can be dissected chronologically with different entities being actors, for example, Entman’s (1993) four “locations”: the communicator, the text, the receiver, and the culture; or Tewksbury and Scheufele’s (2009) proposed process: origin, evolution, presentation, and effects of frames (p. 20).

Framing can be categorized—partially by its two disciplinary roots but mostly by the stages where different actors carry out framing—into media framing and audience framing (Scheufele, 1999). This literature review places more focus on media framing due to the project’s research purpose.

3.4.3. Media framing

Many definitions for framing are drawn from the media framing process, which means building up the frame as content producers. Many definitions given by scholars fall into this category. Gamson and Modigliani (1994) defined a frame as “a central
organizing idea or story line that provides meaning to an unfolding strip of events” (p. 376). In actuality, numerous scholars point out “central” and “organizing” as key concepts for framing (Andsager & Smiley, 1998; Benford & Snow, 2000, etc.). Entman (1993) concluded that to frame is to “select some aspects of a perceived reality and make them more salient in a communicating text, in such a way as to promote a particular problem definition, casual interpretation, moral evaluation, and/or treatment recommendation (p.52).”

Entman (2003) proposed a cascading activation model in framing inspired by media coverage after the 9/11 attacks. The model explains that interpretative frames spread from the top level of a stratified system, for example, the White House or the Federal Reserve, onto the network of non-administration elites, onto news organizations, onto their texts, and finally the public. As a dynamic model, the interaction between each other and the decision making can be unconscious and automatic, but always interrelated.

On the top of the cascading model, “stratified systems”, in order to execute successful political communication, hold the advantage of having bigger control over framing, through timing, information, withholding information and distribution, etc., than elites such as think tanks or economists (Entman, 2003, p. 417).

During the formation of news content, content producers or journalists can resort to tools including metaphor; stories, or myths and legends; tradition, or rituals and ceremonies; slogan, jargon, catchphrase; artifact; contrast; to achieve the overarching goal of framing an issue spin (Fairhurst & Sarr, 1996, p.100-117, as cited in “Framing Theory,” n.d.).
Journalists, keeping in mind their career advancement, produce stories that comply with professional norms. They seek out opposing opinions in order to balance stories; create more diverse and oppositional discourses; and prioritize actors over reactors (Althaus & Edy, 1996, p. 418).

News media tend to rely on frames that the most influential policy makers provide. Ingratiating this law, public information officers seek innovative ways to transmit frames in order to enhance the public’s understanding (Andsager & Smiley, 1998). Frames fully congruent with habitual schemas are mostly powerful, which arouse similar responses among the general public. (Entman, 2003, p. 422)

3.4.4. Audience framing

Entman (2003) said the cascading model is hierarchal, where “public opinion is typically a dependent variable” down at the end of the model and their reactions to the reporting are not always reflected to the upper entities in the model (p. 420).

Reported events are pre-organized and do not come to audiences in raw form, but audiences are active processors and encode their received reality in different ways (Gamson, Croteau, Hoynes, & Sasson, 1992, p. 384). Gamson (1992) listed almost the same framing tools for frame building as Fairhurst and Sarr did, but he advocated another layer of “reasoning devices,” which audiences react to internally. These devices include: the audience’s understanding of causes and consequences, and their appeals to principles or moral claims (Weaver 2007, p.143).

News stories contain both information and frames, and small or big variation presented in the frames will result in magnified interpretation differences among
audiences. Frames will be more powerful when topics are accessible, and when frames activate existing beliefs and impressions of the audience (Shen, 2004).

Audiences’ reaction to news coverage can be guided to a large extent. Content producers may pay special attention to and take advantage of those variations.

Equivalency framing and emphasis framing can serve as examples. The equivalency effects occur when messages appear different, but are essentially identical. For example, “40 percent of the people agree” and “60 percent of the people disagree” are equivalent facts but the phrasings have different psychological effects on audiences. The tax difference between a childless family and a two child family is naturally framed as an exemption for the two child family and a tax premium on the childless family (Schelling, 1981). Emphasis framing has a qualitatively different but relevant content. For example, Rasinski’s (1989) three year research revealed that 20% of American readers believed too little is being spent on “welfare,” but the data rose to about 65% when the phrase was tweaked to “assistance to the poor” (p. 391).

3.4.5. An evolving concept

Framing is related but has more to offer than agenda setting or priming (Weaver, 2007, p. 143). A preliminary level of agenda setting tells people what to think; framing perverts people’s interpretation and tells them how to think (Tewksbury & Scheufele, 2009, p.21).

As a versatile theory applicable to almost all media content research, it is essential that researchers place focus on certain levels of framing activities taking place, be it policy makers, social elites, media, story text or audience.
Researchers created numerous frames, but didn’t attempt to master frames so that the theory can form several frames that can be applicable across the board (Benford & Snow, 2000, p.618).

There is limited research examining the impact of framing over longer durations of time chronologically (Chong & Druckman, 2007, p. 118). Also the interrelation among multiple competing frames that are exposed to the same audiences haven’t been fully analyzed—frames may cancel one another and reinforce existing values, push people in conflicting directions, or motivate more careful evaluations of circumstances (Chong & Druckman, 2007, p. 113).

3.5. Literature review: covering the Federal Reserve

3.5.1. The goals and the structure of the Federal Reserve

Congress created The Federal Reserve with the Federal Reserve Act in 1913. There are seven members on the Board of Governors of the Federal Reserve System. The Board, with five other rotating members, forms the Federal Open Market Committee (FOMC). The whole committee meets eight times a year to discuss monetary policy. There are twelve regional Reserve Banks located around the nation (The Federal Reserve Board, 2003).

The members of the Board of Governors of the Federal Reserve System are nominated by the President and confirmed by the Senate. Members of the Board of Governors are appointed for a nonrenewable 14 year term (The Federal Reserve Board, 2003).

The Fed’s main goals have been modified over the past century. Now the refined purposes of the Federal Reserve System include: conducting the nation's monetary policy
in pursuit of full employment and stable prices; supervising and regulating banks and other financial institutions; maintaining the stability of the financial system; and providing certain financial services to the U.S. government, U.S. financial institutions, and foreign official institutions, play a major role in operating and overseeing the nation's payments systems. (Board of Governors of the Federal Reserve System, 2014a)

To achieve these goals, the Fed utilizes three monetary policy tools—open market operations, the discount rate, and reserve requirements. Actions taken by the Fed will have consequential effects on short term and long term interest rates, foreign exchange rates, the amount of money and credit, and a range of economic indicators (Board of Governors of the Federal Reserve System, 2015a).

As a Federal government agency, the Fed is required to report to Congress twice every year. Economists widely acknowledge that the Fed needs to operate independently within the government (Board of Governors of the Federal Reserve System, 2015b). The Fed’s independence ensures that “it can afford to ignore public opinion and take such necessary but unpopular economic measures,” and a technocratic and independent monetary policy maker will be beneficial to the society (Blinder, 2009).

3.5.2. The revolution of central banks and their transparencies

Central banks chartered before 1850 were innovated by governments to finance military endeavors instead of providing monetary services. As a result of decolonization, the number of central banks around the world increased rapidly in the post-WWII period (Broz, 1998, p. 238-239).

The early central banking in the United States emerged during the War of Independence, when the government realized its debt obligations and its monetary
covenant with citizens (Broz, 1998, p.251). When the Federal Reserve Bank System was established, it mainly operated to obtain stability in the banking and financial systems, but today the primary function of the central bank is making monetary policy (Pollard, 2003, p.11).

Structural advancement boosted central banks’ transparency. When central banks were just following orders communicated by the government, there was no need to have a committee, and its transparency was limited. However, in the 1990s, central banks around the world opted to make monetary policy decisions by committee instead of a single governor (Blinder, 2007, p.106). The introduction of a committee also complicated, in a positive way, the Federal Reserve Bank’s communications strategy. FOMC, the decision making group of the Fed, was established by the Banking Act of 1933 (The Federal Reserve Board, 2005).

Central banks around the world are disclosing more materials to the general public. In the past decade, many central banks, especially the ones that included inflation targeting as a routine process, have become more open about releasing their internal forecasts of the state of the economy (Eijffinger & Tesfaselassie, 2007, p. 30).

The Fed’s transparency was heavily criticized shortly after the financial crisis broke. In a public speech, William Dudley, former president and CEO of the Federal Reserve Bank of New York said, “There were many areas where a lack of transparency contributed to a loss of confidence, which intensified the crisis” (Dudley, 2009). The Fed’s superiority in possessing market information on society has made transparency a critical concern. Some Tea Party members assertively called for “a dissolution of the Fed or a Congressionally mandated opening up of the secretive central bank.” (Arnall, 2011)
Even now, those criticisms persist. In February 2015’s Chair Janet Yellen’s report to Congress, the Fed was criticized for a lack of transparency and too much independence, such as holding the zero interest rates for too long (Sudeep Reddy, et al., 2015).

Even if the markets had been granted the information that was withheld by the Fed, a financial crisis still might not have been avoided. However, many economists recognize that more transparency from the Fed is economically positive to the general public. The Fed’s transparency facilitates the public’s, and also the media’s, access to the national economic information such as data, models and forecasts based on which the Fed make its decisions. In general, transparency helps the Fed build reputation, reduce the inflation bias, and entitle the Fed with greater flexibility to respond to economic fluctuations (Geraats, 2001, p.27).

Blinder (2007) categorized central banks into three types: individualistic, autocratically collegial, and genuinely collegial; and stated each type has its optimal communications strategy in terms of when, how and who should deliver messages to the public and shows transparency (p.120).

In earlier years, the Fed had been an autocratically collegial body, and the chairmen’s recommendations on policymaking were dominant, which can be certified by former chairmen Alan Greenspan, Arthur Burns and Paul Volcker. For example, during Alan Greenspan’s 18 years of chairmanship, he “was never on the losing side of a vote, nor did he ever eke out a close victory.” (Blinder, 2007, p.111, p.115) Currently, the FOMC led by Janet Yellen has presented a much less autocratic and more collegial image.
Different central banks should have their own tailored communications strategies. A collegial committee, as is the current FOMC, should disclose an appropriate amount of information and be able to speak with one voice to stay consistent. For example, there were cases where disaffected members “sounding off” in public caused problems for the FOMC (Blinder, 2007, p.115).

3.5.3. Materials for the media

Media play an important role in disseminating central banks’ public information. Individual news recipients may not find relevant information from the original official sources, but depend on information filters such as the media (Hayo & Neuenkirch, 2012, p.3).

There is preliminary evidence that “financial market news is not necessarily created at the time when the information becomes available, but comes into existence only after it goes through a filtering process by the media” (Neuenkirch, 2009, p.52).

A Bank of Canada case analysis revealed that the central bank’s communications exert a significant economic impact on the country’s market returns. The official communications’ influence is more shown in the reactions of the bond market, and the media coverage’s influence is more shown in the stock market (Hayo & Neuenkirch, 2012).

Pollard pointed out three key stages of monetary policy’s transparency: transparency in goals, transparency in policy decisions, and transparency in the outlook. The media should have coverage strategies of those three phases of the Fed’s policy making (Pollard, 2003, p.26).
Blinder (2007, p.116) provided a list of the items any central bank may or may not disclose to the public. (Items 4 and 5 are modified to include latest updates in the Fed’s communications practices.) These are the direct sources the media utilize when they put their coverage together:

1. The monetary policy decision;

   Currently, the FOMC announces changes in monetary policy immediately, and monetary policy has been a conspicuous and frequent topic in media coverage in the past months. However, monetary decisions were always public information. The FOMC never disclosed its interest rate decisions until February 1994 (Blinder, 2007, p.118).

2. Decision and meeting statement;

   The Fed now publishes statements, a collegial fruit of the committee efforts, immediately after FOMC meetings (Pollard, 2004, p.39). During Alan Greenspan’s chairmanship, most of the FOMC meeting statements were pre-prepared by him; until the end of his term, statement drafts started to be also vetted by other FOMC members (Blinder, 2007, p.118).

3. Voting;

   The Fed now publishes named voting results immediately after the board voting. In 2014’s 59 voting records, there was only one time one governor voted against the chairman. No non-unanimous results have been seen so far in 2015 (Board of Governors of the Federal Reserve System, 2014b). In normal situations, FOMC members only vote “no” when they fundamentally disagree with the chair, which means unanimity does not translate to full agreement across the board.
“The markets know that” (Blinder, 2007, p.118) and the media may also want to keep this in mind.

4&5. Important inputs to and reasons for decisions; and meetings’ content, which can be transcripts, minutes of meetings, or press conferences;

The FOMC used to publish meeting minutes to explain statements that are “very terse and/or cryptic” (Blinder, 2007, p.117), and it didn’t hold press conferences. On April 27, 2011, Ben Bernanke initiated the very first press conference (Arnall, 2011) of the Fed, a leap forward that largely boosted the transparency of the U.S. central banking. Some other central banks, such as the European Central Bank and the Bank of England, though, have had the tradition of holding press conferences for years.

When the Fed’s legal mandate is less precise, for example, Congress established “maximum employment” and “stable prices”, two vague terms, as the Fed’s macroeconomic objectives, committee members, economists, and the media, have their own scope for interpretations (Blinder, 2007, p.108).

6. Future plans, policy expectations and economic forecasts

Blinder considers that future plans disclosure is “not just appropriate but essential” (2007, p.119). The Fed’s economic forecasts normally outperform the ones provided by the private sector. The Fed, who didn’t normally reveal its forecasts before the crisis, appears to possess future economic information that is not known to market participants (Romer & Romer, 2000, p.455). Forecasts disclosure would help explain economic decisions, and also teach the financial markets to think more like the central bank (Blinder, 2007, 114).
3.5.4. Understand the audience of economic news

There is “a rationale for a degree of independence” of central banks, even in a democratic society, but public discussion about the economic policies are always essential (Stiglitz, 1998, p.201-202).

Politics plays a vital role in all important economic policy decisions, and also, public opinion influences government's decision making. Public opinion on economic issues is shaped by people’s political ideology; individual’s self interest, or *homo economicus*; and their economic knowledge. (Blinder, 2007b, p.1)

The general public has presented increased evaluation of the Fed recently as the national economy warms up. A May 2013’s Gallup public opinion poll revealed that 33 percent of the population rated the Fed’s job “excellent or good,” a modest improvement when other agencies suffered declining ratings. In 2015, with the economy further recovering, Americans replied by their increased confidence in all major economic leaders. 42% of the general public reported “a great deal or fair amount” of confidence in Janet Yellen (Jones & Saad, 2015), up five percent from last year (McCarthy, 2014).

However, the general public’s sentiment about the Fed still can’t compare to what it was before the financial crisis. In 2003, 53 percent of the population rated “excellent or good” for the Fed, 20 percent higher than 2013’s ratings.

Many people haven’t established their perceptions about Chair Yellen because of her relatively new post as a Fed executive. The 2015 survey shows that one in four of the population does not have an opinion of Yellen. Gallup explained the ratings didn’t get to a higher level may also be partly due to this unfamiliarity.
Different demographic groups have different desires and purposes to acquire economic news. A national telephone survey showed that older and male respondents expressed a slightly stronger desire to be well informed of economic news; higher income people are more likely to name their personal finances, work and professions, and voting as reasons to keep informed about the economy, while the group with less income reported a higher general desire to be well informed, without having targeted purposes (Blinder, 2007b).

The public use television and newspapers as their top two sources for economic news. Many more people get their economic information from local newspapers than from national newspapers (Blinder, 2007b).

People with different beliefs can have certain preferences in media consumption. An interesting finding shows that liberals are eight times more likely than conservatives to read the New York Times, and conservatives are twice as likely as liberals to read the Wall Street Journal (Blinder, 2007b).

3.6. Methodology

Researchers use elicitation interviewing techniques to gain rudimentary knowledge of specific topics about which their interviewees have considerable expertise (Johnson & Weller, 2001, p. 499). Based on the nature of this research component, I will use semi-structured elicitation interviewing (Fontana & Frey, 1994; Johnson & Weller, 2001) as my main research methodology and write a magazine style article.

From the literature review, I have an understanding of how the Federal Reserve has become more transparent, but I can’t predict how the reporters benefit from this increased transparency. Johnson and Weller said the less a researcher knows about a
topic, the more appropriate is the use of open ended and less structured interviewing techniques (2001, p.495). Therefore, I will use mostly open ended questions, and make the interviews semi-structured.

I will provide a list of pre-established questions for the interviewees to provide open ended answers, and then I will categorize the answers to conclude meaningful outcomes. Ideally, most interviews will be conducted face-to-face, with the exceptions for those reporters who are not based in the Washington area. All interviewees will initially answer the same questions in the same order, and then I will let the discussions flow according to the conversations (Fontana & Frey, 1994, p. 363). I will be aware of interviewee differences and make proper adjustments facing reporters from diverse backgrounds and from different media outlets (p. 364).

I will contact a dozen current and former economics reporters at national media organizations who have a number of years of macroeconomics reporting experience. Ideal candidates need to be able to identify how the Federal Reserve’s more transparent information disclosure measures have made media coverage and, consequentially, the public discussion on the nation’s monetary policy, different. The total number of reporters that I’m going to interview is between five and 10.

**Potential interviewees may include:**

- Mark Hamrick, Washington bureau chief of Bankrate, Inc. Hamrick previously worked as business editor and reporter for Associate Press for more than 18 years.
• Kevin Hall, national economics correspondent for McClatchy Newspapers. Hall has been based in Washington covering economics for McClatchy for more than ten years.

• Douglas Harbrecht, who has been a news director at Kiplinger for ten years based in Washington.

• Glenn Hall, U.S. news editor at The Wall Street Journal. He has worked for The Orange County Register, Market Watch, The Street, Bloomberg and other media outlets in various locations since 1995.

• Alexandra Harris, reporter at Bloomberg on the rates and credit desk for more than four years. She has been a business reporter since 2006.

Some of the potential questions:

• How do reporters feel the Fed has become more transparent in its information disclosure?

• Do reporters feel the Fed has become more transparent in information disclosure than before? In what ways do reporters feel their access to the Federal Reserve’s information has been improved? Name three specific aspects.

• In what ways do the reporters think a more transparent central bank can benefit the economic development of society?

• How do the reporters evaluate different types of public information disseminated from the Federal Reserve Bank System? I.e. statements, voting results, press conferences, economic forecasts, monetary policy decisions, etc.
- How do the reporters prioritize reporting on different policy updates and activities of the Federal Reserve?
- What are the preferred information sources the reporters frequently use in their news coverage?
- What more do the reporters expect the Fed to do to improve their public communications efforts?
- What more do the reporters expect themselves, their peers, and the media organizations need to do to improve the coverage related to the Fed?

**Questions for the Fed’s public relations department:**

- How many seats are there in the press briefing room now? How has the number changed?
- How many journalists cover the Fed? Has the number grown in recent years?
- ...

**3.7. Publication plan**

I can pitch the magazine style article to the Columbia Journalism Review and American Journalism Review. Professional business reporters can benefit from reading how leading economics reporters cover the Federal Reserve. Also, I plan to hand in the report to the communications department of the Federal Reserve so that the agency can learn from reporters’ subjective feelings towards their disclosure policies. Hopefully, this report can help the Federal Reserve continue to improve their communications strategy.
4. References


http://www.jstor.org/stable/3132137


http://poq.oxfordjournals.org/content/53/3/388.short


http://www.jstor.org/stable/117337


http://search.proquest.com/docview/60514295?pq-origsite=summon


