

President's Perspective



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The Federal Reserve's independence insulates the central bank from the political exigencies of the day and allows the Federal Open Market Committee (FOMC) to focus purely on policies to meet its mandate for sustainable employment growth anchored by price stability.

Much of the independence derives from the institutional structure established in the Federal Reserve Act in 1913. One of this legislation's most far-reaching provisions was the creation of 12 regional banks. Today, each is represented on the FOMC by its president.

Chairman Ben Bernanke and other members of the Fed's Board of Governors serve at the behest of the president of the United States, subject to Senate confirmation. The presidents of the regional banks are neither appointed by the president nor confirmed by the Senate. They serve at the pleasure of their individual boards. In this way, they are insulated from political pressures.

Each regional bank board consists of nine individuals, chosen to serve three defined roles. A district's stockholding banks elect three directors to represent the financial industry. The six other directors—three chosen by stockholding banks and three chosen by the Federal Reserve Board—represent the general public.

These devoted men and women meet regularly with me and my senior staff. In addition to voting on the discount rate and overseeing the Dallas Fed's financial operations, the board members provide real-time snapshots of the economy on the ground and on the highways and byways of Main Street. Collectively, their expertise spans a host of industries—education, energy, health care, banking—and their insights and analysis are invaluable to me and my staff as we prepare for FOMC meetings.

Since 2007, our board chairman has been Jim Hackett, president and chief executive officer of Houston-based Anadarko Petroleum Corp. He's sharp and tough—just what you'd expect of someone in the Texas oil and gas industry.

We asked Jim to share his views on energy and the economy in this issue's "On the Record" interview. As you read what he has to say, you'll come to understand why I listen when Jim Hackett speaks.

Richard W. Fisher
President and CEO
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