Discussion: "Policy by Committee"

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Classical View: Committees as Information Aggregators

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Bottom Line: Committees should make decisions by pooling private information. However, this classical view probably doesn't apply to how FOMC make decisions.

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This paper: Fed is a model-aggregation committee, not an information-aggregation committee.

Empirical Framework: (1) Members' Stance

Goal: Quantify individual FOMC members' beliefs (overall stance) and influence over time.

Key Units of Observation:

- Member $i \times$ meeting $t \times$ variable k (Inflation, Growth, Employment, Credit, Equities)
- Stance score $\gamma_{i,t,k} \in [-3, 3]$: dovish/accommodative $(-)$ to hawkish/restrictive $(+)$

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Validation / Findings:

- Validation: Strong mapping to SEP/MPR forecast dispersion
- Validation: Reproduces dissent patterns, rate preference deviations
- Strong member fixed effects.
- Public- vs private-info distinction: $\approx 72\%$ public $\rightarrow$ variation in public information interpretation

Empirical Framework: (2) Members' Policy Influence

Construct Committee-Level Measures:

- For each decision, code,
  - **Alignment** with final policy outcome (-3 to $+3$)
  - **Influence** on decision (0 to 3)

Model Fit Measure:

$$Fit(D_t|m_i) = \|\gamma_{i,t,k} - Data_{t,k}\|$$

- Distance between member's belief vector and realized macro data
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Main Empirical Takeaway:

- Members whose models better fit recent data have higher alignment with final policy; greater influence; lower dissent probability

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My comments:

1. Identification
2. Interpretation

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Identification Challenge:

- This comment goes to the heart of identification: Are we learning about which models predict better, or which models get implemented?
- The regression

$$Alignment_{i,t} = \alpha + \beta\, Fit(D_t|m_i) + \mathrm{FE}_{member,meeting,role}$$

does not exactly separate *forecasting skill* from *policy feedback*.

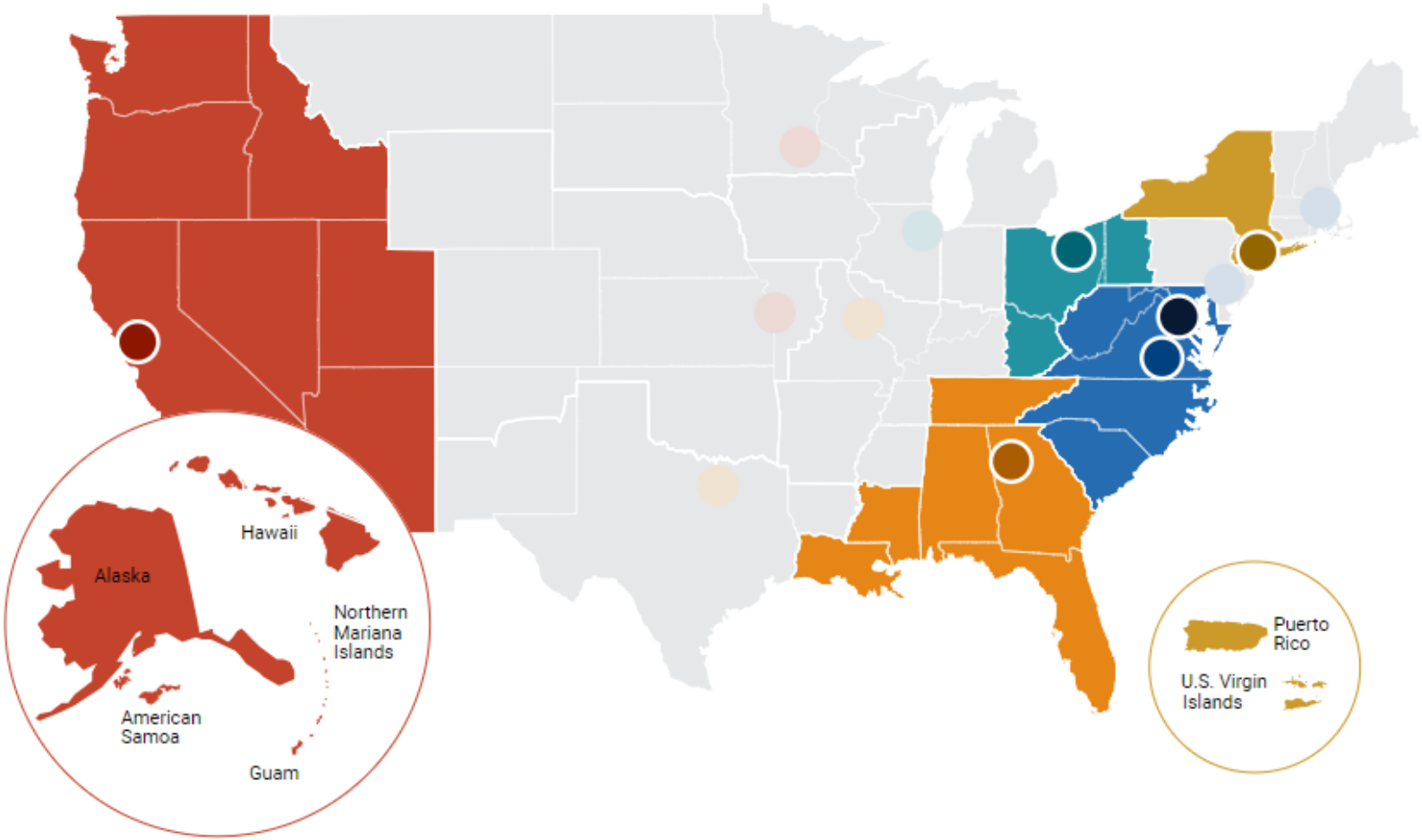
Comment 1: Suggestions

Exploit Institutional Variation (Voting Rotation): The FOMC has a rotating structure:

- Only a subset of regional presidents vote in any given year.
- Which district is on rotation is **exogenous** to the macro cycle.

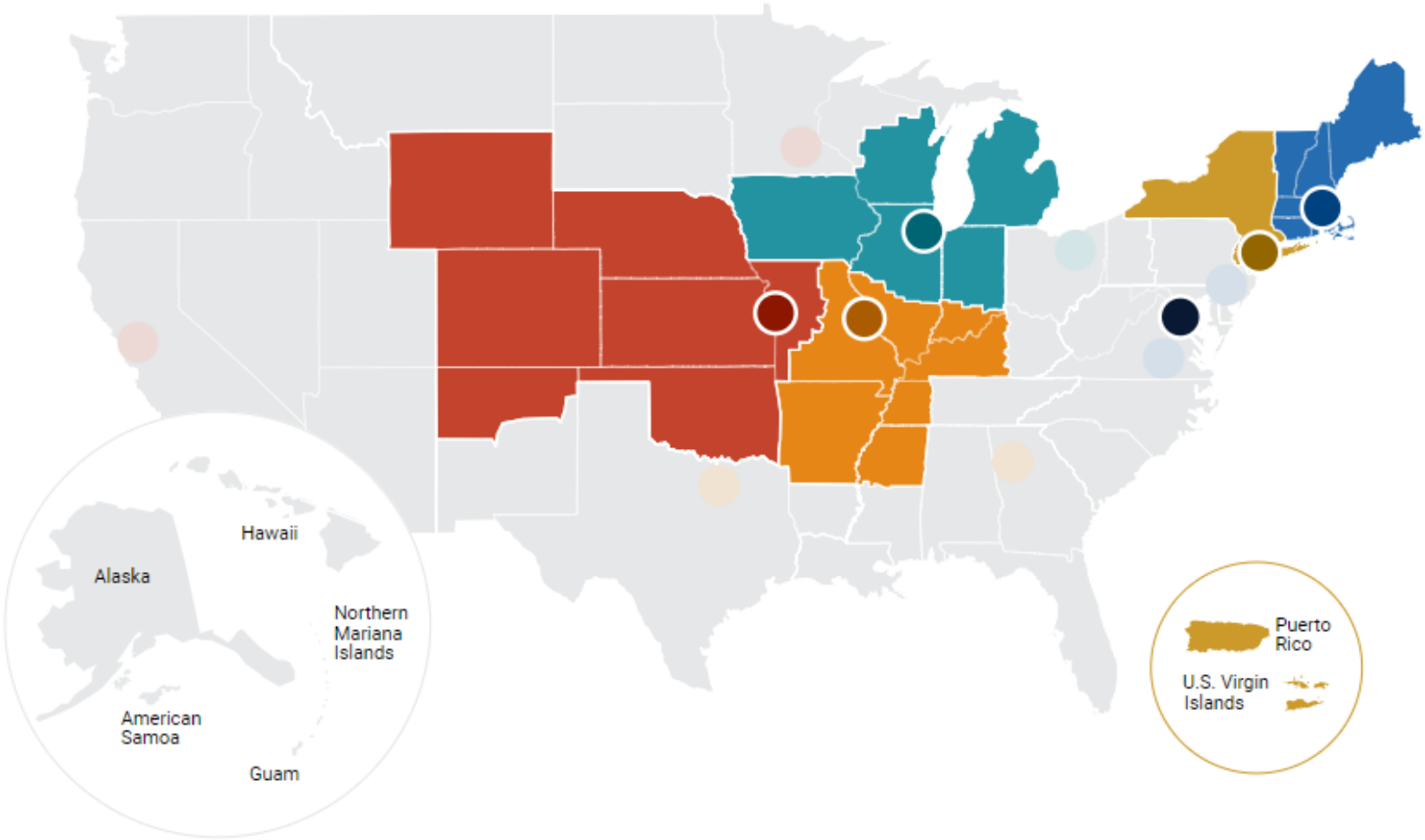
(Used in identification: Hack, Istrefi, and Meier; Fos and Xu; Fos, Tamburelli, and Xu)

Voting District: 2024



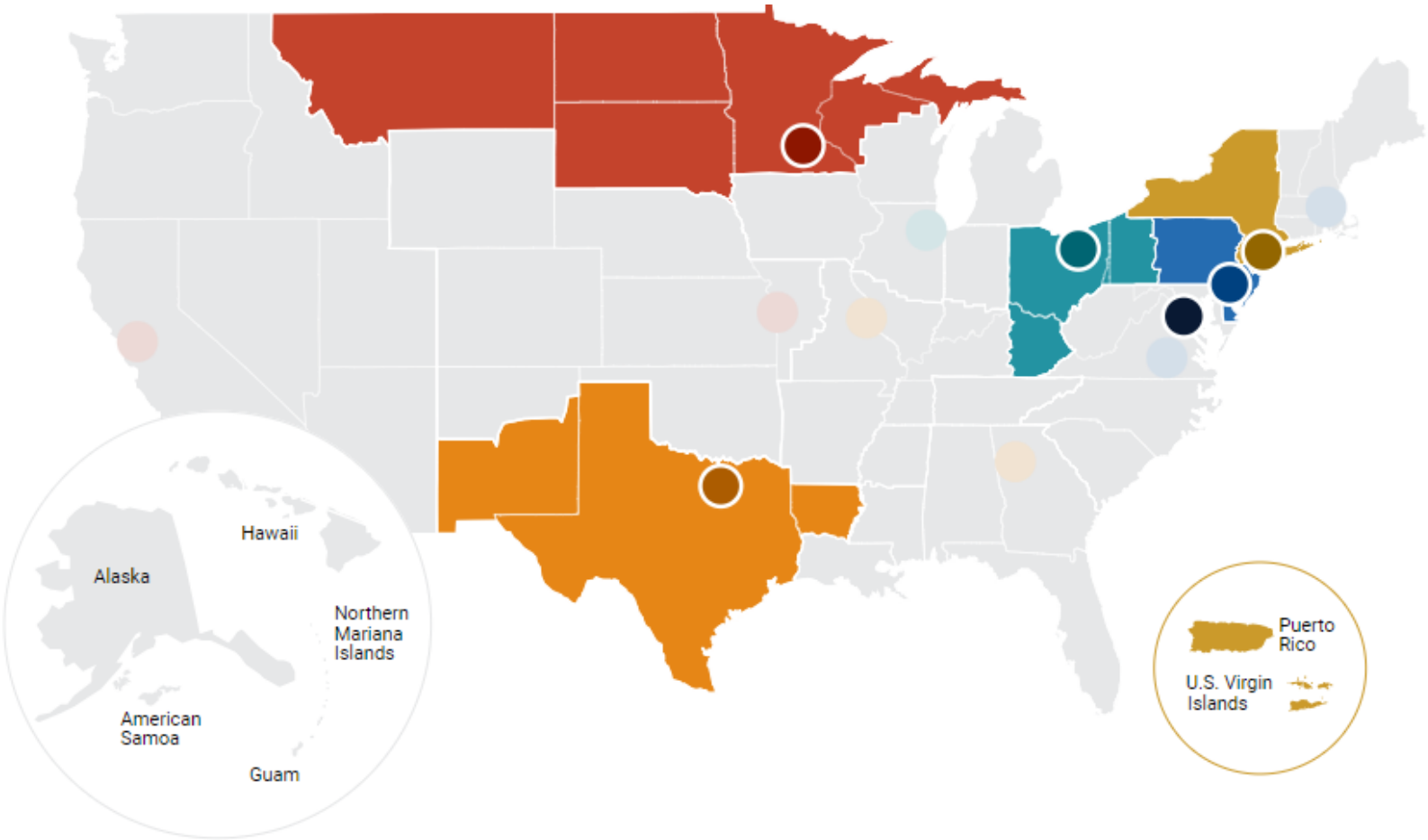
Richmond, Cleveland, Atlanta, San Francisco

Voting District: 2025



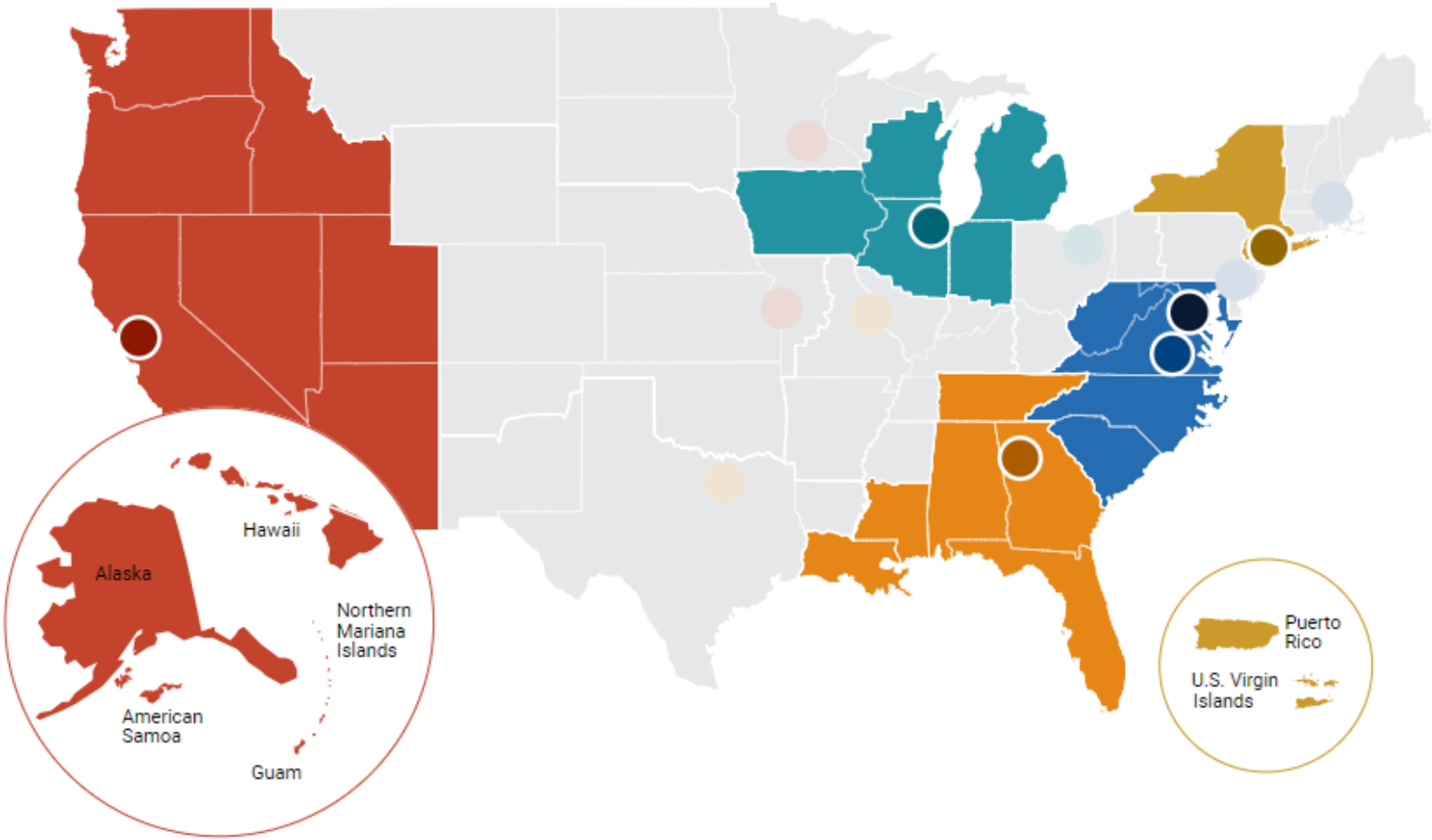
Boston, Chicago, St Louis, Kansas City

Voting District: 2026



Philadelphia, Cleveland, Dallas, Minneapolis

Voting District: 2027



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Bottom Line:
To test if "better models" are influencing the meeting more, we need variation in recent macro data (D_t) not driven by the FOMC's own hand.

Comment 2: The Missing Staff and Institutional Channel

Observation:

- The paper treats each FOMC member as holding an independent model m_i.
- In practice, policy discussions begin from a **staff baseline model** (Tealbook / FRB / US).
- Members' statements are conditional deviations from that institutional prior.

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Bottom Line: I still have to think more carefully, but understanding the staff–committee interaction is essential to interpreting "model aggregation."

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Empirical Extensions:

- Examine belief convergence over tenure:
  - New vs. senior members.
  - Incoming vs. outgoing Chairs.

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I learned a lot!

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Thanks!
(...and hope everyone has an uneventful trip home!)