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Welcoming Remarks

by

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Chairman

Board of Governors of the Federal Reserve System

at the

Federal Reserve System Town Hall Meeting with Educators

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On behalf of my colleagues throughout the Federal Reserve System, I want to thank you for joining us today. As educators, your work is critical to our economy and our nation. Well-prepared students make for a productive and innovative workforce and a well-functioning democracy.

The economist Alfred Marshall said that economics is the study of people in the ordinary business of life.¹ What could be more fundamental? Learning about economics helps students understand how the decisions of millions of people about what to produce and consume determine what Adam Smith called “the wealth of nations”--our living standards.² In particular, economics helps students understand both the strengths and the shortcomings of our market-based economic system.

I am sure that your students have been eager to understand the economic and financial events of the past few years. The recent financial crisis was among the most profound challenges to economic and financial stability since the Great Depression, and its causes and its ultimate remedies have been, and will continue to be, widely debated. The study of economics will allow your students to join the debate in a responsible and informed way.

One of the key lessons of the recent financial crisis is the importance of personal financial literacy. Many of you teach your students the skills necessary to make good financial decisions. Your efforts are of paramount importance in helping students understand how to save for the future and how to invest their money to make it grow. In retrospect, some of the people who were hurt the most during the crisis borrowed money that they should not have borrowed and signed financial contracts they should not have

¹ See Alfred Marshall ([1890] 1910), *Principles of Economics*, 6th ed. (London: Macmillan), p. 1.

² See Adam Smith ([1904] 1930), *An Inquiry into the Nature and Causes of the Wealth of Nations*, 5th ed., ed. Edwin Cannan (London: Methuen).

signed. Today, students need a solid understanding of the benefits and risks of borrowing money to buy a car or a home, and of the effect that too much credit card debt can have on their finances. Besides improving their personal financial decisionmaking, teaching your students economic principles will help them as citizens understand and make choices about many of the critical issues confronting our nation.

The Federal Reserve works hard to advance financial literacy and economic education--both through our own programs and by working with other organizations.³ Our financial education website provides easy access to free educational materials, a resource search engine for teachers, and games for students of various ages and knowledge levels.⁴ Some Reserve Banks offer economic and financial education workshops for teachers, and several Reserve Banks periodically provide lessons in personal finance to middle school and high school students. A number of the Reserve Banks also run academic competitions for middle school, high school, and college students, such as the Fed Challenge, Econ Bowl, and essay contests. And some Reserve Banks have opened learning centers or museums in their lobbies that feature interactive exhibits and related educational programs. Teachers tell us that visits to these centers have provided their students with valuable learning experiences.

Thank you for accepting the invitation to join us in this conversation. I appreciate the time you are spending away from personal and professional commitments to be with us. And, as a central banker, economist, educator, and parent, I thank you for your work. I also applaud the ongoing partnerships between regional Reserve Banks and educators,

³ Our partners include groups such as JumpStart, Junior Achievement, the Council for Economic Education, the National Endowment for Financial Education, and the American Savings Education Council.

⁴ See the Federal Reserve Education website at www.federalreserveeducation.org.

and I would like to express my appreciation to the Federal Reserve staff for their work in coordinating our discussion today.

I look forward to your questions.