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Welcoming Remarks

by

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Chair

Board of Governors of the Federal Reserve System

at a

Conversation with the Chair: A Teacher Town Hall Meeting

Washington, D.C.

(And via video link to Federal Reserve Banks)

January 12, 2017

Thank you, and thank you to all the educators who have come to the Board this evening or travelled to one of the Fed's regional Reserve Banks to watch and listen via the webcast.

I am very much looking forward to hearing from you about teaching economics, and I am eager to respond to your questions. For that reason, and also because I expect that school starts very early tomorrow for many of you, I will try to keep my remarks brief. But I do have a message to impart about the work you do, which is vitally important not only to your students, but also, I believe, to the world they will soon inherit and even to the mission of the Federal Reserve.

First and foremost, of course, like all teachers, you are helping prepare your students for successful and rewarding lives. The knowledge you impart and the intellect and talents you help develop are powerful tools your students can use to build those lives. Like some other subjects students encounter in school, economics teaches analytical and critical thinking skills that can aid in the development and success of anyone. Part of success for your students is economic success--as capable, creative, and productive members of the workforce and as consumers adept at managing their finances. Economics provides knowledge and skills of practical use in college and in the workplace, and it also provides skills to plan and make wise financial decisions, which are some of the most important and consequential that we face in life.

Your students benefit very directly from this education, but so does everyone else in society. Everyone is engaged in and depends on the economy, and nothing is more critical to a healthy and growing economy than the capability, creativity, and productiveness of its workforce. Whenever I am asked what policies and initiatives could

do the most to spur economic growth and raise living standards, improving education is at the top of my list.

In addition to the role you play in preparing students for jobs and careers, you also help prepare them to be responsible consumers. The economy needs productive workers, and it also depends on consumers, whose individual spending decisions, as most of you surely have taught in class, collectively account for two-thirds of economic activity. Consumers skilled in managing their finances are better prepared to weather bad times, and stronger household finances overall can help sustain growth, stabilize the economy, and mitigate an economic downturn.

Stabilizing the economy and mitigating a downturn, of course, also happen to be among the Federal Reserve's primary responsibilities. When successful, monetary policy can be a powerful and effective tool to these ends, but its capabilities are dwarfed by larger factors such as the productivity of the workforce and the strength of household finances. By educating students and directly supporting their contributions to the economy as producers and consumers, all teachers, especially teachers of economics, are effectively furthering our mission at the Fed, so let me offer my thanks for making that job a little easier.

To help support your important work as teachers, the Federal Reserve Board and the 12 Reserve Banks conduct programs, organize events, and publish books and other materials to spread knowledge of the role of the Fed--and economics in general--and to promote financial literacy. Before I get to those events and programs, let me say a word about what is probably the most important pedagogical aid that the Fed produces--the 182-page book called *The Federal Reserve System: Purposes and Functions*. The 10th

edition of *Purposes and Functions*, published in October of last year, offers a detailed and comprehensive account of what, why, and how the Fed carries out its different responsibilities. I think it is a wonderful resource for teaching about the Fed, and copies are available via the Board's website.<sup>1</sup>

Each of the Fed's Reserve Banks has community outreach and educational initiatives in the areas of the country they serve, and the outreach to economics teachers is coordinated by the group chaired by Amy Hennessy, the Federal Reserve System Economic Education Group.

At the Board, we have for some years operated a program called FedEd, which sends Fed employees into schools throughout the Washington, D.C., metropolitan area and sponsors events for students here at the Eccles Building.<sup>2</sup> FedEd's outreach to schools depends on the time and sacrifice of several dozen research assistants, who are typically recent college graduates who work for two or three years at the Board. Research assistants who volunteer for FedEd visit schools; help teach about the Fed, economics, and finance; and answer questions about work opportunities at the Board. The Federal Reserve is committed to promoting diversity in our ranks and in the economics profession, and FedEd has furthered these goals by making sure to include schools with significant numbers of minority students.

This past school year, FedEd sent research assistants into nine different schools and FedEd volunteers have visited 38 different schools since 2012. FedEd was back in schools last fall, drawing from 48 research assistants who volunteered to participate.

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<sup>1</sup> *Purposes and Functions* is available on the Board's website at <https://www.federalreserve.gov/pf/pf.htm>.

<sup>2</sup> More information about FedEd is available on the Board's website at <https://www.federalreserve.gov/aboutthefed/educational-tools/fed-education.htm>.

FedEd also sponsors several speaker events a year that bring students into this Board Room. Students recently heard a presentation from Scott Alvarez, who oversees the Board's Legal Division, and, in February, Vice Chairman Stanley Fischer will speak to students at another event. FedEd is overseen by two research assistants, Caroline Shinkle and Jamie Lenney, along with Karen Pence, who is an economist at the Board. All three are with us this evening and prepared to answer further questions about the program.

Online resources for teachers can be found on the Board's website at [federalreserve.gov](https://www.federalreserve.gov), and additional resources available throughout the System are at [federalreserveeducation.org](https://www.federalreserveeducation.org). The websites include videos in which policymakers and the staff describe the Fed's functions. Also, the sites include historical materials and a wealth of information related to the financial crisis and the Fed's response.

Let me leave it there, and again thank teachers for participating in this town hall, and offer my thanks, on behalf of the Board of Governors, for the valuable work you do every day. I would be very happy to respond to your questions.