



PRESIDENT'S [message]

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[*a message from the*] PRESIDENT

Economic Education: Our Commitment



When I left my previous career in higher education to become president of the Federal Reserve Bank of St. Louis, I moved into a job that carries with it an enormous responsibility. But in many ways, I took on just as much responsibility during my 25-plus years as an educator.

Teaching is about equipping people to make a difference in the world. The students learning now to read and write are the future authors and journalists. Those who are studying math and science today may be headed toward an engineering or biochemical career in adulthood. Today's students, no matter what they study, will be tomorrow's leaders in business and government, often with influence and responsibility that is world-wide in scope.

And what about teaching our students economics? Are we simply teaching a classroom of young people to debate the principles of supply and demand, or to analyze the benefits of price stability? In reality, there is a far greater purpose that lies at the heart of the St. Louis Fed's commit-

ment to economic education, the subject of our 2005 annual report.

Economics, in its purest form, is about making decisions. Economics is the study of how people make sound choices. By studying how markets work, our young people also learn how to make efficient choices in managing their own scarce resources, such as time and money.

As this generation heads toward adulthood, the decisions people will have to make are becoming increasingly complex and difficult. As participants in a global economy, they will need the

best tools we can provide to them to truly make informed choices. Given the Federal Reserve's own expertise, the Fed can be particularly helpful in fostering economic education to help people make good choices among a seemingly infinite array of financial services options, particularly in the face of the rapid growth of electronic payments. The Fed can also help to address the troublesome trends of low personal savings and increased accumulation of credit-card debt.

Economic education benefits the Fed, as well as the general public, by building support for the monetary policy actions we take. But the Fed's influence can only go so far. The true power of the free-market economy lies in the ability of our nation's citizens to make their own economic choices. That means teachers have enormous influence—and, therefore, responsibility—to provide young people with the knowledge they need to make informed,

intelligent decisions now and in the future.

Throughout this annual report, you will read about the Fed's economic education programs, ranging from money and banking courses for teachers to our nationwide Fed Challenge competition that allows teenagers to step into the shoes of a monetary policymaker. Most important, you will hear from the folks who are on the front lines of this effort: the economic education experts who have devoted themselves to promoting this critical field of study; the teachers who have taken responsibility for shaping the economic minds of the future; and the students themselves who will be making these life-changing—and, in some cases, world-changing—decisions.

My hope is that reading their stories will not only entertain and inform you, but also persuade you of the critical importance of promoting economic education. In particular, if you're a parent or teacher reading this report, I hope you will be inspired to ask the tough but necessary questions of your educational institution: At what age are students learning about economics? How much economics is being taught? Are students really getting the economic background they need now to make the types of informed financial decisions they will face later in life?

Today's minds will shape tomorrow's economy. Thus, education is one of the Federal Reserve's important missions. We invite you to partner with us in continuing that mission in the years ahead. No less than our nation's economic future is at stake. ■



William Poole
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of St. Louis