



FEDERAL RESERVE BANK *of* ST. LOUIS
CENTRAL TO AMERICA'S ECONOMY®

Welcoming Remarks¹

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The 2019 Homer Jones Memorial Lecture
Federal Reserve Bank of St. Louis
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Welcome to the 29th Homer Jones Memorial Lecture.

Each year, the St. Louis Fed sponsors a lecture by a prominent individual who is attuned to the great economic issues of the day—whether related to monetary policy, fiscal policy, trade policy or financial market developments more generally. Some of these individuals have been well known in the policymaking sphere, while others have resided in academia, seeking to improve living standards through new ideas or new approaches to policymaking.

Ideas matter! In a recent *Wall Street Journal* commentary that eulogized the passing of Harvard Professor Martin Feldstein, Larry Summers said: “A doctor can treat a patient. An economist, through research or policy advice, can improve life for a population.”²

You are here today in no small measure because of two economists in that tradition. The first economist was Milton Friedman. As many of you know, Milton was honored with the Nobel Memorial Prize in Economic Sciences in 1976.

The second economist was Homer Jones. In the early 1930s, Milton Friedman was a student of Homer Jones at Rutgers University. Arthur Burns, a future chairman of the Fed, was also on the Rutgers faculty at the time. Homer encouraged Milton to pursue a graduate degree in economics. Milton did so and eventually joined the faculty at the University of Chicago. Homer

¹ Any opinions expressed here are my own and do not necessarily reflect those of the Federal Open Market Committee.

² Summers, Lawrence H. “The Economist Who Helped Me Find My Calling,” *Wall Street Journal*, June 12, 2019.

eventually landed at the St. Louis Fed. The two friends, with the help and assistance of many others, would revolutionize global monetary policy by insisting that, at the end of the day, as Milton put it, “Inflation is always and everywhere a monetary phenomenon.”

It took some time, but that mantra would eventually carry the day in monetary policymaking circles. In his recent book, *Keeping At It: The Quest for Sound Money and Good Government*, Paul Volcker reminded readers: “[T]hat approach enforced upon the Federal Reserve an internal discipline that had been lacking.”³

Although economic conditions today are much different from those of the 1970s, we can nevertheless learn much from that episode. Namely, if the Fed fails in its mission, the economy and society will be the worse for wear—and the Fed’s credibility will be tarnished. Better to get it right from the beginning.

During his time as research director, Homer Jones presided over the rise of rigorous macroeconomic research at the St. Louis Fed to support monetary policy positions advanced by the Bank president at FOMC meetings. This tradition remains with us today.

This policymaking aspect of monetary policy analysis contributed to another innovation: The use and dissemination of monetary and macroeconomic data. Homer worked to make data available to every person who wanted access to it. His revolutionary entrepreneurialism in the public dissemination of economic data continues today: Last year, nearly 6 million people used the St. Louis Fed’s FRED database.⁴

We commemorate the legacy of Homer Jones through this signature lecture series.

The first lecture was given in 1987, shortly after his death. The lecture has persisted, in large part, because of the support of many organizations and people. These have included Saint Louis University, Southern Illinois University at Edwardsville, the University of Missouri-St. Louis and Washington University in St. Louis. For the past several years, the lecture series has been a joint collaboration between the St. Louis Gateway Chapter of the National Association for Business Economics and the Federal Reserve Bank of St. Louis.

³ Volcker, Paul A. and Harper, Christine. *Keeping At It: The Quest for Sound Money and Good Government*, New York: PublicAffairs, Hachette Book Group, 2018, p. 118.

⁴ See [Go Figure with FRED: The St. Louis Fed’s signature economic database](#), Annual Report 2018, Federal Reserve Bank of St. Louis.

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Owing to its prominence, the lecture series has attracted many outstanding economists and policymakers. Past speakers have included Allan Meltzer, Anna Schwartz, John Taylor, Ben Bernanke, Robert E. Lucas Jr. and Larry Summers.

This year's speaker is Carmen M. Reinhart.

Dr. Reinhart is the Minos A. Zombanakis Professor of the International Financial System at Harvard Kennedy School. She was senior policy advisor and deputy director at the International Monetary Fund and held positions as chief economist and vice president at the investment bank Bear Stearns in the 1980s. She serves on the Economic Advisory Panel of the Federal Reserve Bank of New York and was a member of the Congressional Budget Office Panel of Economic Advisers. Dr. Reinhart is probably best known for her work on understanding financial crises in both advanced economies and emerging markets. One product of this research effort is her best-selling book (with Kenneth S. Rogoff), *This Time Is Different: Eight Centuries of Financial Folly*. It has been translated to over 20 languages and won the Paul A. Samuelson Award, among other awards.

Dr. Reinhart will present "A Short Tour of Global Risks."

Please join me in welcoming Dr. Carmen Reinhart.