Opening remarks by President James Bullard
The 2014 Homer Jones Memorial Lecture
Federal Reserve Bank of St. Louis
April 2, 2014

Welcome to the Homer Jones Memorial Lecture.

This year, we are in a festive mood—and not just because our hometown St. Louis Cardinals are favorites to repeat as National League champions. We're also in a festive mood because of three other celebrations.

First, we are celebrating the 250th anniversary of the city of St. Louis, founded in 1764 by Pierre Laclède and Auguste Chouteau. Second, the Federal Reserve System celebrates its 100th anniversary this year. If you have not done so, I encourage you to visit the Fed's website at www.federalreservehistory.org to learn more about the nation's central bank and how it has shaped, and was shaped by, key events in our nation's economic history. The third cause for celebration is that this year is the 25th annual Homer Jones Memorial Lecture—a quarter century of lectures. The Homer Jones lecture is one of the Bank's signature events. We hold this lecture each year to honor the lasting contributions of a former Research director of the Federal Reserve Bank of St. Louis, Homer Jones.

The St. Louis Fed started the lecture series after Homer Jones' death in 1986. The lecture series enjoys the long-lasting support and co-sponsorship of many people and organizations, including the St. Louis Gateway Chapter of the National Association for Business Economics, Saint Louis University, Southern Illinois University at Edwardsville, the University of Missouri at St. Louis and Washington University in St. Louis.

Homer Jones is sometimes described as "Milton Friedman's teacher" because Jones taught Friedman when Friedman was an undergraduate at Rutgers University in the early 1930s. Then, as now, it was tumultuous times for macroeconomics.

Jones had come to Rutgers after studying at the University of Chicago, where he was a student of legendary Chicago professor Frank Knight. Also on the Rutgers faculty at the time: Arthur Burns, future Chairman of the Federal Reserve.

According to Friedman, Jones was one of the primary influences in Friedman's choice to study economics, as opposed to mathematics or statistics. In Friedman's 1976 reminiscence, he says Jones opened his eyes "… to the broader reaches of economics and to the beauties and intricacies of economic theory."[1] The rest, as they say, is history—the two remained friends and colleagues for years afterwards.

In 1958, Homer Jones joined the staff here at the St. Louis Fed. He is remembered for many things at the Bank, but his role in the Bank's development as a leader in monetary research and statistics stands out.

Although many talented and dedicated people have greatly expanded upon Homer's original efforts to make the St. Louis Fed a leader in the public dissemination of economic data, it is difficult to imagine that we would have been as successful as we have been were it not for Homer Jones' vision. Bank products like FRED, Mobile FRED, ALFRED, GeoFRED, CASSIDI, FRASER and IDEAS are certainly modern inventions, but they all had their genesis in Homer's innovative efforts to keep the public better informed about its central bank and the U.S. economy. Homer was, in a sense, the original guru of Federal Reserve transparency.

Another legacy of Homer Jones is the St. Louis Fed's unwavering commitment to rigorous, independent research. Homer had a staunch belief in the persuasive power of facts and—it is said—dogged patience in pressing his views. Those of us in the Federal Reserve System who believe that the ability to question and re-examine conventional wisdom leads to better policy outcomes owe a great debt to Homer Jones. The Fed's ability to absorb and be open to multiple viewpoints helps prevent groupthink and leads to superior monetary policy and ultimately to better macroeconomic performance.

This year's speaker is Robert E. Lucas, Jr. He is the John Dewey Distinguished Service Professor in Economics at the University of Chicago.

Professor Lucas has made fundamental contributions in many areas of macroeconomics, including business cycle theory, asset pricing, monetary economics, the welfare cost of business cycles and the determinants of economic growth. He is a Fellow of the Econometric Society; a member of the American Academy of Arts and Sciences; and a member of the National Academy of Sciences.

In 1995, Professor Lucas received the Nobel Prize in Economic Sciences. The Nobel Committee cited his work "… for having developed and applied the hypothesis of rational expectations, and thereby having transformed macroeconomic analysis and deepened our understanding of economic policy."

[1] See Friedman, Milton. "Homer Jones: A Personal Reminiscence." *Journal of Monetary Economics*, November 1976, *2*(4), pp. 433-6.

It is perhaps especially fitting that Professor Lucas has agreed to give this particular Homer Jones lecture, on the 100th anniversary of the Federal Reserve and the 25th anniversary of the Homer Jones lecture. His undergraduate major, also at the University of Chicago, was in history, and he initially began graduate studies in history at the University of California at Berkeley. His turn toward economics instead of history was an important one for him, for us and for the world. But I know his love of history has not faded over the years.

Please join me in welcoming Bob Lucas, who will speak to us today about "Liquidity: Meaning, Measurement, Management."

James Bullard, President and CEO
Federal Reserve Bank of St. Louis