

**Transcript of Research & Statistics Centennial Conference: Opening Remarks
by Chair Jerome H. Powell**

November 8, 2023

STACEY TEVLIN. Good morning, everyone. It's great to see so many faces that I know. We have current staff and alumni, people watching virtually. And this has been a great turnout, and I'm really looking forward to the rest of the day. So if you're just arriving today, you actually missed a lot because we have been here already celebrating for a couple of days.

On Monday, we had a fantastic presentation by Jaime Marquez talking about the division's history, and that was followed by a great discussion that was kicked off by Beth Kiser. And then yesterday, we hosted the world premiere of Janice Shack-Marquez's video interviewing past and present staff, which was very entertaining and included some embarrassing before and after photos. [Laughter] And so we've been having a great time. A highlight of the week so far, for me, is to hear all the funny stories that people are recounting. And I have to say one of the biggest shocks for me was that Bill Wascher has some funny stories that I've never heard. [Laughter] I've worked with Bill for 26 years, and I eat lunch with him almost every day, and apparently he's been holding out on me.

So as much fun as Monday and Tuesday were, I'm really excited about today's conference. We have two terrific papers. We have two panel sessions and a number of illustrious speakers, so I think it should be really good. But my main job here this morning is to introduce Chair Powell. So you're all already familiar with his many accomplishments, his superlative communication, and, if you know him at all, his clever wit. But I actually want to call out how great it is to work for Jay. He is quick and genuine with his praise of the work that we do, and he's not shy about telling us if we've missed the mark, which is very important in a boss. But what truly endears him to the staff of R&S is that he really, really loves the nerdy

details of the economy. He could be one of us. And so that's why we invited him to kick off our event today, even though if you look at the agenda, you will see he's the only one on the agenda who was never a member of R&S. But we made an exception and invited you to speak this morning, Jay. So without anymore, I would like to welcome Chair Powell. [Applause]

CHAIR POWELL. Thank you very much, Stacey, for your kind words and for the chance to be part of this wonderful celebration. Welcome to those who are here and also those listening remotely. It's great to be here honoring the Division of Research and Statistics today to celebrate the division's centennial. It's also humbling to see so many Fed people who served the institution over long and distinguished careers and have returned for this great occasion.

Seeing some of you reminds me that the Fed is one of those places where you can work for a decade or so and still feel like a newbie—you know who you are. [Laughter] So for those listening outside the room, I'll just very briefly outline Research and Statistics' jobs and responsibilities. A large part of the division, along with other divisions of the Board of Governors, engage in producing what is called the Tealbook, which contains the staff's forecasts for the U.S. economy as well as a great deal of data and analysis on financial and economic issues. The Tealbook is delivered to the Federal Open Market Committee, or FOMC, before our regular meetings. Outside of the FOMC meeting cycle, R&S deploys its experts wherever they're needed across the Board of Governors, providing crucial inputs to work on financial stability, bank merger analysis, and many other topics.

R&S is also an ongoing source of specialized information for policymakers. If Board members have questions about even the most arcane workings of some aspect of the economy—and trust me, we very often do have questions—they can send an email and in no time be sitting down with some of the best-informed experts on that subject. Much of the time these are R&S

economists. For example, during the pandemic, when questions arose about how the computer chip shortage was affecting auto production or how businesses were responding to the backlog at U.S. ports, R&S gave detailed briefings on these novel subjects.

Among its other activities, the Board of Governors is one of the world's most productive economic research institutions, and a large share of that work takes place inside R&S, supporting our mission of promoting a healthy economy and a strong and stable financial system. I've talked about research; let's talk about statistics. In addition to gathering data from many sources outside of the Federal Reserve, R&S is itself the source of some of the most important data on the economy and on the financial system. Our consumer credit data provide financial markets and the public with a vital indicator of the strength of household spending and balance sheets. Each month, the industrial production report gives us insights into how well certain sectors of the economy, especially in the manufacturing realm, are operating.

R&S is also responsible for the Financial Accounts of the United States, a quarterly compendium of assets, liabilities, and transactions for segments of the economy. And every three years, R&S produces the well-known Survey of Consumer Finances, a premier source of detail and insights about how households are faring in the economy. The latest survey was published just last month. These and other data series produced by R&S amount to a significant public service.

So I want to now focus in a little more detail on the U.S. economic forecast, which I would say is perhaps the most important of R&S's roles, and it's the aspect of R&S's work with which I most frequently engage. I think it's not an exaggeration to say that the U.S. economy baseline forecast produced by R&S, along with the simulations of a half a dozen plausible

alternative paths for the economy, constitute the largest part of the essential bedrock that enables our pursuit of our dual-mandate goals.

Now, some people are just attracted to extremely challenging tasks, and the people of R&S are manifestly those people, having chosen just such a task in forecasting the path of the U.S. economy eight times a year for FOMC meetings and then regular updates between meetings. They do this work on the biggest stage and with the highest stakes of any forecasters, knowing that the economy so very often surprises us.

I have observed several qualities that are required to do this work well and that our R&S colleagues exemplify. And I'll start with intense commitment to the work, which requires pretty much, as I said, everything you have to give. I think you have to love this work of forecasting to do it well. The job also requires integrity. Policymakers count on R&S to give us their best thinking, not shading the results for any reason. Regular forecasting also demands a systematic approach and a high degree of intellectual rigor. Ask Stacey and her colleagues to explain a certain aspect of the forecast—you'll find they have a clear explanation grounded in a rigorous framework.

Of course, that intellectual rigor has to be combined with flexibility and agility. Economic models do a reasonably good job of capturing the working of the economy over past decades. Of course, even with state-of-the-art models and even in relatively calm times, the economy frequently surprises us. But our economy is flexible and dynamic and is subject at times to unpredictable shocks like a global financial crisis or a pandemic. At those times, forecasters have to think outside of the models.

A dominant aspect of the future path of the economy is high uncertainty, and so this work also takes large doses of both courage and humility. And, finally, judgment—to complement

this rigorous process and these qualities, there has to be good judgment based on knowledge and experience. So, to wrap up, perhaps the most important legacy of the past century for the Division of Research and Statistics is the resilience, the creativity, the energy, the rigor, and the commitment with which R&S has risen to the many challenges that it has faced and that this nation has faced in that long span of history. So, on behalf of the Board and the FOMC, thank you for that and hearty congratulations on your first 100 years of service to the public. Thank you. [Applause]