Welcoming Remarks

It is my pleasure to welcome you to beautiful Jackson Hole, Wyoming, and to the Federal Reserve Bank of Kansas City's Economic Policy Symposium titled "Challenges for Monetary Policy."

I am pleased to be joined by Federal Reserve Chairman Jay Powell, as well as many of my current and former colleagues from the Federal Reserve; and by other central bankers, academics and policymakers from around the globe.

Alan Krueger joined us at several symposiums both as chair of the Council of Economic Advisers and as a professor at Princeton University. He was always a gracious and thoughtful participant. Those who were with us here last year will recall that Alan was the featured luncheon speaker and offered keen insights on changes in worker bargaining power and implications for monetary policy.

Marty and Kate Feldstein attended many symposiums here, and Marty was on the program some 18 times. His influential contributions to the economics profession and to public service will long be remembered. He was a wonderful mentor and we are grateful for his advice and input over the years as we considered topics and speakers for this program.

Alan Krueger and Marty Feldstein were exceptional in many ways, and both of them will be greatly missed. As we considered the topic for this year's symposium, we were mindful that a decade beyond the global financial crisis, central bankers face a range of challenges as they pursue their mandates. Differences in economic conditions across countries have contributed to a divergence in policy paths with implications for exchange rates, trade and ultimately economic activity. The buildup and eventual unwinding of balance sheet policies have implications for capital markets and financial flows between countries. And as central banks have looked to normalize policy settings, the prospect of lower neutral rates of interest has emerged across the globe. While charting a course to pursue their mandates under these circumstances, central banks also must take into account the influences of commodity and financial markets.

Without question, it's a complex ecosystem in which central bankers seek an equilibrium. And our setting here in the Grand Teton National Park is perhaps the ideal place to contemplate such challenges given the very complex natural ecosystem that exists here.

You will find that the national park is home to a variety of species—elk, moose, bison and grizzly bears to name a few. These animals coexist in an equilibrium that provides mutual benefits when they respect each other's territory. As the park rangers will tell you, some of these animals establish large territories referred to as home ranges. When the home ranges of different animals overlap, or one animal intrudes on another's territory, things get a little more interesting. That said, the park rangers assure me that such encounters or even aggression are generally resolved without bloodshed, typically with retreat of the intruder.

We also know that natural ecosystems are quite sensitive to change and restoring the equilibrium after a disruption can prove challenging. Earlier this week, I attended a talk hosted here at the Jackson Lake Lodge that also may provide lessons for the ecosystem in which central bankers operate. In this talk, the speaker reviewed the history of grizzly bears in Yellowstone. He explained that, as the railroad was constructed across Wyoming in the 1800s, hotels began to spring up to provide accommodations for travelers.

After serving meals, the hotel kitchens would toss out the scraps a short distance from the kitchen door, which as you might imagine, eventually attracted the grizzly bears. As it turned out, the tourists quite enjoyed watching the bears feed and at first, it seemed harmless, even beneficial—but there were unintended consequences. The bears began to prefer this new source of food to the detriment of their health and the safety of the tourists. Eventually, the park service put a stop to this practice with a difficult transition to a new equilibrium—getting the grizzlies to return to their natural diet. And to preserve the restored equilibrium, you will find today clearly posted across the national park a very familiar sign: Do not feed the bears.

Whether or not central bankers can actually draw any lessons from this natural ecosystem, I highly recommend while you're here that you do not feed the bears and avoid encounters with them while hiking in their territory.

Again, thank you for coming, and I look forward to the presentations and discussions of the excellent papers prepared for this year's program and the insights from all of you on the challenges for monetary policy.

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