

More than I could have expected

On Oct. 1, 1991, my first day as president of the Federal Reserve Bank of Kansas City was spent in Washington, D.C., at a meeting of the Federal Open Market Committee (FOMC). In my mind, participating in the FOMC's eight yearly meetings seemed to be the most typical experience in the life of a Federal Reserve Bank president. Twenty years later, I know that a "typical" day as the president of the Kansas City Fed is more likely to involve any number of events, such as accompanying local business people and community leaders to a breakfast meeting in rural Nebraska; traveling 150 feet underground into a Wyoming trona mine; or visiting the Citizen Potawatomi Nation Cultural Heritage Center in Oklahoma. I had a front-row seat to view the regional economy.

It has been a distinct privilege to observe and explore the economy of the Tenth Federal Reserve District—western Missouri, Nebraska, Kansas, Oklahoma, Wyoming, Colorado and northern New Mexico—for the last two decades, and to relate it to our larger national economy. Although I came into this position after nearly 20 years at the Kansas City Fed, I did not fully appreciate the rewarding experiences that were ahead. I am grateful for the access that so many of you provided to your factories and businesses, your customers and employees, and your data and forecasts. Whether at public meetings, private conversations or suggestions by telephone, letter, or e-mail, your willingness to share information has been critically important to my role in national policy decisions and discussions.

During my career, I have been increasingly convinced of the importance of the Fed's decentralized structure and the central bank's obligation to include a wide range of views in its policy deliberations. Those with an interest in the Federal Reserve's history know that its congressional founders recognized the most effective way to serve a nation as broad and diverse as ours was to create a central bank that provided the means for reflecting that diversity while limiting

outside influences—political or financial—on central bank policy.

In the 98 years since the Fed's creation, there has been a gradual move toward highly concentrated financial power in New York and the consolidation of the central bank's authority in Washington. Recently, this has accelerated. I have voiced my concerns about the dangers of such moves at length, especially during the recent financial crisis.

Given the damage this recession has done, especially in terms of the large number of Americans who have lost homes and jobs, it is unimaginable that so little has been done to address the risks the largest financial firms continue to pose. Despite claims to the contrary, I believe we have done little to prevent a repeat of these events in the near future and that some of our policy actions may in fact be laying the groundwork for an even worse outcome in the years ahead.

Throughout my tenure, it has been my pleasure to serve with the many exceptional individuals who are and have been directors, advisors and employees of the Federal Reserve Bank of Kansas City. The Kansas City Fed has a long history of working closely with regional businesses and communities. It is my belief that these relationships will only strengthen and grow in the years to come—and necessarily so in order to ensure local access to credit, cash and services, and local input to national policy.



A handwritten signature in black ink that reads "Thomas M. Hoenic". The signature is fluid and cursive, with a long horizontal line extending from the end.

THOMAS M. HOENIG, PRESIDENT
FEDERAL RESERVE BANK OF KANSAS CITY