

Five Simple Lessons from the Fed

Editors note: This message was adapted from a speech President George delivered May 9, 2015, at Missouri Western State University in St. Joseph, Mo.

President Robert Vartabedian, members of the university's board of governors, administration and faculty, distinguished guests, friends and proud families, and most of all, the Missouri Western State University Class of 2015: I am deeply honored to be here and to receive this honorary degree. As a graduate of this fine institution myself, it is a tremendous privilege to be addressing you today.

It is a proud year for Missouri Western and for you to be celebrating the school's centennial. A century ago, 35 students, the first class from this institution, each paid an annual tuition bill of \$40 and enrolled in classes taught by eight faculty members. Like you, they faced an uncertain future at home and abroad. Overseas, Europe was involved in a war, and the United States was undergoing a time of incredible change, both economically and politically. For decades, most jobs in the United States were on the farm. But, work in the United States was shifting from an agricultural focus to a more urban and industrialized system, thanks to innovations such as Henry Ford's introduction of the assembly line in 1913.

Technology was advancing at a rapid pace, offering opportunities to those ambitious enough to take them. Innovation wasn't limited to business, however. In the political realm, the Progressive movement led to the formation of new institutions, like the Federal Reserve, and numerous other reforms related to workplace safety, fair competition and women's right to vote.

It was an era marked by big ideas, and new

colleges and universities, such as this one, sprung up and flourished across the country. One-hundred years ago, Woodrow Wilson, who had previously led a university, was the president. He had earlier reminded a graduating class at Swarthmore College: "You are not here merely to make a living. You are here in order to enable the world to live more amply, with greater vision, with a finer spirit of hope and achievement. You are here to enrich the world, and you impoverish yourself if you forget the errand."

If I stopped now, you might have heard my best advice. But I am charged with postponing the receipt of your diploma for a few more minutes, so I'll continue.

Much has changed since Wilson spoke to those students, but you probably share many of the concerns about the future that they had. There continues to be tension in many parts of the world, and the economy is facing another period of rapid change, driven by improvements in technology and the creation of new types of jobs that didn't exist a few years ago. As the economy shifted a century ago from an agricultural one to an industrial focus, it is now undergoing another transition led by advances in technology and communication.

There have been many changes over the past 100 years at Missouri Western as well. This institution now has an enrollment of more than 5,600 students and a campus that includes dozens of buildings. And I think it's fair to say that your annual tuition bill has



been more than the \$40 those 35 students paid in 1915.

But, Woodrow Wilson's admonishment to college students a century ago remains sound and it rings true even today: "You are not here merely to make a living. ... You are here to enrich the world." Those are profound and inspiring words, and they represent a call to action and purpose. But the reality is that after four years of college, you might well be sitting there thinking, "What's wrong with wanting to make a living?" It's a fair question.

Thirty-five years ago, like you, I wore the traditional mortarboard and gown while I sat in a metal folding chair with great anticipation. There were no more finals, and I was looking forward to a paycheck and moving into my own place. I was completely focused on making a living. I was waiting for the world to enrich me.

Within two years of graduation from Missouri Western, with a degree from the

business school, I had a job and a husband. My first job ended after 18 months. Fortunately, my marriage has lasted longer—30 years and counting. I went to work in 1982 for the Federal Reserve as a bank examiner. In 2011, I was selected to be the Bank's president and chief executive officer.

New employees often ask me about my career path at the Fed and whether I knew early on that I wanted to be the president of a Federal Reserve Bank. I didn't. I had neither a master plan nor a carefully constructed series of strategic moves to reach the position I'm in today. The truth is, I was focused on making a living.

Don't get me wrong. My work at the Federal Reserve was not mundane. I worked hard and found the work meaningful and challenging. And each assignment became the rung to the next one.

But it was my first job at the Fed as a bank examiner trainee that left the biggest impression on me. As a bank examiner, your job is to identify risks and to explain them clearly to a banker and to your boss. Being curious and asking the right questions turned out to be more important than having all the answers. Sometimes the banker disagreed with your judgments and was unhappy with the outcomes of the exam. Sometimes the bank failed and the owners lost everything. That's not easy when you're 24-years-old and sitting across the desk from someone with three decades or more of experience. And so you learn to do your homework and to think hard about the consequences and to listen carefully to make sure you understood. You had to rely



on other members of the exam team—each contributed to some part of the exam with different expertise and experience. Sometimes you'd work all day to analyze an issue and were sure you had it nailed, only to get some new piece of information the next morning that made you rethink your conclusions.

Those experiences have continued to shape my perspective as a leader and as a policymaker. As president of the Kansas City Fed, I serve as a member of the Federal Open Market Committee. Every six to eight weeks, this committee meets to make decisions about interest rates. The room where these meetings take place in Washington, D.C., is stately—even intimidating. There is an oval-shaped mahogany table that can seat more than 20 people. Instead of sitting across the desk from a banker, I find myself sitting across the table from the Federal Reserve chairman.

For more than 100 years, others have been seated there to make decisions that affect the nation's economy. These decisions are expected to be independent, thoughtful and well informed, because they affect the lives of every American.

So, I'd like to close by condensing my bank examiner experience into five simple lessons that have served me well for many years. And as you go out to make a living, you might consider them:

1) Be prepared: There really are no shortcuts to doing your best. Few people can successfully wing it. Most of us have to spend time and make sacrifices to be prepared for that interview, completing a job assignment, earning a raise. Life is a test, but that preparation arms you with knowledge and gives you confidence.

2) Be flexible: Things won't always go as planned. And sometimes, we build plans that can fall apart. If you can learn to accept that life is full of change and unpredictability, you'll adapt and cope.

3) Be brave: You will have to make choices of consequence. It is not always clear what the right answer is, but make sure you are asking the right questions.

4) Be humble: Regardless of how confident you may be, you are not always right. Listen carefully to others. You might learn something.

5) Be grateful: Everyday someone is doing work that makes your job easier, safer and less stressful. Look around you today—I suspect some of those people are right here.

And so, as you cross this stage today and accept your diploma, enjoy your feeling of accomplishment. In the days ahead, remember: Your degree does not represent what you know but what you are capable of learning. If you keep that in mind, I'm confident you will do more than make a living. You will enrich the world.



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