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Commencement Remarks

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Vice Chair

Board of Governors of the Federal Reserve System

at

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It is an honor to be here today. Thank you, Dean Steinberg, members of the faculty and staff, members of the Board, distinguished guests, parents, and family members. To the Class of 2022, congratulations. I am honored to be here with you to celebrate this day for which you have worked so hard and on which you go out to make your mark in the world, fortified with an incredible intellectual arsenal and lifelong friends from your time at the Johns Hopkins School for Advanced International Studies (SAIS). As a parent, I would like to extend a special welcome to the parents and families who have joined this celebration today. I'm sure many of you must be filled, like I am often, with awe and admiration for our amazing offspring and the good they will do in the world.

To be honest, when Dean Steinberg invited me to speak, I was concerned that you might not be excited to hear from a central banker. Central bankers are dull by design. We use 17 words when 2 would suffice. We make a virtue of using language that is prosaic and concrete. Our pronouncements are carefully calibrated so they are understood exactly as intended, leaving nothing to the imagination. In short, we are the opposite of the poetry, drama, and inspiration that are the stuff of launching gifted graduates on their career quest.

But a friend reminded me that if there's anywhere a central banker might be a good fit for graduation, it's SAIS. At SAIS, you are required to not only take, but *pass* monetary theory. No doubt your parents must be wondering—monetary theory? How is that going to help your career? Is it too late to become a doctor or a lawyer?

But that is the point. You have chosen a different path. Two years ago, when a novel coronavirus struck, when fear and panic spread, you decided you wanted to learn

more. When economies and markets struggled, you chose to focus on developing solutions. When travel and trade trickled to a stop, you made a commitment to a life in global affairs.

You have endured lockdowns and Zoom lectures to get an education that will help you understand and address the complexities of our world. Your generation has had to show resilience and strength in the face of a once-in-a-hundred-year pandemic and prepare for a world where once-in-a-hundred-year events occur every couple of years. That strength and learning will serve you well as you embark on your life's work.

As you do so, I hope some of you are considering a career in public service. Others, not so much. I get it. Public service is not glamorous. Still, I hope many of you will consider devoting a part of your life's work to a public mission and will do so with enthusiasm and urgency, because public service has a profound effect on the lives of people and communities across the country. And it can be motivating and satisfying in ways that are rare.

So perhaps I could provide a glimpse of the hopes and dreams that animate my journey and guide my work, as a reminder that you can and must dream big and stay true to your chosen mission as you navigate your journey with as much passion as professionalism and as much integrity as intellect.

So let me start by tracing back what I do today to what I cared about when I was a young American growing up in Europe. Ever since I was a little girl observing life in Poland under Soviet rule, I have been making mental checklists of the communities around me: gray apartment block with cratered walls and broken glass, dilapidated factory with an open furnace, long line at the bread shop.

I noticed the contrast between the bright colors and bustle of the farmers selling produce from their own plots of land and the gray bleakness of communist factories and poorly stocked shelves. And the even greater contrast with West Germany at a time when it was fast integrating with its western neighbors: new cars, thriving small businesses, packed store shelves. What I observed around me as I came of age, I later understood, were features of the Cold War battle over the ideals of freedom and enterprise and the kind of political systems and institutions that could best uphold those ideals.

In those early days it was hard to imagine the rise of Solidarity and the fall of the wall. Three decades later, it is inspiring to stand with a united and free Europe as it opposes Russia's war of aggression against Ukraine.

Once I started working, I found myself compiling these checklists in Maggie Thatcher's industrial towns, in auto assembly plants in Detroit, in financial-crisis-stricken Mexico City, in agricultural towns in Senegal. Whether I am on vacation or a community visit, I read neighborhoods the way that some people survey land for planting or spreadsheets for weak links or legal briefs for inconsistencies: boarded up rowhouse, not a grocery store in sight, multilane highway splitting the old commercial district.

As I have traveled around this country from Milwaukee to the Mississippi Delta, from Atlanta to Appalachia, from Detroit to the Colonias, and from Scranton to the Pine Ridge Reservation, in urban and rural areas alike, it is striking how much the opportunities and challenges facing families are shaped by the health of their communities and the broader economy. At the most foundational level, what animates

my job at our nation's central bank is the opportunity to lift up the livelihoods and lives of working families in communities across America.

As central bankers, we don't think of inflation or unemployment as blue or red. We focus on data and proven solutions, and our mission is to serve all Americans.

We see time and time again that the families that have the smallest financial buffers and the communities with the least resilience suffer the most when turbulence strikes. The risk that turbulence will strike is always present, as I have learned from the many financial crises that have punctuated my own career. In the past decade alone, our communities have contended with the devastation of the Global Financial Crisis, the European Debt Crisis, the COVID-19 pandemic, and now the burden on stretched household budgets from Russia's war of aggression against Ukraine.

The arc from the collapse of the Berlin Wall to the response to the COVID-19 pandemic is this: Ideas and actions can change the course of communities and countries. Let me share with you three examples of how individuals have come together to shape policy for the greater good.

Ninety years ago, the first woman Cabinet Secretary, Frances Perkins, convinced a skeptical Franklin Roosevelt that unemployment insurance wasn't a handout but a smart investment. Not only would it be an effective self-financed approach to help families smooth through periods when work was hard to find through no fault of their own, but it also would support the health of the broader economy when demand weakened.

So, two years ago, when a global pandemic struck, the application of Perkins's logic through an expanded set of programs and facilities sustained millions of families and saved countless small businesses. After returning from a meeting in Europe in late

February 2020 when COVID was starting to spread globally, I had a startling realization that these are the moments we are here for, when communities around the country rely on us to act. With a shocking 20 million Americans laid off from their jobs in one short month, with U.S. stock market capitalization down by 12 percent in one day, with main street businesses shuttering and 94 percent of classes moving to distance learning, it was vital to respond with boldness and creativity as we committed to using all our tools to provide vital support for communities around the country.

In contrast to the devastation wrought by the inaction in the lead-up to the Great Depression, the COVID response showed that swift, decisive action can stave off catastrophe. When there is the will to do so, with the support of Congress, we can and must use our tools to help protect families, businesses, and their communities from crisis and make the broader economy more resilient so it rebounds faster.

The second example is of Augustus Hawkins, a Black Congressman who in the 1970s was a key architect of the statute enshrining the words “full employment” in the Federal Reserve’s mandate along with price stability. He knew that only with maximum employment would there be true opportunity for workers of all races, ethnicities, and genders. Every day, I am mindful that the opportunities and prosperity of working people all across the country rest in part on our commitment to the prosaic words “maximum employment and price stability,” which, like policy work itself, belie the enormity of their effect.

Maximum employment and stable low inflation benefit all Americans but are particularly important for those earning less. Price stability is of greatest importance for lower-income families because they spend more than three-quarters of their paychecks on

essentials like groceries, gas or bus fare, and rent—more than double the 31 percent spent by higher-income households. High inflation is our most pressing challenge. That is why we are taking strong actions that will bring inflation back down.

The third example took place 45 years ago, when civil rights leaders, banks, and community groups worked together with leaders in Congress to enact the Community Reinvestment Act (CRA). To address the damaging legacy from redlining—the practice of restricting access to credit in neighborhoods, often on demographic grounds—Congress assigned banking regulators with the responsibility to ensure banks serve the credit needs of their entire communities. As of today, this responsibility remains the foundation of the ecosystem supporting credit, investment, and financial inclusion in communities that face the greatest challenges. By revitalizing the CRA, we provide shopkeepers, entrepreneurs, first-time homebuyers, and families better opportunities to thrive individually and, in turn, to contribute to the broader vibrancy of our economy.

A commitment to mission, to providing opportunities in all communities, to embracing change, to taking bold action—these guidelines that have been important for me may also be important for you as you embark on your professional journey. They will be important whether you work in the public, private, or nonprofit sector, and whether you work within borders or across them.

I noted that in the early days, the demise of the Iron Curtain was virtually inconceivable. But when the tides turned, the change came hard and fast. The digital revolution similarly heralded a recognition at a visceral level that we were hurtling toward a new era.

Your generation is experiencing change of this magnitude at a breathtaking pace. We are living through a profound shift in our individual and collective histories. This great reordering gives you a unique opportunity to shape what comes next. You are headed into the world at the exact moment that your ability to change it has never been more important. You understand the need to embrace change—to understand it and shape it, not hide from it.

And you came to the right place to do so. SAIS was founded in 1943—during World War II. It was established one year before the Bretton Woods Conference, two years before the United Nations was established, and four years before the National Security Council first met. SAIS was established during a crisis to enable its graduates to make a better world. Sound familiar?

As SAIS graduates, you are equipped with an intellectual framework that enables you to work across disciplines as much as within them, at both a national and global level. I guarantee that no challenge worthy of your attention will be simple. The challenges your generation faces are multifaceted, requiring you to think and act across disciplinary boundaries to develop effective solutions.

As SAIS graduates, you understand that whatever your professional calling may be—whether in finance or technology or development or diplomacy—you are called to do so by a mission that animates you and that holds its own inspiration and poetry for you.

As SAIS graduates, you are supremely well positioned to combine theory and practice in the arena and to be nimble and agile in adapting to even the most extreme events. You will have your own moment when you realize with startling clarity that you



are called to act with boldness and resolve. I encountered two groups of people when I was navigating the aftershocks of the Global Financial Crisis and the complexities of the European Debt Crisis: SAIS graduates I worked *with*, and SAIS graduates I worked *for*. They were excellent, dedicated, and inspiring. So, I am confident that your education here has equipped you well to understand and act on the big forces that will continue to drive change.

Finally, as SAIS graduates, you embark on your professional journey equipped not only with a powerful intellectual framework but a lifelong network of friends, mentors, and collaborators here and around the world that will sustain and support you as you rise to meet challenges that may be impossible to even imagine right now. Indeed, this SAIS community may turn out to be the greatest gift of your time here.

So let me conclude by saying to each of you and to your families:  
Congratulations, and Godspeed.