

Fed Unfiltered, Transcript
8/31/22 – Lorie Logan, Interview: Dallas Fed

Roberto Coronado:

Good afternoon. My name is Roberto Coronado and I'm a senior vice president and senior economist with the Federal Reserve Bank of Dallas. And I have the honor of serving as today's moderator. For today's program, we're introducing our new bank presidency of Lorie K. Logan. Lorie, welcome to Texas. Welcome to the Dallas Fed.

Lorie Logan:

Thank you.

Roberto Coronado:

We have a specific format for today's program. I'll spend the first portion of the program asking Lorie some questions that I've prepared to get her to know her better, and her background, and her interest in the Dallas Fed, and some of her initial priorities. And then we'll use the remainder of program addressing some of the questions that many of you have submitted. So, we thank you for submitting your questions in advance, and we'll try to get through as many as we can. So, Lorie, we have a lot of ground to cover in just about 30 minutes, so why don't we just ripe in? So, there's been a lot of excitement, and a lot of us, not only amongst our employees, but the public in general, particularly since May when our board of directors announced your appointment. You officially started in August 22nd. So, you've been the bank's precedence here for the past week and a half. So, can you tell us how is it going so far?

Lorie Logan:

Well, thank you again, Roberto. And thank you for the opportunity to introduce myself to the 11th District and to share my excitement for joining this community. Roberto, they say that the people in Texas are incredibly welcoming, and I have to say that I've been overwhelmed by that welcome. There's just been an outpouring of support from the staff here at the bank and from stakeholders all over the community. And I couldn't ask for a better way to start in this new role.

Roberto Coronado:

Perfect. So, before we get too far into your new role, I want to spend some time talking about your background. And so, if you can please tell us a little bit about yourself and perhaps a little bit about your childhood and growing up.

Lorie Logan:

Well, I first became interested in public policy at a very early age, growing up in a small town in Kentucky. I was really inspired by watching my family and their involvement in local politics and civic activities. And really watching the way they brought together different parts of the community to solve challenging issues or to create new opportunities. And that real interest and passion for public policy was furthered studying political science at Davidson College and then later at Columbia University's School of international and Public Affairs. And it was at Columbia that I was first introduced to global economic policy issues and the federal reserve.

Lorie Logan:

I was lucky enough to work with a professor and mentor who introduced me to an opportunity at the fed. And I've spent the last two and a half decades at the Federal Reserve Bank of New York, first in bank

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supervision and later in markets, really focused on deepening my understanding of the financial sector and working with teams to make monetary policy implementation more effective. About three years ago before the pandemic, I was selected by the FOMC to serve as manager of the Federal Reserve System Open Market Account. And of course, last week, I started here in Dallas as president and CEO.

Roberto Coronado:

Good. Well, it's great to have you here, Lorie. And I want to go back to your last comment as far as being the SOMA manager. And many would argue, I would argue that, that experience, that background sets you up really perfectly for this new role. Can you tell us a little bit about why SOMA's so important for the monetary policy process?

Lorie Logan:

Well, the manager of the Federal Reserves System Open Market Account is responsible for managing the federal reserves balance sheet, which today stands at over \$8 trillion. On a day to day basis, that means I was responsible for the implementation of monetary policy and leading teams to implement the directives from the committee so that the committee could meet its desired policy stance. And I was also responsible for leading teams who were the eyes and ears of financial markets for policy makers. So, I've spent many years attending FOMC meetings and briefing the committee about developments in the financial sector, about policy implementation, and advising them on key policy implementation issues that they were focused on.

Lorie Logan:

So, I'm really excited to be able to switch seats at the table at the FOMC and contribute to the economic and policy discussions from the perspective of the 11th District, and to really bring the experiences I've had as the manager in financial markets and in thinking about operations to those policy deliberations.

Roberto Coronado:

Good. So, I think it's fair to say that during your professional career, you talked about spending a little bit over 20 years in New York. During your professional career, you've led the federal reserve through various challenging and difficult times. Can you tell us how those experiences prepare you to be the SOMA manager during the pandemic? I know they're a very difficult time and a time in which the fed was doing some extraordinary things and you were the head of SOMA.

Lorie Logan:

Well, I think every financial crisis is a little bit different, but I think the experiences that I've had working at the fed during many of those crises periods, I really relied upon them and the lessons that I took as we responded to the pandemic, particularly in March and April of 2020. Just thinking back to those previous crises experiences, I think one of the most important lessons that I took was the importance of the central bank providing clear communications that it's open for business and that it's available to provide liquidity even in the most difficult of circumstances. And I think that simple communication of that role is really important for providing confidence to the financial markets and economic participants more broadly.

Lorie Logan:

I really learned that working at the fed on September 11th. I think the communications that the fed made at that time were incredibly important to confidence during that difficult period. And the actions

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that we took to provide liquidity and lend securities and the immediate aftermath of those events, really taught me the importance of that communications and quick response. I think the other lesson that I've really taken from those different experiences is the importance of innovation. No crisis is the same and economic and financial conditions change over time. So, even the same tools that may have been used in a particular circumstance may need to evolve given the changes in the economy and the financial sector.

Lorie Logan:

And I really learned that through designing and implementing large scale asset purchases, as well as some of the liquidity facilities during the global financial crisis. So, it was really these experiences that I've brought to bear in thinking about the actions for the pandemic and the lessons that I took in terms of leadership, communications, internally and externally, and really how to inspire teams to work together in very uncertain, personal, and financial, and economic times. And I think that really came together in the advice that we provided policy makers and in the actions that we took, immediately responding to the crisis and the adjustments in the tools that were made to really support market functioning and the flow of credit in response to the pandemic.

Roberto Coronado:

Very good. So, maybe I can change topics a little bit. And so, you are moving or you've moved from New York to Texas, which is not a small feed. What led you to be interested in this role to become the presidency of the Dallas Fed?

Lorie Logan:

I mean, really, it's a privilege to be able to serve in this role and to represent the 11th District. I think there were a number of things that really excited me about this opportunity. I think first is just the overall size and complexity of the economy, and the region, and its influence on the nation as a whole. I don't have to convince you, Roberto, that this district has a very dynamic economy. And the communities that make up the district are really essential contributors to the nation's economy as a whole. I think the other thing that really excited me about the opportunity was the ability to bring the experiences leading large teams, implementing policy and operations to the leadership position of the Dallas Fed.

Lorie Logan:

And really building upon the work that we do in servicing the community in the 11th District, and in providing services to the federal resource system more broadly. And I think really importantly is just the opportunity to serve on the FOMC, to really bring to bear a different perspective, a perspective coming from significantly engaging in financial markets and really thinking deeply about policy operations, and really adding that diversity of thought to policy deliberations.

Roberto Coronado:

Excellent. So, speaking about your priorities and you talked a little bit about that, what are your priorities as the new leader of the Dallas Fed, as our new leader? What are you focusing on? And if I may add too, what do you hope to learn from the 11th District, business leaders, community leaders, and leaders in general from this part of the country?

Lorie Logan:

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Well, our goal here at the Dallas Fed is building a stronger economy together. And I think to really do that, particularly coming from outside the district, it's really important to meet and to be out and get to know the entire district. So, for me, my very first priority is first to get to know the staff and the work that we do here at the bank, but second is to be out and get to know everyone in the 11th District. To do that, we've initiated a listening tour. We're calling that listening tour 360 and in 365. And my intention is to visit with all the major metropolitan areas throughout the district within the next year and several smaller communities along the way. And really listen within those communities about the challenges and then the opportunities that they have and the experiences that they're having in the economy.

Lorie Logan:

I think what's really exciting me about the tour is that when I think about what 360 means, it's more than about geography. It's really about thinking about the experiences that all are having, the different stakeholders, large businesses and small businesses, community organizations, academic institutions, really thinking about the issues from a full 360 degree perspective. So, I'm really excited to begin this process, to be learning from everyone in the community, and really working together to find ways that we can leverage the research and the convening power of the federal reserve to solve some of these challenging issues together.

Roberto Coronado:

Very good. And so, how can people find about this, that you're listening toward this 360 and 365? How can they find more about that?

Lorie Logan:

Well, I hope that many of you will participate in some of these discussions. We'll be sharing where we'll be and when we'll be there over the course of the year. And we'll have information about those events on the website and social media. And we'll share some of the learnings that we're discovering along the way and adding research to compliment some of those learnings. So, we really do hope you'll join us and we'll find it really valuable to hear your experience and perspective.

Roberto Coronado:

Yeah, we're very excited to show you around and take you to different communities in Texas, Louisiana, and New Mexico as well. So, maybe now it's time to shift gears and now go into some of the questions that the audience have submitted. So, all of you who submitted questions, thank you so much for doing that. And Lorie, judging by the number of questions that we've received, I can tell you I think it's safe to say there is a lot of excitement for people wanting to come and join today's program, learn more about you, and learn more from you. And so, let's try to answer as many questions as we can. So, are you ready?

Lorie Logan:

I'm ready.

Roberto Coronado:

Perfect. So, let's hit the ground running here. And this first question, it's about Jackson Hole. So, last week's Jackson Hole meetings, it's a top of mind for many folks across the country, across the district, particularly because of the discussions about the national economy, inflation, and what the fed is doing

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about monetary policy. You attended these meetings now as the new fed president for Dallas. And so, what are the main takeaways that you walk away from the meetings?

Lorie Logan:

Well, for those of you who aren't familiar with the Jackson Hole Symposium, it's a conference that's sponsored by the Federal Reserve Bank of Kansas City. It's an annual symposium that brings together central bankers, policy makers, and academics from around the world to think about and discuss some of the key issues of macroeconomics each year. This year was a pretty exciting year for me to attend the symposium. I've been there before as manager of SOMA, but to be there thinking about these issues as a policy maker and representing the 11th District was really quite special and a great privilege. It was also really exciting to be there because it was the first time the conference was held in person since the pandemic. And I think it was really an important opportunity for central bankers around the world to be able to talk and to hear from each other about what the key issues are and the issues that they're thinking about.

Lorie Logan:

One of the things that was really striking to me at the conference this year was just the change in diversity. When I think about the first time I attended the conference, there's an event that is hosted by President George, which is a small evening celebration of the women of the FOMC. And when I first went to that event, there were less than 10 women in total for the entire conference who were there. And we talked a lot about how to open doors for more diversity in the field broadly. And this year at that same event, there were over 30 women representing central banks and academics, leading discussions in the program as key leaders within central banks. And that was just really exciting to see. And I'm very thankful for the work that President George has done to open so many doors for people in the field.

Lorie Logan:

When I get back to sort of the theme and what I took away from the conference this year, I think that theme was very clear. It was about inflation. And I think hearing from central bankers and academics around the world, the clear priority was bringing inflation down because it's having significant implications and hardships for businesses and households around the world. And that really lines up with my own priority, being president in the Dallas Fed and as a policy maker. Our number one priority has to be to restore price stability.

Roberto Coronado:

Thank you, Lorie. And thank you for representing us at Jackson Hole. And it's good to hear that, now that the meeting is in person, and so everyone had an opportunity to get cut up and for you to connect with your new FOMC colleagues, and then the colleagues from around the world, with central banking around the world. As you mentioned earlier, and this question is about the regional economy, but as you mentioned earlier, parts of the reason why it attracted you to become the Dallas Fed president is the vibrant economy. You also mentioned you are interested in spending quite a bit of time on the road and meeting people, understanding communities. And I think it's fair to say that our economy in the 11th District has traditionally outperformed the national economy, then we have a robust economy.

Roberto Coronado:

We are seeing manufacturing service sectors being strong. We've seen a little bit of softening in the last few readings. But all in all, I think that the forecast that we have from our research department for the

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Dallas Fed is that the Texas economy will add jobs around north of 5%. Again, strong economy. With that context in mind, the audience wants to know, how are you thinking about the regional economy? So, can you please share a little bit more about that?

Lorie Logan:

Well, as I said, one of the key motivations for me in taking this role is to be a part, to be representing such a large and vibrant regional economy. And it's clear, as you said, that the economy has been outperforming the nation as a whole. I think as I go out and listen to stakeholders around the district, I really want to learn more about what's driving this outperformance here in the district. What are those key lessons that we can take, such that we can broaden that outperformance both in the region and nationally? And what type of information can we take from that experience to influence the national policy discussions? I think another key feature about the regional economy that I think is important to emphasize is, while we are outperforming in aggregate relative to the nation as a whole, that performance is really uneven.

Lorie Logan:

And then looking underneath that strong performance, not everyone is experiencing the economy in the same way. And so, I think an important part of the listening tour will be meeting with people and understanding those challenges, those barriers that might be there, and how we can work together, bringing to bear the research that we have, the ability to bring different stakeholders and communities together. To think about ways we can solve some of these challenges or remove some of these barriers that we're seeing that are preventing that economic performance from being broad and from everyone having a similar experience in the economy. So, those are going to be important priorities for me as we go and engage in this listening tour, as really thinking about what we learned from the outperformance, but also how can we help make that economic performance more distributed and broader across the stakeholders and those in the region.

Roberto Coronado:

A number of questions also came in, which is kind of a follow up to that discussion. And the question is around, what are the sectors that this district, that the Dallas Fed has a unique perspective that can bring to the table? So, what comes to mind?

Lorie Logan:

I think, as we said, one of the really amazing things about the region and the economy here in the 11th District is the size, but also is the diversity of that. And I think there are a number of important sectors in the economy that will be essential for me as a policy maker to be learning from and thinking about, but also to be prioritizing in terms of our research here at the Dallas Fed. I think the Dallas Fed has a long tradition of research and strong understanding of the energy sector. I think that's all includes traditional aspects of energy, oil, and gas, but also renewable energy. And I think that's been a priority for the leaders here at the Dallas Fed for many years and bringing that information, both qualitative information, survey data, and other experiences that we're learning from that sector to the policy discussion at the national level.

Lorie Logan:

The other thing I think that we're seeing in the region is just the number of large corporations that have headquartered here. We have over 50 large Fortune 500 companies that are headquartered here and

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that number just keeps growing. And I think it's important to really understand what's driving that and what lessons we can take that we can consider in the policy deliberations, and how we're seeing and assessing both the regional economy, but also that nationally. One of the emerging areas that I'm really excited about learning more about is in the area of technology. We've seen a lot of technology related investments in innovation taking place in the district.

Lorie Logan:

I've been really focused about technology in the financial sector. And in the last several years, in the way in which that innovation is changing financial services and broadening inclusion to a whole larger set of our country. And really understanding what's driving that investment in innovation and technology here in the 11th District, I think will be another key area of focus for me and one that I'm really excited to learn more about.

Roberto Coronado:

Very good. So, as communities, the communities that we serve are the heart of many of the work that we do here at the Dallas Fed. And it's not surprising that a lot of the questions that came in have a community angle to them. And so, this question is particularly about community banks. And the question is, what role do you see for community banks in creating economic opportunity, especially for underserved communities? And also, how do you hope the federal reserve can help advance that work?

Lorie Logan:

Well, as you know really well from the work that you do, Roberto, is that small and community based banking organizations are incredibly important to the vibrancy of our economy. I go back to my own experience growing up in Versailles, Kentucky, the community bank in that town was really at the center of the community, physically. It was the hub and the community was really built around that bank, but also it was an engine for economic growth in that community. In many cases, larger banks were not likely to serve some of the population that was there. But because that bank was invested in the community, built those relationships, and saw the importance of those investments, I really think that was an important factor in the vibrancy of the small town in which I grew up. So, to me, community banking, small banks are really important.

Lorie Logan:

I was really excited that within my first week here at the Dallas Fed, we were able to meet with a number of representatives from minority depository institutions, and that was a great conversation. Great to be able to assemble that community together here. I learned a lot from that discussion, heard a lot about the challenges they have, issues around regulatory burden, around technology, risk management of new technology. And about ideas and ways that we can provide technical assistance and work together to really support the unique aspects that they can bring to serving those communities. So, that was a really important and impactful meeting for me. I'm really looking forward to more opportunities to meet with them and to think about ways we can work together.

Roberto Coronado:

Very good. I appreciate your comments. And yes, I agree, I think community banks play a very important role in advancing economic opportunity for all the communities that they serve. This next question also is in the theme of community. And the audience will like to know, will you host as part of your listening tour or listening tours in the communities where you hear from not-for-profits on the ground?

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Lorie Logan:

Well, just going back to the mission that we have here of building a stronger economy together, I think it's essential that, that listening tour is very robust, it's very broad based. I talked earlier about 360 and 365, and how I think about 360, which is really not just about geography, but also about different experiences in the economy broadly. So, just coming back to the question, I think nonprofits will be a critical stakeholder in those discussions. They have a really important perspective about some of the unserved parts of our economy, and they have a strong understanding of the variety of experiences that people are having in the economy. And so, I think they'll be a very important part of the conversations. I think academic communities, community based organizations, both small and large businesses, I really hope that we bring them all together so we can have these type of conversations.

Roberto Coronado:

And I appreciate the emphasis on listening from different parts of the economy. Like to your comments before, not everyone is experiencing the same economy or the economy the same way, so having different perspectives will help you and will equip you to become better policy makers. I think that's a very important aspect of the listening tour. So, these last two questions that I want to bring forward is, the audience wants to learn more about you and learn more about your leadership style and your leadership journey. And so, this next question is, could you share with us how your leadership style has evolved over the years? And if you can, and you talked a little bit about this already on teamwork and how teamwork has been important to you, I keep advancing the mission of the fed.

Lorie Logan:

Well, I think building diverse teams is critical for the robustness of the things that we do, the services that we provide, the way we think about key issues. From my own experience, particularly just looking most recently at the pandemic, it was really bringing together the traders, the analysts, the operation experts, the technologists, all in one room. That was really important to helping us figure out ways that we could respond in very much real time in a world that was quickly changing upon us. And in thinking about new ways we needed to adjust those tools, given the change in financial sector circumstances. So, to me, all of the best work happens in teams and importantly in diverse teams.

Roberto Coronado:

Very good. And the last couple of moments we have together, it looks like the audience also want to know, what inspires you, what gets you through your day, and then also what advice has been giving to you that you often lean on?

Lorie Logan:

Well, I think in terms of advice that I've often lean upon, I think I go back to the leadership philosophy that I learned early on in my tenure at the federal reserve. And I learned that from a manager of mine who learned it from his military experience and that's mission first, people always. I think I've really taken that philosophy in all the work I do and in the way we lead the organization. And I think that same philosophy is really going to shape the priorities I have in the near term, which is really to get to know the bank, the people who are serving this great institution, but also the work and getting to know the district so that we can fulfill our mission, which is really building that stronger economy together.

Roberto Coronado:

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Very good. Well, we've reached the end of our program. Lorie, I want to thank you for your time and your comments. Welcome to Texas. Welcome to the Dallas Fed.

Lorie Logan:

Thank you, Roberto. Thanks for having me. And this has just been a great opportunity to get to know the district and to introduce myself to all of you.

Roberto Coronado:

Very good. And I want to thank the audience for joining us today. I appreciate your time and appreciate everyone who submitted that question in advance. Thank you for doing that. Unfortunately, we didn't have enough time to go through all of them. As Lorie alluded to, the Dallas Fed is very strongly committed to our communities and to sharing information broadly. So, please visit our website, follow us on social media, so that you can learn more about president's logo and 360 and 365 listening tour, how to be part of that, how to become part of that listening tour for her. So, please visit our website. Until next time, thank you for joining us and we hope to connect with you sometime soon. Thank you all.

Lorie Logan:

Thank you.