

Fed Unfiltered, Transcript

9/7/22 - Susan M. Collins, Interview: by Boston Fed, 60 Days In with Pres. Susan M. Collins

Jay Lindsay:

Hello, and thanks for joining us for this episode of 600 Atlantic. I'm your host, Jay Lindsay. I'm here with another interview and highlighting the work we do here at the Boston Fed and Service of the New England region. Today's interview is a special one for us here at 600 Atlantic. We're excited to be speaking with the new Boston and Fed president, Susan M. Collins. Susan joined the bank this past summer during a particularly challenging time for the economy. She's since been focused on all the work that Fed is doing to bring inflation down and keep employment strong. Susan is also reacquainting herself with the New England region, and the diverse economy here, and the people who make this a unique part of the country. So today we'll talk to Susan about the economy and some of the work we're doing here at the Boston Fed. We also want to get to know a little more about her background and what drew her here to the Federal Reserve.

Jay Lindsay:

So welcome, Susan, thanks a lot for joining us today.

Susan M. Collins:

It's great to be here. Thanks for the invitation.

Jay Lindsay:

All right. I'll get started with this question. So you started in Boston about two months ago, and it's an exciting and busy time here at the Boston Fed and really an incredibly important time for the Federal Reserve. I'm just hoping you can share any early takeaways from these first several weeks on the job.

Susan M. Collins:

So yes, it is a really busy time and I am both excited and really honored to be taking on this role. There's a lot of work to do to accomplish the Fed's mission, which I see as a vibrant, resilient, and inclusive economy that works for all. It's just been two months, and so just great to be rolling up my sleeves and being able to engage. I'm looking forward to meeting more people across New England and to visiting the other parts of the region as well.

Jay Lindsay:

Right away, very early on in your tenure, you attended your first meeting of the Federal Open Market Committee. There was a lot of focus on that meeting, you're jumping right into the fire. Can you talk to me a little bit about what that experience was like?

Susan M. Collins:

Sure. I have to start by putting my educator hat on and just to say that for those who may not know as much about the FOMC, it is the Fed's chief monetary policy making body. It includes the board of governors and the presidents of the 12 reserve banks. Each year the voting members are all of the governors, the New York Fed president, and four of the other reserve bank presidents on a kind of one year rotating basis. At the moment, Boston is one of the voting members.

Susan M. Collins:

The FOMC's been charged by Congress with a dual mandate, and that means both price stability and maximum employment. At the moment, inflation's just simply too high and so restoring price stability is

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job one, that's something that I take extremely seriously for a number of reasons. High inflation hits all of us, but it has a particularly large impact for low and moderate households. In order for us to be able to sustain maximum employment, we really need an inflationary environment where inflation is low and stable. Returning to that 2% target is really job one. We do have the tools to be able to get there. The Federal Reserve has already raised interest rates significantly and we're monitoring as that plays out. There's more to do and that's something that we will be working together, marshaling the wealth of data, the statistical rigor and analysis, combined with listening to people on the ground throughout the economy. It's really combining all of the information that we have regionally, nationally, and internationally as well, that we use to make those decisions.

Jay Lindsay:

You mentioned the September meeting coming up and you may have gone over just now some of the things that you're going to be focusing on there, but I guess I'll just ask you directly. What is the priority as you prepare for that meeting, especially given what you've mentioned, the current economic environment and the Fed's work to restore price stability?

Susan M. Collins:

It's really doing the best job we can, given the data that will be available at the time, and that's both the statistical data and the information we gather from all of that engagement on the ground to assess what policy change will be most likely to move us to the 2% target, which of course is not going to happen overnight, but again, we do have the tools and the resolve to get there. I do have dimension that the inflation came from a variety of sources, including global pandemic, which of course continues to evolve and is persistent in a variety of challenging ways. The disruptions in the domestic and global supply chain, the war that's affecting commodities, energy prices, a range of different things. It's a complicated time, which is why all of the analysis that we do, combined with engaging different perspectives, is important as part of the process to making monetary policy.

Jay Lindsay:

There's really a tough balance here for policy makers, isn't there, during this inflationary period. The Fed is focused on stable prices, but there's a lot of talk about how fast or slow it should move. Can you talk a little bit about getting the balance right?

Susan M. Collins:

It's really premature right now to be too specific about exactly what the right policy move will be in September, but I will reiterate that we need to do more. We've not yet seen significant declines in prices and that's what we're going to be looking for.

Jay Lindsay:

Okay, great. Thank you.

Jay Lindsay:

I want to switch gears a little bit here. I'd like to talk about your background and what brought you to the Fed. Seems like you had a really good run in Michigan. What attracted you to the Fed and to Boston?

Susan M. Collins:

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Yeah, so I have to start by saying go Blue. Michigan is a wonderful place. I have to say that many others, that one of the key draws for me was the public mission of the Federal Reserve. This position, as I mentioned before is really an honor and to me it brings together three of the key themes of my professional career. One is as a macroeconomic researcher with a longstanding interest in public policy. Clearly that is front and center with monetary policy and a range of the other kinds of work that the Federal Reserve does. Also as an educator, helping people understand complex issues, economic policy, economic performance, especially at the moment, is particularly complicated. Also helping people understand the real breadth of work and ways that the Federal Reserve works both with its own experts and with others across our society in order to foster that resilient, inclusive economy.

Susan M. Collins:

Then finally, as a leader of a large institution with a public mission. Again, that public mission is really important and dear to my heart. I should also mention that this is a return for me to Boston. My husband and I lived here for about over 15 years, although that was 30 years ago, so many things about this wonderful environment are still here and vibrant and we're delighted to return. There's also a lot that's new and so I know that I have a lot to learn and I'm very excited about doing that.

Jay Lindsay:

Just to pivot up on that a little bit. You've made history here in Boston by becoming the first Black woman to serve as a president of reserve bank. I'm wondering what do you think that means to others when they see that?

Susan M. Collins:

Well, I think it means a variety of things. For many, I think that I serve as a role model and that's something I take seriously. It's something that I have cared about throughout my career. As I mentioned before, the educator part has always been very important to me. I also think that it provides an opportunity for a broader range of outreach, helping to connect the Federal Reserve, its team of experts, all of the people that we work with, with new communities, with new organizations, leaders, through a variety of our initiatives.

Susan M. Collins:

I'll just mention one and that is the Working Places Initiative, which has been very vibrant and is one of the ways that we are helping struggling communities, both cities and rural areas to develop plans, to pull collaborative groups together, and to really develop and implement those plans to help the communities thrive. That's something I'm excited about and I see as directly related to some of the role that I can play here.

Jay Lindsay:

Right, thanks. You've mentioned that you're familiar with New England and the Boston area. You went to school here, you taught here, you got your PhD here, but a lot has changed in the time that you've been away. I'm wondering if you could share just some early observations of the region and also how you plan to get kind of reacquainted with the six New England states that we serve here at the Boston Fed.

Susan M. Collins:

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Sure, and that's something I'm very excited about. The vibrancy here, that vibrancy is really clear. There are so many strengths that are here from the education sector to the healthcare sector to all of the tech work, and that really expands. There are also a number of challenges. Like most regions it's quite uneven, there are areas that are thriving and areas that aren't. Housing is a major challenge and the cost of housing, which I've already heard quite a lot about.

Susan M. Collins:

How do I plan to engage? Really by talking to people, by getting out and about, by inviting people to come here to the Boston Fed and meet with experts and talk with us, tell us what we need to know, what they see as the strengths, and the opportunities, how we can work together. Then to get out and to see for myself what some of the challenges are and also what's going well. How can we identify some real success stories that can be inspiring and help us to work together to accomplish what I really see as a shared mission, which is a vibrant, resilient economy that's inclusive, and that works more broadly for all of those who live here in New England and in the nation.

Jay Lindsay:

Great. Thanks. This is the last thing I want to ask about. How do you hope the Boston Fed can make an impact both regionally and nationally under your leadership?

Susan M. Collins:

I think what we can do is to build on the work that's already underway. Again, I've frankly been blown away by the expertise, the dedication of the great team that's here at the Boston Fed. We do see ourselves, as we should, as leaders in a variety of different ways. I think being a kind of clear voice at the FOMC table is one of the ways that we can play a leadership role. I think that also the Boston Fed, like the rest of the Federal Reserve, is a nonpartisan organization that can bring people together and advance a shared mission, share information, and make sure that we are fostering collaboration, which is something that's been kind of a key approach of mine throughout my career from my research work to my work as a Dean, as a provost, and that's something that I think I'll continue here.

Susan M. Collins:

One of the examples that I just wanted to mention is that the Boston Fed has been a real leader in some of the innovations in the United States payment system, and that's something that I think will really benefit communities and individuals, and is something that we have been, as the Boston Fed, playing a lead role in, and that we're excited about.

Jay Lindsay:

All right, well, Susan, we'll wrap it up there. I've enjoyed the discussion. It's been great to talk to you. Thanks so much for being here, best of luck in your new role.

Susan M. Collins:

Thank you. It's been a pleasure.

Jay Lindsay:

As always, you can find more information on everything discussed today on our website, visit Bostonfed.org/600atlantic where you can check out other interviews as well as our seasons. The first

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