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Remarks by

Ben S. Bernanke

Chairman

Board of Governors of the Federal Reserve System

at the

U.S. Bureau of Labor Statistics 125th Anniversary Celebration

Washington, D.C.

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I am pleased to lead off this distinguished group in congratulating the Bureau of Labor Statistics (BLS) on its 125th anniversary. The legislation creating the BLS had its roots in several important and lasting shifts in our nation's political landscape during the late 19th century. The first shift was heightened concern about the material well-being of working men and women. Just as important, was the movement to make government agencies independent and impartial. President Chester A. Arthur signed the bill into law after he had signed the Pendleton Act, which took a big step toward establishing the basic principle that federal employees should serve on the basis of merit and not their political affiliation. Thus, from its start, the BLS was poised for a solid tradition of public service.

As a past and present consumer of the bureau's products, I want to thank you for your excellent work. I began my career in academia, where I first delved into the bureau's vast wealth of data on productivity, employment, hours of work, wages, and prices. As a student of the Great Depression, I can attest to the value of the BLS's historical recordkeeping. BLS Bulletins and *Monthly Labor Review* articles of the 1930s helped me analyze the behavior of the labor market during the Depression.¹ Later, when I served on the National Bureau of Economic Research's Business Cycle Dating Committee, I paid close attention to current economic data, in particular to your monthly employment series.

As you know, in conducting monetary policy, the Federal Reserve aims for maximum employment and price stability. To achieve those goals, we must formulate policy based on our best assessment of where the economy is heading. Clearly, the timeliness and reliability of your labor market and price reports are critical to us. Besides

¹ Ben S. Bernanke (1986), "Employment, Hours, and Earnings in the Depression: An Analysis of Eight Manufacturing Industries," *American Economic Review*, vol. 76 (1), pp. 82-109.

those monthly indicators, our analysis and forecasting of inflation and real activity require a number of BLS inputs. We need to understand productivity because it is a key element in determining how fast the economy can expand without generating inflation. And we need to factor in trends in wages and benefits, in consumer spending, and in how U.S. wage, price, and productivity trends compare with those abroad. Indeed, the analysis, research, and forecasting that forms the foundation for our policymaking must be grounded in solid economic information, such as the BLS provides.

Additionally, if monetary policy is to be effective, the public must understand current and prospective economic developments. An important channel of monetary policy is its effect on expectations. By that I mean that the public needs to understand economic trends and then be able to infer how those trends align with our stated policy goals. Your public statements, articles in your *Monthly Labor Review*, and the shorter notes on issues that are posted on your website make a valuable contribution to public understanding.

Over its 125 years, the BLS has built a reputation for providing timely and accurate economic information. The close relationship that the bureau's economists and statisticians maintain with researchers--both those in government and in academia--cultivates that exemplary performance. Researchers' insights have led to better analysis and higher quality data. Moreover, the bureau is committed to undertaking the innovations and improvements necessary to ensure that its economic statistics effectively measure and provide insight into an ever-changing economy.

Let me close by congratulating the staff of the BLS. Whether you design surveys, process data, prepare releases, or conduct research that helps us understand the data, you

all play significant roles in ensuring that the public, the academic community, and economic policymakers have reliable and timely information. You should be proud to be part of the BLS's long tradition of objectivity and professionalism.