

**1997 U. S. Savings Bonds Campaign
Kickoff Luncheon**

**Remarks by
Cathy E. Minehan, President
Federal Reserve Bank of Boston**

**Thursday, January 23, 1997
The Westin Hotel - Copley Place**

Thank you John. I am so pleased to be here today. I would like to congratulate Victor Demarines, President and Chief Executive Officer of The Mitre Corporation, 1997 national chair of the Electronics Industry campaign; Patrick Moynihan, General Manager of the MBTA, the chair of the national effort in the Public Transportation sector; John Rowe, President and Chief Executive Officer of New England Electric System, who is heading up the national campaign within the Utilities Industry; as well as John Hamill, our host, whose job it is to ensure that the community campaign throughout greater Boston is a success. Each of these individuals is playing a vital role in the 1997 National U.S. Savings Bonds Campaign. Also I would like to congratulate the Mitre Corporation for receiving the National Honor Roll Award and Raytheon Company for receiving the Treasury's prestigious Golden Eagle Award.

Buying savings bonds has often been described as the patriotic thing to do, from their inception during World War II until today. We have a great tradition here in Boston of commitment to

patriotism. Each year we honor the patriots who fought in the revolutionary war with the reenactment of the Battle of Lexington and Concord. And this year, we have a special case of Patriot fever--as we all wait anxiously for the SuperBowl kick-off on Sunday.

Patriotism is a good thing, but its not the only, and perhaps not even the best, reason to make this savings bond campaign the most successful ever. Savings and investment are the lifeblood of economic growth--and our current national rates of savings and investment in the United States are lower than in most industrialized countries. This wasn't always the case. Both personal savings rates and overall U.S. savings and investment fell during the '80's. We can't afford to let that process continue. Economic circumstances are unusually favorable right now--solid job creation, low unemployment, low inflation, and steady overall economic growth--but a key factor in keeping our economy healthy is to improve our savings rate--both as individuals and for the country as a whole.

We as an economy face an aging workforce, concerns about how the retirements of the baby boomers will be financed, and high costs of even more necessary college education. Now is the time to increase our personal savings, and savings bonds are an easy, risk-free way to do this. Bond interest rates reflect current risk free rates, and there are options that are particularly useful in saving for college and other long-term goals. And you as leaders in this effort shouldn't let the current enthusiasm over mutual funds and the stock market deter you in your sales efforts. Portfolio diversification is a time honored way to balance risks, and savings bonds can help people do just that.

I would like to leave you today with a challenge--a challenge to all of you individually and as representatives of your organizations--a challenge to make savings bonds a bigger part of your own savings plans and the savings plans of those in your organizations. And I also challenge you to make this savings bond campaign the most successful in Boston's history. This is a noble

goal, and under John Hamill's leadership, I am confident we can achieve it.

Once again, it is a pleasure to be with you all today. And now, I will turn it over again to John for his closing remarks.