

Draft suggested remarks  
for groundbreaking  
luncheon in Omaha  
on 4/10. BKR

<sup>I am</sup>  
~~We are~~ pleased that so many of you could join us today on  
<sup>very</sup> this important occasion for the Federal Reserve in Omaha. As Bob  
Hamilton has <sup>noted</sup> ~~pointed out~~, the Federal Reserve has been a part of  
<sup>this</sup> ~~your~~ community for nearly 67 years, serving financial  
institutions and-- through them--the people of Omaha and ~~the state of~~  
Nebraska.

We are happy to be in Omaha today to celebrate ~~the~~ the  
start of a new building in your city. But in a broader sense,  
the symbolic turning of Nebraska soil ~~here~~ today re-emphasizes  
the substance of the Federal Reserve's roots in Omaha. At the  
same time, the ceremony this morning ~~underlines~~ our commitment to  
carry out our central banking responsibilities in this ~~region~~ <sup>area</sup> as  
efficiently as we can.

The substantial facility we will build over on Farnam will  
do more, though, than simply <sup>our operations</sup> make ~~us~~ more efficient. This new  
structure will be a fresh symbol of the Federal Reserve's  
important role in our nation's financial and business life.

As many of you know, the Federal Reserve Bank of Kansas City  
has important responsibilities in monetary policy, bank  
supervision, and the provision of financial services to  
depository institutions, the federal government, and the general  
public. But, as Paul Volcker frequently points out, the Federal  
Reserve is not "just another Federal agency" with all power and  
influence flowing from its Washington headquarters.

As created by Congress in 1913, the Federal Reserve System  
is an imaginative blend of public and private <sup>interest</sup> ~~interaction~~ <sup>interacting</sup> ~~carried~~  
<sup>working together</sup>

*through*  
~~out~~ in a uniquely regional structure. There are 12 Federal Reserve Banks--with 25 branches, such as in Omaha, *the one here* spread across the nation. Creation of such a *decentralized regional* structure was quite deliberate. The System was designed to foster a certain independence in judgement and to encourage continuity and professionalism in the central bank. In particular, the regional structure was intended to *provide* ~~give~~ the Federal Reserve close contact with both economic developments and opinion throughout *every region of* the nation, while insulating the central bank from short-run political concerns.

*Independence and* Insulation from partisan political influences is a key element in the Federal Reserve structure. Congress emphasized this *independence* ~~insulation~~ by providing members of the Federal Reserve Board with 14-year terms. Moreover, Federal Reserve operations are financed from its own resources and its decisions are not subject to review by the executive branch. Of course, the System is accountable to, and reports regularly to, the Congress. As you may know, the Federal Reserve's independence has been *challenged* ~~reviewed~~ from time to time, *but* ~~and has been essentially~~ reaffirmed as being in the *general* ~~broad~~ interests of the American people.

In my judgement, an independent, decentralized Federal Reserve System ~~has~~ served the nation very well during its seven decades, despite *the* rather remarkable economic and technological changes in our society ~~since 1913~~. A major reason for the Federal Reserve's successful service to the nation is, in my view, our ability to draw on the diverse experience and sound advice of the men and women from the region who serve as our directors. You know many of these people from right here in your own community.

*Federal reserve participate in the formulation and implementation of*  
As we at the Kansas City Fed ~~provide input for~~ national monetary policy, or as we make <sup>the</sup> supervisory or operating decisions, it is our tangible links with <sup>recommencement and</sup> people and communities throughout the region that insure that our decisions are grounded in reality. That is what the far-sighted creators of the Federal Reserve intended.

So, in large measure, we are celebrating today more than the start of a new construction project in Omaha. We also are acknowledging the tangible and ongoing presence of an independent central bank whose judgements and policies reflect the broad interests of the American public rather than narrow economic or political interests. *as maybe seen from east of the Missouri River.*

Bolstered by the understanding and support of knowledgeable business people in Omaha and throughout <sup>Nebraska</sup> the ~~region~~, the <sup>officers and employees</sup> ~~people~~ of the Federal Reserve Bank of Kansas City will continue to respond effectively to the needs of the region and the nation in the years ahead. This new facility we are building in Omaha will contribute importantly to our ability to ~~serve~~. *carry out our responsibilities.*

We thank you for joining us today and we look forward to meeting with you on other occasions. *and particularly at the dedication of our new facility in early 1986.*