

Welcoming Address

The Philadelphia Fed Policy Forum
The College of Physicians of Philadelphia

December 1, 2017

Patrick T. Harker

President and Chief Executive Officer
Federal Reserve Bank of Philadelphia



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Good morning and welcome. I am pleased to be here at the 12th Philadelphia Fed Policy Forum, my second since joining the Bank as president and CEO in 2015. I am excited to continue the biennial tradition that brings together some of the world's most renowned economic thought leaders to discuss emerging research and its implications for economic policy.

This year, we've shifted locations. While normally this event is held at the Philadelphia Fed, we have brought it here to the College of Physicians of Philadelphia to accommodate an expanded audience for this year's forum.

While you are here, I encourage you to visit the Mütter Museum. The College of Physicians has graciously offered free entrance today to its museum of medical history to all our attendees. If you have not been, it's really a can't-miss, quintessential Philadelphia experience. I must say, the Philadelphia Fed's headquarters has many charms, but we really can't compete with the Soap Lady or Albert Einstein's brain.

Before I begin, let me give the standard disclaimer: The views I express today are mine alone and do not necessarily reflect those of anyone else in the Federal Reserve System, including my colleagues on the Federal Open Market Committee (FOMC).

Promoting Inclusive Economic Growth

The shift for the Policy Forum is more than just geographic. This year, our theme is People, Place, Prosperity: Revitalizing Our Cities. This may seem off-topic for the Fed, from a focus on monetary policy and interest rates, to a focus on how the economy can develop in a way that reduces poverty and inequality. But it really isn't. It's merely a different way of looking at the same issues. And the high turnout for this event really speaks to the level of interest among you, one of our key audiences, to find ways to better understand and address these issues.

The Fed has a dual mandate: price stability and maximum employment. When you think about what that means, our mission is really about creating an environment that promotes economic growth that is sustainable in the long term and that provides economic opportunity for everyone. That second goal — economic opportunity — means we want growth that is inclusive and accessible across all income groups and communities.

That's because when we talk about the economy, we are really talking about people. People acquiring the right skills to find stable, family-sustaining jobs. People getting the best education for their children so that they can succeed. And it's about the neighborhoods where people live and about the best way to ensure that their communities thrive.

That's where the Fed's community development function comes in, something that is near and dear to my heart.

For the past year, we at the Philadelphia Fed have been working on our Economic Growth & Mobility Project, or EGMP. This new initiative looks for practical applications for research in the area of inclusive economic growth. For instance, the Philadelphia Fed is involved in efforts in northeastern Pennsylvania to create an equitable transit system. We have provided regional-focused research and convened stakeholders to start the process of devising a transit system in the Scranton area that gets people to jobs and the other places they need to go.

EGMP is about looking at the economy as a whole, looking beyond the data. Which isn't to say numbers and data aren't important. I am an engineer by training, so believe me when I say I love numbers. But numbers don't tell the whole story. Overall, the U.S. economy is doing pretty

well. Real GDP grew at a strong annual rate of 3 percent or better in the second and third quarters of this year. The unemployment rate, at 4.1 percent in October, is at the lowest since the year 2000. But when we look across the country, there are people and places that don't share in that good fortune.

Revitalizing Our Cities

It is fitting that we host you here in the City of Philadelphia. According to a recent study by The Pew Charitable Trusts, the city has the highest percentage of residents living in deep poverty.¹ The region's poor are concentrated mainly in the city rather than in the counties that surround it. Philadelphia has only 26 percent of the region's residents, but it is home to 51 percent of the poor.² So, this is a good place to be having a discussion about revitalizing cities. Philadelphia may have the dubious distinction as the "poorest," but it is by no means alone in the problems it faces or in its aspirations for the future.

I travel frequently around the Third Federal Reserve District — which comprises eastern Pennsylvania, southern New Jersey, and Delaware — and my monetary policy work takes me all over the world. These firsthand experiences really frame how I look at today's agenda. Because everywhere I go, I meet people who are grappling with the same questions at the intersection of people, place, and prosperity. How do we build wealth in our communities without displacing residents? How do we plan for the coming technological innovations and make sure workers have the requisite skills to succeed? How do we promote not just economic growth but equitable growth for all? These are the questions we'll be exploring here today.

As always with the Policy Forum, we are fortunate to have a truly all-star lineup to lead our discussion.

¹ The Pew Charitable Trusts, [*Philadelphia's Poor: Who they are, where they live, and how that has changed*](#), The Pew Charitable Trusts (2017).

² The Pew Charitable Trusts.

Research Focusing on People, Place, and Prosperity

For those of you who have been with us before, the structure of this year's event will be a bit different. We'll be opening with two academic panels. First, Gilles Duranton of the Wharton School of the University of Pennsylvania, Edward Glaeser of Harvard University, and Henry Overman of the London School of Economics will kick us off with a presentation of research focusing on place — specifically, on urban growth and revitalization. Gerald Carlino, Philadelphia Fed emeritus economist, will moderate.

Second, we will focus on people by exploring the link between education and economic mobility. This panel will feature Will Dobbie of Princeton University and a visiting scholar at the Philadelphia Fed and Ingrid Gould Ellen of New York University. Phoebe Haddon, chancellor of Rutgers University–Camden and a member of the Philadelphia Fed's board of directors, will moderate.

Last, but not least, John Fry, president of Drexel University and a member of the Philadelphia Fed's Economic and Community Advisory Council, will introduce our last session that will focus on the connection between people and place and how we promote prosperity. Michael Nutter, former mayor of Philadelphia and a member of our Economic and Community Advisory Council, will join Dennis Lower of Cortex Innovation Community in St. Louis in a discussion. Amy Liu, director of the Brookings Institution's Metropolitan Policy Program, will moderate.

The speakers are not only some of the most prominent scholars in their fields, but you may have noticed that some of them are among the Philadelphia Fed's most valued partners. Their participation should tell you how seriously we take these issues.

I also want to note that the shift in the Policy Forum is the result of the leadership of Mike Dotsey, the Philadelphia Fed's director of research. Mike wanted to use the event as a platform for applying the same high-level, rigorous discussion of research that has always been the hallmark of the Policy Forum to advance the goals of the EGMP. I'd like to applaud Mike and his team for their hard work in organizing this event. And I'd also like to give a special shout out to

Theresa Singleton and her staff, who lead the Philadelphia Fed's community development efforts and the work of the EGMP.

A special thank you as well to the members of our board, advisory councils, and our visiting scholars who are with us today. Will, Phoebe, John, and Mike, thank you for joining us. We are so grateful for your participation as leaders who care deeply about the subjects we'll examine during this forum.

During the day, there will be many opportunities for you, our guests, to ask questions and engage with our speakers and with each other. As you can see, audience participation is written into the agenda. I look forward to the discussions you'll have here, and I thank you for being a part of this year's event. If you happen to use Twitter, please join the conversation using the hashtag #PhilFedForum.

A 230-year-old medical college may not seem an apt location for this policy forum. But the mission statement of this august establishment reads "to advance the science of medicine and to thereby lessen human misery." It is that same sense of purpose and concern for humankind that bring us together today to address some of our society's biggest challenges.

Thank you. And, remember, if you have time, Einstein's brain.