

Remarks by Thomas C. Melzer
President
Federal Reserve Bank of St. Louis
75th Anniversary Lobby Ceremony
May 18, 1989

Good morning. I am Tom Melzer, President of the Federal Reserve Bank of St. Louis, and it is my pleasure to welcome you here today to help commemorate our 75th anniversary. In addition to some special guests whom I will introduce later, we are delighted to have with us local bankers, businessmen, representatives of civic organizations, and a number of our directors, officers and staff. Thank you all for being here.

Today, as you look around this building and think about the important role of the Federal Reserve in our economy, it is hard to imagine that the U.S. has not always had a central bank. But, in fact, we have not. Several attempts were made in the 1700s and 1800s to form and sustain a central bank for this nation, but, for various reasons, they were unsuccessful. Then, at Christmastime in 1913, President Woodrow Wilson signed the Act that created the Federal Reserve System. It was on May 18, 1914, 75 years ago today, that our organizing certificate was signed by selected member banks in the District and sent to Washington.

Later that year, our Bank opened for business in rented quarters just two blocks from here with only six officers and 17 employees. Given the results of previous attempts to establish a central bank in this country, I wonder how confident they were back then about the Bank's chances for survival. But survive it did. In the Eighth Federal Reserve District today we have approximately 1,300 employees in St. Louis and our branches at Little Rock, Louisville and Memphis. These dedicated people are engaged in three principal activities: economic research, banking supervision and financial services.

A key factor which, in my opinion, has enabled the Federal Reserve to survive and adapt is its decentralized organization. It somehow sounds inappropriate for a central bank to be decentralized, but that was the political genius which permitted the Fed to be established in the first place.

Certainly, having twelve Reserve Banks around the country has enabled the System to stay in touch with the various constituencies it serves, as well as to monitor economic developments first hand. More importantly, it permits private citizens--the Reserve Bank directors and

presidents--to participate in the formulation of monetary policy. This helps assure the independence of the central bank within our government--and this independence is essential for good monetary policy.

Of course, this structure also fosters original thinking, which has been a hallmark of the St. Louis Fed's research efforts over the years. Our Bank's work on the relationship of money to economic activity has made important contributions to the conduct of monetary policy, both in this country and abroad. We deliberately sought to have a significant influence in an area in which we had considerable expertise; and, we have succeeded in establishing the "St. Louis view."

So, as we look to the next 75 years, I trust that this tradition will guide the St. Louis Fed in all of its activities, whether they be in research, banking supervision or financial services.

Before turning to the remainder of our program, I would first like to recognize some special guests in the audience. Two have a rich family association with our Bank. Malcolm Martin is one of these individuals. Malcolm is the son of William McChesney Martin, Sr., our first Chairman

of the Board, and the brother of William McChesney Martin, Jr., a former Chairman of the Board of Governors of the Federal Reserve System.

Tom K. Smith is also here today. Tom is the grandson of our Bank's first Governor (or President), Rolla Wells, who was also a former Mayor of St. Louis. In addition, Tom himself was a director of the Bank.

We are also happy to welcome back our most recent past Chairman of the Board, Hadley Griffin, and one of our former Presidents, Darryl Francis, who served in that capacity for 10 key years as the Bank's reputation flourished.

Finally, I would like to recognize Ed Trusheim, our current Deputy Chairman. Our Chairman, Bob Virgil, is out of the country and could not be here today.

Now I would like to introduce our next speaker. He is one of the leading experts on the founding of our Bank. In fact, he's spent a large part of the last year writing an early Bank history for us, which will be published this summer.

His name is James Neal Primm. You may very well know Professor Primm from his work at the University of Missouri-St. Louis, where he is

Curators Professor Emeritus. He is a noted scholar and historian, having written many highly-regarded works on American and St. Louis history. We're honored that Professor Primm has chosen our Bank as his latest research interest and are pleased that he could join us. Neal.

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Thanks very much, Neal. To conclude our program, I am pleased to introduce Jack Keane, Special Assistant to the Mayor. Jack has a long record of public service at the state and local levels, and is here today representing the City of St. Louis.

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Thank you, Jack. We appreciate this special recognition by the City. Before we disperse, I'd like to encourage you all to take a few minutes to browse through our historical exhibits here in the lobby.

We have the Mercantile Library, and especially John Hoover, Special Collections and Rare Book Librarian, to thank for assembling these exhibits. As you will see, they display some of the historical documents on banking and the economy around the time of the founding of the St. Louis Fed.

Again, I would like to thank you for being here today to help commemorate this important milestone.