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Remarks by

Alan Greenspan

Chairman

Board of Governors of the Federal Reserve System

at the Dedication of

the Birmingham Branch Building

Birmingham, Alabama

December 8, 2000

This afternoon, it is my distinct pleasure to be with you at this dedication ceremony to speak about the gains in productivity and efficiency that technology is bringing to the Federal Reserve. We are standing in an exemplar of this phenomenon. This new structure--which succeeds a building dating to 1927--will for the first time use automated guided vehicles and an automated stacking and retrieval system to process and store both currency and coin. Until now, we've used such systems only for currency.

Buildings such as this new Birmingham Branch, employing the most modern technologies, are central to the System's continued fulfillment of the basic purposes and functions for which it was founded more than eighty years ago. However, we should note that, as important as such buildings are in our endeavors to maintain a prosperous economy, a safe and strong financial system, and a reliable and efficient payment system, people--not machines--remain at the heart of whatever success we have achieved. I am speaking of the dedicated professional men and women employed at this and other Federal Reserve offices and of the many public-spirited citizens who give of their time and expertise as directors and advisers to our Banks and Branches. I am also referring to the many people outside the System who recognize the importance of safeguarding and supporting the nation's independent central bank.

Thus, at the outset, I would like to acknowledge the important assistance we have received from the members of Congress from Alabama. In 1992, they helped win passage of an amendment to the Federal Reserve Act that enabled us to move forward on this project. We are grateful to Senator Richard Shelby, who succeeded in moving the legislation through the Senate, and to former Congressman Ben Erdreich, who sponsored

the bill through the House of Representatives. Without their efforts we would not have been able to construct this new Branch.

I would like to recognize Congressman Spencer Bachus, chairman of the subcommittee in the House Banking Committee with jurisdiction over the Federal Reserve. In fact, the subcommittee he now chairs conducted hearings on the Branch building legislation. We value the Federal Reserve's close working relationship with him.

I am pleased to recognize Senator Jeff Sessions and Congressman Earl Hilliard as well. We appreciate their support for this new structure. I also would like to acknowledge state and local officials, Federal Reserve directors and officers, and other invited guests.

A board of nine members serves each of the twelve regional Reserve Banks and a board of five or seven members serves each of twenty-five Branch offices. All together, 270 men and women--industrialists, union leaders, bankers, educators, farmers, and shopkeepers, all leaders in their communities--offer their knowledge and advice as directors. So, in a sense, this building also stands as a symbol of our unique form of central banking, which draws its strength from the closeness of its ties to local and regional economies across the nation.

Convenience and efficiency in coin and currency distribution and in check-processing may be the least of the benefits flowing from this far-flung network of offices, stretching from Seattle to San Antonio and from Buffalo to Birmingham. Our System's broad geographic reach also ensures that we who have the privilege of serving as policymakers--the presidents of the regional Banks and the Board members in

Washington-- receive a clear sense of the economic and business life beyond the Beltway, which encircles the nation's capital. As keen observers of local economies, the directors here and elsewhere contribute vitally to the formulation of monetary policy by offering important insights absent, by definition, from even the most careful analysis of aggregate data. Often they know what is happening in the various regions of the country well before the hard data are collected by national statistical agencies. Most importantly, this singular system of broad and diverse representation, nurtured by close contacts at the regional and local levels, fosters a long-term perspective and a continuity.

So it is, on this special and festive occasion in the life of the Federal Reserve, that this exceptional new structure, which benefits from the latest in technological innovation, also reminds us of our fundamental purposes and our roots. It reminds us that the regional Banks and local Branches, and the people who serve in them, are an integral part of central banking in this country. It stands as a testament to the continued success of our unique type of "decentralized" central banking.