



President's Message

Macroeconomists have traveled the right path over the past 25 or 30 years. We face many difficult intellectual challenges—but those intellectual challenges are roughly the same today as they were in 2007. What has changed is that we now realize that we need to overcome those challenges to provide quality advice to policymakers.

One of the sideshows produced by the recent financial crisis was the spectacle of economists hurling invective at one another as they argued about the positive and negative effects of various policies. For noneconomists paying attention to this exchange, the scuffle was likely disconcerting, if occasionally amusing. It almost certainly reinforced a misconception that economists can't agree on anything.

What was interesting to me is that few, if any, prominent younger macroeconomists (say, those earning Ph.D.s in the past 20 years) engaged in this debate. Obviously, this says something about their degree of visibility relative to their elders. But to me, it also says something about the degree of consensus in macroeconomics among younger scholars. This consensus is important to understand, because it—not the consensus of 1975—will be the foundation for future work in the field and, in time, for any future understanding about policy.

I'm a long-time macroeconomist (not young by the above or any other definition). In this year's *Annual Report* essay, I describe what I perceive to be the consensus views among younger scholars about the field's strengths and weaknesses. There is no doubt in my mind that the past two or three years have changed these views, and these changes in views certainly form a major part of my essay.

Macroeconomists have traveled the right path over the past 25 or 30 years. We face many difficult intellectual challenges—but those intellectual challenges are roughly the same today as they were in 2007. What has changed is that we now realize that we need to overcome those challenges to provide

quality advice to policymakers. That's exciting for me as a new policymaker. And I hope and expect that it will be exciting for many potential entrants into our field. I have nothing but optimism for the future contributions of macroeconomics.

Now, I have to admit that any attempt to describe a consensus faces a significant risk of generating so much controversy that it ends up being a contradiction in terms! Along those lines, I certainly welcome your comments and thoughts on my ideas and words.

I would also encourage you to take a look at this year's Operations Report prepared by Jim Lyon, our first vice president, beginning on page 23, and the pages that follow. In addition to Jim's recap of the important operations performed by Bank employees, you will find photographs of dedicated citizens who are serving on the boards of directors of this Bank and our branch in Helena, Mont. These busy professionals expend a great deal of time monitoring operations at our two facilities and contributing to our understanding of the Ninth District economy. On that note, you will also find pictures of our two advisory councils—one representing small business and labor, and the other agriculture—the members of which report on the economic conditions of communities from Montana to the Upper Peninsula of Michigan. These farmers, ranchers, business owners and labor representatives are a real strength of the Federal Reserve's regional system, and we appreciate their service.



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