



FEDERAL RESERVE BANK
OF SAN FRANCISCO

The Jenga Tower of Prosperity:

The Strong, Prosperous, & Resilient Communities Challenge
(SPARCC)

Remarks by

JOHN C. WILLIAMS

President and CEO

Federal Reserve Bank of San Francisco

New York, New York

March 30, 2017

AS PREPARED FOR DELIVERY

INTRODUCTION

Good afternoon. You heard correctly, I'm indeed here representing the Federal Reserve Bank of San Francisco.

Some of you may be asking yourself, *“Why him? What does an economist who traffics in monetary policy and normally focuses on the macroeconomy have to do with efforts like these?”* And in a broader sense, *why would an institution like the San Francisco Fed be a part of this coalition?*

These are fair questions. At the same time, I would argue that it would also be fair to ask the inverse ... *why would an organization concerned with our country's economic future willingly step aside from big challenges such as these?*

PROSPERITY IS LIKE A JENGA TOWER

Prosperity is like a Jenga tower: Each individual piece matters to the stability of the entire tower. Take one piece out and the whole thing can fall.

Since well-being is the sum of a host of intertwined factors, expanding our economic potential means addressing all of these factors holistically. This includes the factors that we're discussing today; factors like economic mobility, diversity, the built environment and public health:

- That's why the pioneering work on Transit Oriented Development and early education that Nancy Andrews and the Low Income Investment Fund are doing is so important;
- It's why Marion Standish's work on community power-building through the California Endowment is such an important piece to all this;
- It's why our moderator, Melissa Jones's work to mitigate displacement matters so much;
- It's why we are all so fortunate that Don Schwarz and the Robert Wood Johnson Foundation have connected new and related stakeholders through their leadership with the "Culture of Health."

We live in a world where prosperity for any of our communities is prosperity for all our communities ... a world where our ability to reach our greatest economic potential depends on the ability of our neighborhoods and our neighbors to reach their's: As says SPARCC's motto, *We all do better when everyone thrives.*

I should pause here to deliver the standard disclaimer that the views you hear today are mine alone and do not necessarily reflect those of anyone else in the Federal Reserve System.

Even those of us economists who are most dedicated to our craft, recognize that there sometimes is a limit to what economic policy can do. Robert Kennedy once famously noted that the measure of GDP, for example, quote "*does not allow for the health of our children, the quality of our education or the joy of our play. It does not include the beauty of our poetry ... [or] the intelligence of our public debate ... It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile.*"

To this he concluded "*it can tell us everything about America except why we are proud that we are Americans.*"

I had occasion yesterday to speak to a group of economic forecasters about how we can grow our economy faster while still keeping it in the "Goldilocks" zone – the

place where the economy is not running too-hot or too-cold and the porridge is just right ... the place where we minimize the risks of another economic crisis or recession.

One of the points I made, is that doing so will require investment in our communities – and that even though such investments are beyond the purview of monetary policy, there are things that each of us can do, in our own way, to move all of us forward.

There is a Talmudic proverb that says that while none of us are obligated to complete the work of repairing the world, this does not give any of us license to step aside and cease from trying.

OUR WORK AT THE SAN FRANCISCO FED

At the San Francisco Fed this means that although it is not within our purview to make direct investments, it is absolutely within our mission and our values to bring together investors and community stakeholders in pursuit of the future we aspire to for all our communities.

We've set a goal at our Bank of creating a more diverse and inclusive culture and workforce. We've done so not only because it's the right thing to do from a moral standpoint – not only because a failure to do so means missing out on opportunities to expand our own horizons, vision, and labor pool – but because we produce better research and we're more adept at monetary, regulatory, and supervisory policy, when we cast the widest possible net for talent, opinions and perspectives.

The same holds true when we look more broadly at our communities. Leaving anyone behind, means holding all of us back. The research tells us that when we increase a family's income, their children's math and reading scores tend to increase with it. One estimate suggests that child who moves from public housing into a lower-poverty area can earn \$300,000 more income throughout the rest of her or his life. Another recent study found that Americans living in poverty here in New York City and in other urban areas can see their life expectancy dwindle by seven years.

This is not only a stain on the moral soul of our country, it's an obstacle to our economic potential, productivity, and global competitiveness.

CONCLUSION: WHY WE DO WHAT WE DO

This is why the Fed is a founding member of SPARCC. It's why we're working with a broad array of partners in cities like LA and San Francisco.

It's why we're seeking answers to the big important questions like how we move the needle on income inequality ... how we can encourage the sorts of investment that deliver results for all Americans irrespective of zip code or race... how we measure what's working ... and how we recruit partners that reflect the diversity which makes our country so strong.

It's why we're so enthusiastic to join you here today. Thank you very much.