

# Jackson Hole Blues?



By **Bob McTeer**

**August 25, 2011**

My, how times have changed. All financial ears are eagerly or anxiously awaiting Chairman Bernanke's opening remarks at the Kansas City Fed's symposium in Jackson Hole, Wyoming. TV cameras, which used to be prohibited, will be on hand for reporting those remarks and getting the "take" on them from the numerous heavyweights in attendance. Parsing will be carried to new levels.

It wasn't always thus. Before I became Dallas Fed president in February 1991, I was only vaguely aware of the Jackson Hole confab even though I had been a senior official of the Richmond (and Baltimore) Fed for several years. Only Reserve Bank presidents and research directors were invited, except for a couple extra from the New York Fed. Several of the Fed Governors attended along with their senior staff.

Each symposium had a special theme that the presenters followed religiously with original research. The opening remarks by Chairman Greenspan were also well prepared and on the chosen theme. Senior financial reporters would draw inferences for current policy from these arcane remarks, but it always seemed like a stretch to me.

Always held in the last week in August, the meeting was a cool experience, literally, and still is, I'm sure. The daytime temperature in Dallas has averaged around 105 degrees for weeks now while the highs forecast for Jackson for the coming week are in the mid to high 80s and the lows are 40 degrees below that. Sweaters or jackets are needed early and late, but the afternoons are perfect for hiking. Jackson Lake Lodge is located at the foot of the Grand Tetons inside the national park. The most popular hike is up past the hidden falls to "inspiration point" starting at Jenny Lake. Inspiration point is where you take most of your photos. Let's hope Chairman Bernanke goes there prior to his Friday morning appearance. White water rafting and horseback riding are also options.

Chairman Greenspan usually moderated the morning session dressed in a classic white tennis sweater in anticipation of his afternoon tennis or golf game. On one such morning the attendees were a bit tardy returning after the coffee break, which led him to give an impromptu lecture on productivity and efficiency. He pointed out that if you put the cream in your coffee cup before pouring the coffee, it's a two-step process; but if you put the cream in second you have to stir, making it a three step process. His humor was well received, but it irked me a bit because I had been using that example for years. He didn't know that, of course, but I still felt a citation was in order.

When I started attending these star studded events—many foreign central bankers and finance ministers attend along with the cream of the Ivy League economics departments—my suspicions that I wouldn't be the brightest light in the room were confirmed. I basically kept my head down like a teenager during alter call at a revival meeting. Another suspicion of mine was also confirmed. That is that the brightest lights speak more simply and clearly than the others.

Two of my favorite bright lights were Marty Feldstein and Alan Meltzer. They always say profound things in simple language. There may be some tension this year between Alan and the Chairman since Alan has been a very vocal critic of monetary policy of late. He believes the expansion of the Fed's balance sheet will be highly inflationary because of the resulting expansion of the monetary base. I disagree with that because the base growth has not (until recently) led to M2 growth, but if I were there I would hold my peace, as they say.

Since retiring from the Fed in 2004, I don't miss the daily grind of administrivia, but I do miss two things: FOMC meetings and Jackson Hole. I'm going there next week, after the bright lights leave.