

Upcoming Programs

U.S. Senator Rand Paul
August 21
Friends of Coal
August 28
Dr. Len Peters, KY Secretary of
Energy
September 04
Gatton School of Business
September 11

Club Leaders

Chris McNeill
President
Jamie Futrell
President-Elect, Vice President
Phyllis B. Russell
Secretary
John A Williams Jr.
Vice President
Thomas Scott Taylor
Treasurer
Missy R Eckenberg
Past President
Michael A. Muscarella
Membership Chair, Past President
Debbie DeWeese
Club Executive Secretary

Birthdays

Bill Glenn Holsapple
August 15
Kevin Peck
August 15
Scott Davis
August 17
Jennifer E Humphreys
August 19
Frank Shelton
August 23
Lisa Long
August 24
Brent Gaines
August 24
Joshua E White
August 26
Carolyn T. Roberts
August 31
Jane N. Martin
September 02
L. V. McGinty Jr.
September 04
John R. Halsell IV
September 06
Lorraine Schramke
September 07
Eileen Duobinis-Gray
September 07
Phil E. McIntosh
September 09



GearTeeth

The Rotary Club of Paducah

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A FED Policymaker on FED Policy

August 14th, 2013



All eyes and ears, from Wall Street to the Paducah Rotary Club, were focused on what **James Bullard** had to say on Wednesday while visiting with Rotarians in Paducah. Bullard is the **President and CEO of the Federal Reserve Bank of St. Louis** and a voting member of the Federal Open Market Committee (FOMC) tasked with shaping U.S. monetary policy. The words of he and his colleagues at the Federal Reserve make headlines around the world whenever they speak and this week was no exception. Only this time the byline read "Paducah, KY."

Bullard recounted how Fed Policy has been in flux for five years since the challenging times resulting from the financial crises of 2008-09. The policies implemented, Bullard conceded have been "Hotly debated, but the Fed is doing what it can do to aid in the recovery." This has included setting a Policy Rate of 0% interest since 2008 and adopting a forward guidance policy of the economic situation under which the Fed would begin to taper its

bond-buying stimulus program, known as Quantitative Easing. The Fed's criteria remain the same. QE, which was implemented to keep interest rates low to spur the economic recovery, will not be tapered until the Unemployment Rate drops to 6½% or if inflation rises to 2%. Currently, inflation is running below the Fed's target at 1%. Bullard said although there are economic "risks" involved he also believes the Fed risks its own credibility in backtracking from the 2% target. "We set a target and need to stick with it," he said.

The upcoming fall FED meetings will focus on various economic data and each has its own significance toward any decision to taper. First, the FOMC will look to the Labor Markets. The Unemployment Rate is less than a year ago with job creation going from 140,000 a month to about 190,000 now. Secondly, Real GDP, which has not been as rosy over the past three quarters averaging only 1%, while inflation remains very low with any concerns of it rising "haven't materialized so far."

Bullard said, "The recovery has not been as strong as we would have liked," or even predicted five years ago. He said, "the Fed has done a lot of experimentation with policy," which has been copied by the Europeans in their own recent economic crises. Yet, with ongoing concern about the large balance sheet carried by the Fed, which is now five times the \$800 billion tally it was five years ago, "we are not off the charts globally," he said. "It is not unprecedented. We did the same in the 30's and 40's, but I am concerned about it." Bullard considers Japan to be "a huge monetary experiment."

In response to questions from the audience he was in favor of reducing "Too Big to Fail" banks with smaller firms that would be under less regulation to better innovate. The smaller institutions would then be allowed to "fail" without taxpayer assistance. He said reviving Glass-Steagall, a 1930's congressional bill that essentially put a firewall between banking activities and trading activities for large banks, would not be viable again. "Too much has changed. It will not be easy to go back to and won't be the way to go for the future," he said. He noted he was not in favor of that downsizing being a government function, but rather of the banks' Board of Directors on how to divest themselves of certain divisions.

And about whom would he endorse as a replacement for Fed Chairman Ben Bernanke? "They are both qualified candidates," speaking of the rumored successors, current Fed Reserve Board Vice Chair Janet Yellen and Lawrence Summers, a former U.S. Treasury Secretary.

In the end, the Fed has a "triple mandate," he believes. "Help employment, keep inflation low and stable and to moderate interest rates," he said.

The Federal Reserve Bank of St. Louis covers a 7 state district, which includes portions of Kentucky, Missouri, Indiana, Illinois, Tennessee, Arkansas and Mississippi.

Announcements

August 14th, 2013

Board Action: The Board of Directors has approved an increase in the cost of the weekly lunches effective at your next billing. Lunches will be \$9.00

CHANGE IN BY-LAWS: "Effective August 1, 2013, a change to the bylaws shall be made that any Rotarian having a past due balance of dues and lunches equal to six months of charges will be dropped from the roll of the club on January 1 and July 1 of each year."

Monday Emails: Beginning on Monday, July 29, 2013, the membership will receive an email with the next four speakers scheduled for lunch meetings each week.

Blood Drive - Rotarians are urged to mark August 15th as the day to give blood during the annual competition with the Lions Club to benefit the American Red Cross. You may reserve a time to donate by contacting the Red Cross or the Rotary Office.

Rotary Foundation Status:

Every Rotarian Every Year - 98% of Club
Paul Harris Fellows - 73 members, 41% of Club
Paul Harris Society - 31 members, 17% of Club

Guests

August 14th, 2013

Maria Hampton – Visiting Rotarian from Louisville, club guest
Julie Stackhouse, Dennis Blasé, Carl White, Adam Allington, Adrienne Dempsey – guests of John Williams, Sr.
Sarah Hendley - guest of Missy Eckenberg
Betsy Flynn, Randell Blackburn - guests of Barry Griffith
Karen Glenn, Jason Hawkins – guests of David Bailey
Wayne Hagan, Jim Tidwell – guests of Andrew Wood
David Simon – guest of Deborah Simon
Bill Robertson – guest of Glen Anderson
Catherine Duperrieu – guest of Dane Blythe
Brent Denker – guest of Hal Sullivan
David Glass – guest of Lisa Long
Dr. Charles Ransler – guest of Dr. Wally Montgomery
David Long, John Talbert, Connor Framptom – guests of Joe Framptom
Tammy Potter – guest of Robyn Shapiro
Bryan Carner, Andrew Duperrieu – guests of Dee Dee Whittaker
Dr. Charles Shields, Bill Schroeder, Glenn Denton, Shirley Walker – guests of David Denton
Virginia Siegal, Sharon Poat – guests of Allan Rhodes
Amy Glasgow – guest of John Williams, Jr.
Courtney Ahlers, Clay Owens, Rachel Flaherty – guests of Mike Muscarella
Ryan Polezynski – guest of Lanny King
Parker Shields – guest of Chris McNeill
Allison Devine - American Red Cross
D.J. Copeland – guest of Kerry Lynn