

Introduction of Dr. Donald L. Kohn
Vice Chairman of the Board of Governors of the Federal Reserve System
to the Georgetown University Wall Street Alliance
by Daniel R. Lenihan

When you enter the Federal Reserve's board room in the Eccles building in Washington, at the far end of the room to the right is a large fireplace. To either side are two brass plaques. One commemorates a series of meetings held in that room during the early days of World War II, during which the allied high command planned the prosecution of the war in Europe. The second plaque commemorates a subsequent series of meetings held in the board room, during which the allied commanders set their strategy for the war in the Pacific. In light of the meetings held in that same room over the past several months, this time to map the course for the global economy's recovery from our current crisis, one can easily imagine a third commemorative plaque one day being hung by the fireplace.

Just as the country in the 1940s had supreme confidence in its military leadership, today we can and should have the greatest confidence in the public stewards of our economy. Not least among those men and women is our honored guest this evening, Donald L. Kohn, Vice Chairman of the Board of Governors of the Federal Reserve System.

I can say this from personal experience, having had the privilege and pleasure of serving Vice Chairman Kohn over the past four years in his capacity as chairman of two federal loan guarantee programs. One of the programs was established in the waning days of the Clinton administration to assist the beleaguered domestic steel industry. The other was established after 9/11 to provide liquidity to the domestic airline industry in its time of crisis. For those of you have been wondering whether the federal government can successfully manage a private sector distressed loan portfolio, there are positive indications here. Both government programs were net cash positive to the U.S. Treasury. In fact, the airline loan program returned \$360 million on an exposure of \$1.8 billion with an average weighted life of less than three and a half years.

That success is in no small measure owed to the unfailing determination and exceptional judgment exercised by Don Kohn, and by his predecessor in that role, the late Fed. Governor Ned Gramlich. Importantly, in those programs, while less ambitious than the programs on the table today, Don and Ned proved out the ability of the federal government to deploy its balance sheet in service of both the interests of the American taxpayer and those of economic sectors in distress.

Don clearly embodies the essential hallmarks of great leadership – the ability to identify and patiently extract from all participants in a process the unique value each brings to the table, to construct solutions from those values so as to make each additive to the others, and then to build consensus around a course of action in a way that generates such confidence in its implementation as to all but assure success.

I don't know that it necessarily explains Don's many gifts, but he is a product of Philadelphia. He received his undergraduate degree in economics from the College of Wooster,

and his PhD. in economics from the University of Michigan. In 2002, having served the fed in key senior positions for over thirty years, Don Kohn became the first career federal reserve professional in more than thirty years to become a member of the Board of Governors. In June of 2006, Don was appointed to a four-year term as Vice Chairman of the Board of Governors. Don serves as well as chairman of the Committee on the Global Financial System, a central bank panel that addresses broad issues related to financial markets and systems.

Please join me in welcoming to our Georgetown community Federal Reserve Board Vice Chairman, Dr. Donald Kohn.

October 15, 2008