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Opening remarks by President James Bullard
38th Annual Federal Reserve Bank of St. Louis Fall Conference
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It is my pleasure to welcome you to the St. Louis Fed 2013 Fall Conference. This is the 38th year for this conference. I want to thank Alex Monge and YiLi Chien for putting this very provocative program together. I am looking forward to the stimulating discussion these papers are sure to inspire over the next day and a half.

At the St. Louis Fed, we have long tried to provide perspectives on whether the policies adopted in the past still serve us well today and whether recent developments at the frontier of research can be fruitfully applied to improve policy. This agenda has become especially important in the past few years, as the Fed and central banks around the world have struggled to devise appropriate policy responses to the current macroeconomic situation.

In polite economist society, there has long been a distinction between what is known as “frontier” research and what is sometimes called “policy” research. In my view, this has been and continues to be a false dichotomy. There is no such distinction: “Policy” and “frontier” research are two sides of the same coin. We need to understand both how fundamental mechanisms in the economy operate as well as how current data can be interpreted in terms of fundamental theory.

In short, advanced economic theory has to be made more relevant for actual policy, and actual policy has to understand and embrace the difficult ideas advanced in the theoretical world. The Federal Reserve Bank of St. Louis has long been a leader in supporting research at the intersection of economic theory and economic policy.

We are fortunate this year to have an outstanding group of speakers whose research expands our understanding of key contemporary issues in macroeconomics. This year’s conference covers a wide range of topics: from the labor market to financial markets, from macroeconomic dynamics and monetary policy to the lifecycle behavior of households.

Concerning current and near-term macroeconomic issues, this year's agenda includes papers examining:

- the behavior of the federal funds market;
- interest rate risk exposure for banks in the U.S.;
- the distribution of firms ranked by their degree of financial soundness;
- money and the role of financial intermediation;
- a New Keynesian macroeconomy with important labor market frictions;
- the effects of leverage restrictions on financial intermediaries; and
- the effects of large-scale asset purchases in an environment with endogenous collateral constraints.

We also have a group of papers focusing on the lifecycle behavior of households. The topics in this section include:

- inequality in health spending across income groups; and
- the links between home production, retirement and labor supply elasticities.

I know that these papers and the ideas they contain will contribute importantly to the macroeconomic discussion in the coming years as the papers are eventually published and the results become more widely known in the profession. The St. Louis Fed is proud to provide this forum for discussion and analysis of the leading issues of the day.

Let me again welcome all of you to the St. Louis Fed Fall Conference. Thanks very much for coming, and now let's get to work!

James Bullard, President and CEO
Federal Reserve Bank of St. Louis