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**Opening remarks by James Bullard, President and CEO  
39th Annual Federal Reserve Bank of St. Louis Fall Conference  
Federal Reserve Bank of St. Louis  
Oct. 9-10, 2014**

It is my pleasure to welcome you to the St. Louis Fed 2014 Fall Conference. This is the 39th year for this conference. I want to thank Bill Dupor and Yongseok Shin 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 sometimes 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 agenda includes papers on a host of macroeconomic topics, including:

- A paper on new ways to measure product market frictions and the role these distortions play in explaining the so-called “labor wedge;” and

- A paper on using disaggregated data to assess the ability of demand stimulus to increase inflation.

We will hear about research on labor markets and education, including:

- A paper concerning the Affordable Care Act's likely effect on household incentives and work-schedule decisions;
- Work on changes in U.S. job-to-job flow patterns following the Great Recession and the associated implications for unemployment;
- A paper on how financial shocks have diminished the ability of labor markets to match idle labor with vacancies; and
- Research on the impact of state-level higher education subsidies on the education and migration decisions of young people.

We also have a set of papers concerning banking regulation issues, including:

- A paper examining circumstances under which mandatory disclosure requirements on banks may be beneficial;
- Work looking at banking sector regulatory reforms that can promote competition and lead to greater voluntary transparency; and
- Research on whether it is ever beneficial to require banks to hold more than their otherwise-preferred level of government bonds.

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 2014 Fall Conference. Thanks very much for coming, and now let's get to work!