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**Opening Remarks by James Bullard, President and CEO
40th Annual Federal Reserve Bank of St. Louis Fall Conference
Federal Reserve Bank of St. Louis
St. Louis, Mo.
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It is my pleasure to welcome you to the St. Louis Fed's 2015 Fall Conference. This is the 40th year for this conference. I want to thank Paulina Restrepo-Echavarria and Guillaume Vandembroucke for putting this 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 economic 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 other 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 and policy measures 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 literature. 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 is sure to expand our understanding of key contemporary issues in macroeconomics.

This year's agenda includes papers on a host of macroeconomic topics, including:

- a paper on the extent to which recent developments in neoclassical models can improve our understanding of aggregate economies;

- a paper that incorporates intangible investments into a multi-sector general equilibrium model to estimate processes for latent sectorial total factor productivity;
- a paper on the role of wholesale banking and bank runs in modeling financial crises;
- a paper seeking to understand the behavior of the Chinese savings rate, which has more than doubled since 1980; and
- a paper using regional business cycle data to study the determinants of prices, wages and employment during the Great Recession.

We will hear about monetary policy, including:

- a paper studying the macroeconomic effects of a shortage of safe assets and the emergence of a deflationary equilibrium; and
- a paper exploring monetary policy when fractional reserves are set at 100 percent.

We will also learn about the quantitative implications of wealth taxation through a paper that studies an incomplete markets model where individual rates of return are heterogeneous.

And, finally, we will see a dynamic model of health insurance used to evaluate both the short- and long-run effects of policies that prevent firms from conditioning wages on the health conditions of their workers.

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's 2015 Fall Conference. Thanks very much for coming.