



Incomplete Credit Markets and Monetary Policy with Heterogeneous Labor Supply

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May 30, 2016

During an academic talk in Seoul at the Bank of Korea, St. Louis Fed President James Bullard discussed optimal monetary policy when credit markets are incomplete. He examined optimal policy both in ordinary times and in times when the zero lower bound on short-term nominal interest rates is encountered. The presentation was based on a paper in progress with Aarti Singh of the University of Sydney. Bullard also discussed the decline in U.S. labor force participation in recent years and said that the results of the paper may help to inform the debate on whether U.S. monetary policy needs to worry about such a decline.

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President and Chief Executive Officer

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"Rationally, let it be said in a whisper, experience is certainly worth more than theory."
Amerigo Vespucci

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