



NEWS RELEASE

The Federal Reserve Bank of St. Louis
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PROMINENT ECONOMISTS TALK MONETARY POLICY, INTEREST RATES AND CREDIT AVAILABILITY

FOR INFORMATION CONTACT:
Joe Elstner (314) 444-8902
or Jackie Himmelberg (314) 444-8311

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FOR RELEASE AUGUST 21, 1995

ST. LOUIS -- Monetary policy and its effects on interest rates and credit availability are key topics discussed by prominent economists in the current issue of Review, the Federal Reserve Bank of St. Louis' bimonthly economic research journal.

"There's considerable debate about how monetary policy affects the real economy and prices," said Daniel L. Thornton, St. Louis Fed economist. Thornton noted that the Review articles cover that topic and others presented at a St. Louis Fed-sponsored Policy Conference.

The Review articles include:

"Theoretical Issues of Liquidity Effects," by Alan C. Stockman (University of Rochester) and Lee E. Ohanian (University of Pennsylvania). Commentary by Kevin Hoover (University of California - Davis).

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"Resolving the Liquidity Effect," by Adrian R. Pagan and John C. Robertson.

Both are with The Australian National University. Lawrence Christiano (Northwestern University) adds commentary.

"Is There a 'Credit Channel' for Monetary Policy?" by R. Glenn Hubbard (Columbia University). Commentary by Bruce D. Smith (Cornell University).

"Distinguishing Theories of the Monetary Transmission Mechanism," by Stephen G. Cecchetti (Ohio State University). Mark Gertler (New York University) adds commentary.

"Information, Sticky Prices and Macroeconomic Foundations," by Allan H. Meltzer (Carnegie Mellon University). Commentary by Randall Wright (University of Pennsylvania).

Another Review article covers a Policy Conference panel discussion, **"What Do We Know About How Monetary Policy Affects the Economy?"** Panelists are Ben S. Bernanke (Princeton University), Thomas F. Cooley (University of Rochester) and Manfred J.M. Neumann (University of Bonn).

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Thornton said the conference focused on how and to what extent monetary policy affects short-term interest rates and on how the effects of monetary policy are influenced by the fact that not all borrowers have equal access to credit markets.

"We believe the wide-ranging analyses in the Review articles and the conference will help focus the debate and further the economic profession's understanding of monetary policy," Thornton said. "The profession doesn't yet agree on how monetary policy developments ultimately affect prices. But we hope discussions like these will lead to new research in that area and related fields."

To get a free copy of the studies, call (314) 444-8809 or write: Review, Public Affairs Department, Federal Reserve Bank of St. Louis, Post Office Box 442, St. Louis, MO, 63166.

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