



The Federal Reserve Bank of St. Louis

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Media Advisory (12/9/96)

***The Regional Economist* Looks At Social Security Reform,
Monetary Policy Credibility, and Job Growth in the Eighth
District**

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The latest edition of *The Regional Economist*, the Federal Reserve Bank of St. Louis' quarterly review of business and economic conditions in the Eighth Federal Reserve District, features the following articles:

- **“Shaking the Third Rail: Reforming Social Security.”** For 60 years, the Social Security system has provided retirement benefits for the nation's elderly, regardless of income. But now, say reformers, the time is past due to fix the system's problems, including a huge baby boomer population nearing retirement and a faulty “pay-as-you-go” financing structure. At the end of this year, a quadrennial advisory commission is expected to issue comments regarding Social Security reform. What are the alternatives to the current system and how will they be financed? Michelle Clark Neely, an economist with the Federal Reserve Bank of St. Louis, looks at the problems and the solutions. She concludes that although major changes are overdue, the final choice should not be made hastily or lightly.

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- **“A Recipe for Monetary Policy Credibility.”** Recent economic research suggests that monetary policy would be more effective if the central bank clearly states its commitment to some goal — such as price stability — and how it intends to achieve it. Economist Kevin L. Kliesen looks at the number of ingredients that policymakers must balance in putting together an effective recipe for credible monetary policy. He finds that, regardless of the approach, policymakers must consider how their actions will affect both current and future inflation rates.

- **“District Jobs: How Have They Been Gearing Up?”** The major metropolitan areas of the Eighth District (St. Louis, Louisville, Little Rock and Memphis) did not necessarily follow the nation’s employment pattern in recent years. All four areas of the District experienced declining employment growth during 1995, as did the nation, but most saw a mild rebound earlier this year, while the nation did not. Economist Adam M. Zaretsky evaluates employment growth for the District and sees a mixed bag of strengths and weaknesses.

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