



NEWS RELEASE

The Federal Reserve Bank of St. Louis
St. Louis Little Rock Louisville Memphis

Media Advisory (6/3/97)

Contact: Charles B. Henderson (314) 444-8311

St. Louis Fed's *Review* Looks at The Distribution of Wealth and the Monetary Services Projects of the Federal Reserve Bank of St. Louis

The latest edition of *Review*, the Federal Reserve Bank of St. Louis' bimonthly journal of economic and business issues, features the following articles:

- **“Wealth and Its Distribution, 1983-1992: Secular Growth, Cyclical Stability.”** Many media pundits and economists have expressed concern in the last several years over a growing disparity between the rich and the poor. Economist John C. Weicher, a senior fellow at the Hudson Institute, examines that concern against a backdrop of the 1983-1992 business cycle. Although he finds that there was a small, but marginally significant, increase in inequality during this 1983-1989 expansionary period, it was completely reversed during the 1989-1992 recession. In addition, he finds that the distribution of wealth was about the same in 1992 as it was 30 years earlier.
- **Special Report: The Monetary Services Index Project of the Federal Reserve Bank of St. Louis.** Measures of the aggregate amounts of monetary assets held by households and firms are important in macroeconomic research and policy analysis. Traditionally, these aggregates have been measured by simply adding together the total market values of the monetary assets. All the measures currently published by the Federal Reserve (M1, M2, M3

(more)

St. Louis Fed Advisory/2

and L) are constructed this way. Twenty years ago, economists at the Federal Reserve Board began developing a new system of measures based on microeconomic demand theory and the theory of statistical index numbers. More recently, the U.S. Department of Commerce replaced its previous measures of Gross Domestic Product (GDP) and related data with statistical index numbers based on similar methods, and the Advisory Committee to Study the Consumer Price Index (the Boskin Commission) has suggested adopting such methods for at least part of the Consumer Price Index (CPI).

In this special report, economists Richard G. Anderson, Barry E. Jones and Travis D. Nesmith introduce new statistical monetary services indexes. These data replace the indexes published by the Federal Reserve Board during the mid-1980s and the St. Louis Fed in 1992. The articles are:

“Introduction of the St. Louis Monetary Services Index Project”;

“Monetary Aggregation Theory and Statistical Index Numbers”; and

“Building New Monetary Services Indexes: Concepts, Data and Methods.”

Subscriptions to *Review* are free and can be obtained by calling (314) 444-8809. The publication is also available on the Bank’s website: <http://www.stls.frb.org>.

(more)

St. Louis Fed Advisory/3

The Federal Reserve Bank of St. Louis has branches in Little Rock, Louisville and Memphis. It serves the Eighth Federal Reserve District, which includes all of Arkansas, eastern Missouri, southern Indiana, southern Illinois, western Kentucky, western Tennessee and northern Mississippi. In addition to serving as a bank for depository institutions and the U.S. government, each Reserve Bank supervises state-chartered member banks and bank holding companies, monitors economic conditions in the District and participates in formulating monetary policy.

###