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NEWS RELEASE

The Federal Reserve Bank of St. Louis
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St. Louis Fed's *Review*:
Going Down: The Asian Crisis and U.S. Exports
Wages and Risk-Taking in Occupational Credit Unions: Theory and Evidence
Inflation-Target Design: Changing Inflation Performance and Persistence
Monetary Policy Rules?

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

- **"Going Down: The Asian Crisis and U.S. Exports."** Many feared that the Asian financial and economic crisis would cause a recession in the United States, but it didn't. Economists Patricia S. Pollard and Cletus C. Coughlin examined the export shock to the U.S. economy as a whole, as well as specific industries. They found that for most industries, the decline in exports lowered growth by 0.4 percentage points or less. For some industries, however, such as nonelectrical machinery, the export shock reduced output by 1 percent or more.

- **"Wages and Risk-Taking in Occupational Credit Unions: Theory and Evidence."** Economists William R. Emmons and Frank A. Schmid developed a model of efficiency wages and optimal risk-taking, and then analyzed empirical evidence from a large sample

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of occupational credit unions. They found that higher wage expenses as well as lower risk-taking were characteristic of larger credit unions. They also found that the higher the concentration of deposits in local markets, the higher the wage costs and the lower the risk-taking in occupational credit unions.

• **"Inflation-Target Design: Changing Inflation Performance and Persistence."** Economist Pierre L. Siklos explored the behavior of inflation in countries that formally target inflation relative to countries with historically good inflation records, but which do not target the rate of change in the consumer price index. While Siklos found that mean inflation rates had fallen among inflation-targeting countries, he could not discern whether inflation targets were the only factor influencing the decline. Nonetheless, he concluded that a policy of inflation control offers as good a chance as any policy to produce consistently good macroeconomic performance.

• **"Monetary Policy Rules?"** This is a reprint of a speech delivered in March at Michigan State University by William Poole, the president of the Federal Reserve Bank of St. Louis. Poole's primary point was that developing, implementing and refining a monetary policy rule is the best way to ensure that the current low inflation enjoyed by the United States continues into the next century.

Subscriptions to ***Review*** are free and can be obtained by calling (314) 444-8809. The publication is also available on the St. Louis Fed's Web site: www.stls.frb.org.

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