

## **Richmond Fed eBrief**

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July 2012

### **Lacker Discusses Growth and the Limits of Monetary Policy**

Richmond Fed President Jeff Lacker recently sat down with Reuters Pedro da Costa to discuss his economic outlook and the limits monetary policy has on unemployment.

### **Lacker on Financial Innovation**

In an article for our *Region Focus*, Jeff Lacker argued that policymakers should be cautious about limiting financial innovation in an attempt to promote stability within the financial sector. Many such innovations have provided large benefits to consumers, and with clearly defined limits on the federal financial safety net and prudential regulation, firms would have strong incentives to avoid undue risk when considering potential innovations and changes in business practices.

### **Lacker on Monetary Stimulus, the Economy, Financial Regulation and Transitioning the Workforce**

Jeff Lacker addressed business and community leaders in Greensboro, N.C., with a speech titled: "[Technology, Unemployment and Workforce Development in a Rapidly Changing World.](#)" Lacker also sat down with Peter Barnes of Fox News Network to discuss [the state of the economy, monetary policy and financial regulation.](#)

### **Innovation in the Financial Sector and the Broader Economy**

As the United States continues its slow recovery from the deepest recession since the Great Depression, restoring the country's "innovation economy" has taken on new urgency. The cover story in our latest issue of *Region Focus* examines how much economists know about what spurs innovation, as well as how policymakers might use that information to boost jobs and economic growth.

### **Mixed Picture for Labor Markets in the Fifth District**

Job growth continued at a modest pace for most of the Fifth District in May 2012. North Carolina was the only state that saw employment fall during the month. The unemployment rate increased in most of the District, with the exception of the District of Columbia and Virginia.

### **Richmond Fed Launches New Publication Highlighting Economic Research**

Our Bank published its first issue of the Richmond Fed Research Digest, a midyear annual that summarizes work published in non-Bank journals and books by economists in our Research department. The digest provides brief summaries, full citations and links to the original work.

### **Survey of Virginia Realtors Examines State's Residential Housing Market**

A majority of Virginia Realtors indicated that housing market conditions were slightly or significantly better in the first quarter of 2012, according to a survey released by our Bank.

## **The Increased Role of Flows Between Nonparticipation and Unemployment During the Great Recession and Recovery**

Labor market research often focuses on transition rates between employment and unemployment without analyzing the effects of transition rates into and out of the labor force. Research at our Bank suggests an increased role of the flows between nonparticipation and unemployment in driving the changes in the aggregate unemployment rate during the 2007–09 recession.

### **Economic Snapshot, July 2012**

Recent reports on the Fifth District economy were mixed, with some softening evident in labor markets and mixed conditions among area businesses.

### **Learn More About What’s Happening in Our Communities**

Our quarterly newsletter looks at “Main Street” across the Fifth District. Our summer edition explores our ongoing forums in the Baltimore region as well as our diversity and inclusion activities.

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