

Richmond Fed eBrief

March 2014

Lacker Presentations on Economy and Fed Policy

Richmond Fed President Jeffrey Lacker discussed economics and monetary policy with Bloomberg's Tom Keene during the Council for Economic Education's economic summit on March 4, 2014.

Economics after the Crisis: Models, Markets, and Implications for Policy

With the [2008 FOMC meeting transcripts](#) hot off the presses, President Lacker discussed, in a February speech, that it is not obvious that dominant economic models justified the Fed's dramatic interventions during the 2007-2008 financial crisis. Models tend to emphasize inherent fragility in financial markets, Lacker said – “but market fragility could instead be induced by policy.”

Our Perspective: U.S. Housing Finance Policy

In the Richmond Fed's view, it is not clear that the U.S. should continue to devote substantial resources toward subsidizing homeownership. In addition, the way the U.S. has historically gone about homeownership subsidies has likely redistributed resources regressively, and led households and financial institutions to take on risks that can jeopardize the economy at large.

Does Redistribution Create Economic Growth?

Stimulus programs that transfer resources to the poor are often said to be justified by the assumption that the poor are likely to spend a large share of additional income. But the poor also may respond to the transfers by working less. In a new working paper, Richmond Fed economists find that wealth redistribution may lead to a boom in consumption, but not in output.

Checking in with Regional Businesses

The Richmond Fed conducts monthly surveys of business conditions in the manufacturing and service sectors of the Fifth Federal Reserve District. The latest *Economic Brief* provides background information on these surveys and on other manufacturing and service sector surveys.

The CRA and the Housing Bust

Some have blamed the Community Reinvestment Act, and its support of lending to lower-income consumers, for the crisis. Most economists argue that the CRA's role in the crisis was not large, but there are still opportunities for improvement, we noted in a 2010 analysis.

Bitcoin

New private currencies like Bitcoin offer potential -- and puzzles.

Regional Mortgage Performance

Both the share of mortgages in foreclosure and the 90+ day delinquency rate in the Fifth Federal Reserve District continued to fall in the fourth quarter of 2013.

Regional Economic Snapshot

Economic activity in the Fifth Federal Reserve District was largely positive in recent months, with growth in labor markets and strengthening business conditions but some mixed reports in residential real estate.

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