



## Richmond Fed eBrief

May 2014

### Research

#### [Should the Fed Have a Financial Stability Mandate? Lessons from the Fed's first 100 Years](#)

The Federal Reserve Bank of Richmond released its [2013 Annual Report](#), which features an essay by Richmond Fed President Jeffrey Lacker and Renee Haltom titled, "Should the Fed Have a Financial Stability Mandate? Lessons from the Fed's first 100 Years."

#### [Rethinking the "Lender of Last Resort"](#)

Richmond Fed President Jeffrey Lacker argued in the latest issue of Econ Focus that emergency lending encourages risk-taking, whereas other means of stemming financial panics may not. This argument suggests that the Fed should reevaluate its role as lender of last resort.

#### [Crisis-Free Canada](#)

According to a new article, America has experienced 12 financial crises since 1840; Canada has had zero. Some credit Canada's tighter regulation and smaller number of subprime loans, but economists say the real source of Canada's resiliency is the structure of its banking system.

#### [The Last Crisis Before the Fed](#)

World War I sparked a financial crisis in 1914, before the newly-formed Fed was ready to open its doors. Instead, the nation turned to a set of emergency measures, demonstrating that the Fed might not have been the only viable system for preventing bank runs.

#### [Workforce Development: Earlier is Better](#)

Workforce development efforts are often geared toward adult workers. But examining workforce development from the perspective of human capital theory suggests that earlier interventions may yield higher returns, the latest Economic Brief argues.

#### [How Intensely Do Workers Search for Jobs?](#)

The search intensity of job seekers falls the longer they are unemployed, according to a new Richmond Fed working paper. The findings suggest that differences between individual workers are important toward understanding why the long-term unemployed are less likely to find work.

#### [New Risks in the Insurance Industry](#)

In the cover story of the latest issue of Econ Focus, experts wonder whether new innovations in

the insurance industry, which have created a “shadow” insurance industry, might also be increasing the industry’s systemic risk.

### [The Economy: Down but Not Out](#)

Richmond Fed Research Director John Weinberg’s Econ Focus opinion piece argues that despite slow GDP growth, there are reasons not to write the obituary for U.S. economic expansion.

### [Credit Scoring](#)

According to a recent article, credit scores have been widespread only since the late 1980s and early 1990s, but they have dramatically changed the market for loans. Computerized credit scoring has increased household access to credit, but it may have also increased the number of bankruptcies.

### **Speeches**

#### [Lacker on the Fed's Role](#)

History suggests a narrower view of the Fed’s role in financial stability, President Lacker argued in opening remarks at the Richmond Fed’s annual Credit Markets Symposium. That view would have the Fed focusing on its core function of monetary policy rather than channeling credit to specific firms or sectors.

#### [National Economic Outlook](#)

Rick Kaglic, a Richmond Fed regional economist based at the Charlotte branch, provided an overview of the national economy to a group of automotive aftermarket suppliers in March 2014.

### **Fifth Federal Reserve District**

#### [Regional Economic Snapshot](#)

Reports on the Fifth Federal Reserve District economy were mostly positive in recent months, with generally improving conditions in labor markets and among area businesses, but mixed conditions in housing markets.

#### [Is Mass Transit Worth the Investment?](#)

The cities of Charlotte, N.C. and Norfolk, Va. built light rail systems despite a lack of dense development. A new article explores whether the reality of light rail has lived up to the promise.

### **Events**

June 2 – [The Opportunity Collaborative’s Study of Barriers to Employment in the Baltimore Region](#), Linthicum Heights, Md.

June 17 – [BSA Coalition Anti-Money Laundering Conference](#), Richmond, Va.

Oct. 15 – [Transforming U.S. Workforce Development Policies for the 21<sup>st</sup> Century](#), New Brunswick, N.J.

# 5th District Federal Reserve Map

