

# MACROECONOMIC CHALLENGES: THE DECADE AHEAD

ANNUAL ECONOMIC POLICY SYMPOSIUM

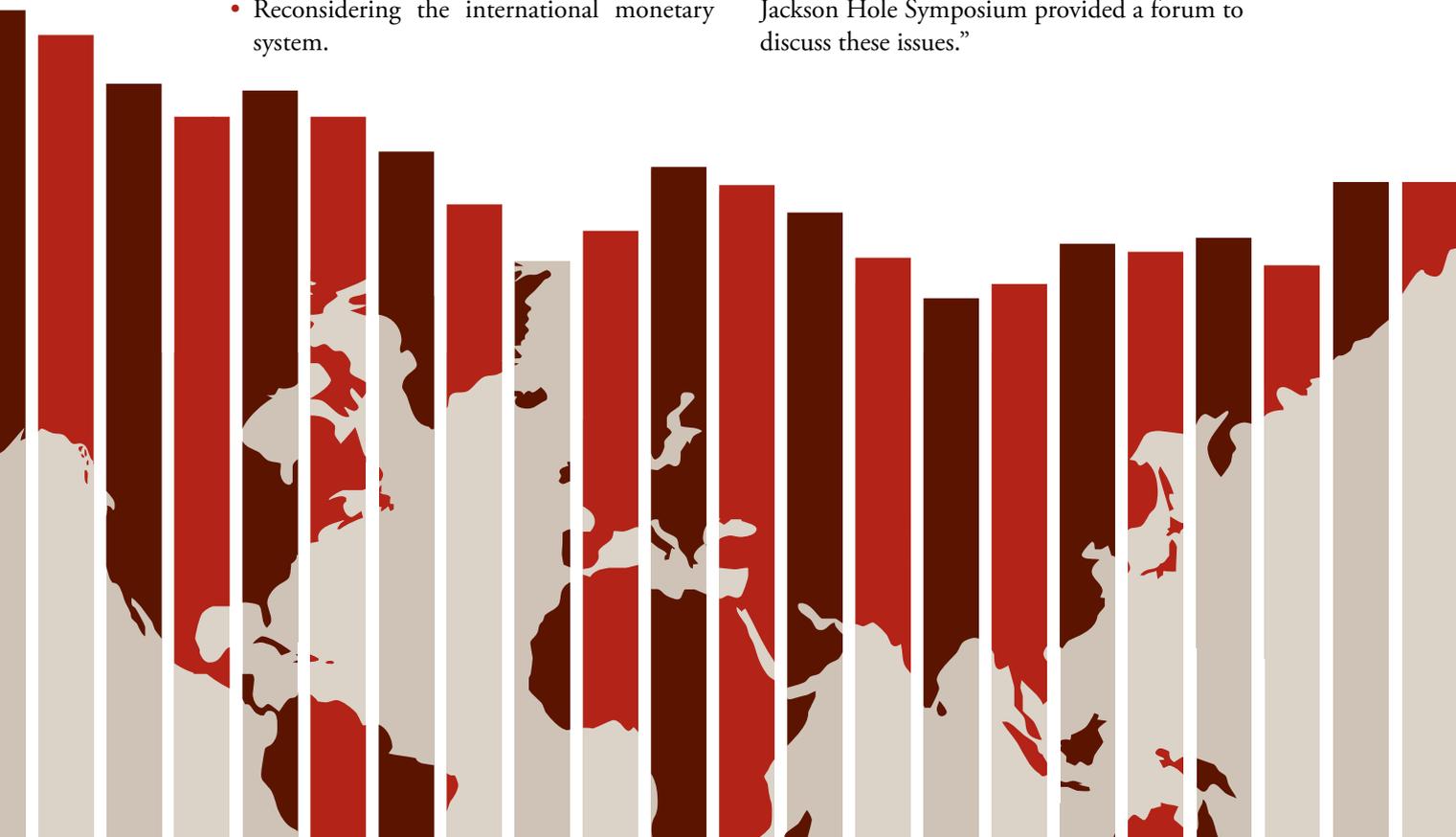
AS MUCH OF THE GLOBAL ECONOMY SLOWLY RECOVERS FROM ITS DEEPEST DOWNTURN SINCE THE GREAT DEPRESSION, MANY OF THE WORLD'S GREATEST MINDS AND FOREMOST EXPERTS GATHERED FOR AN EXCHANGE OF IDEAS. MORE THAN 100 CENTRAL BANKERS, POLICYMAKERS, ACADEMICS AND ECONOMISTS CONVENED AUG. 26-28 AT THE FEDERAL RESERVE BANK OF KANSAS CITY'S ANNUAL ECONOMIC POLICY SYMPOSIUM IN JACKSON HOLE, WYO.

**S**peakers included Federal Reserve Chairman Ben Bernanke and President of the European Central Bank Jean-Claude Trichet. Participants discussed economic issues, implications and policy options related to this year's topic, "Macroeconomic Challenges: The Decade Ahead," including:

- Evaluating the global economic recovery,
- Incorporating financial factors into macroeconomic analysis,
- Inflation dynamics in the decade ahead,
- Rethinking monetary policy in light of the crisis,
- Risks and challenges of large fiscal deficits, and
- Reconsidering the international monetary system.

Much of the world is slowly recovering from the recession that began in December 2007. This downturn was marked by a housing bust and resulting credit crisis, followed by high unemployment and a dramatic drop in consumer spending.

"The financial crisis has fundamentally altered the landscape," says Tom Hoenig, president of the Kansas City Fed. "High unemployment, large budget deficits and an unprecedented expansion of central bank balance sheets have made the inflation and growth outlook uncertain. The strained financial picture here and abroad has led to questions regarding the future structure of the international monetary system. The 2010 Jackson Hole Symposium provided a forum to discuss these issues."



## The world listens

Bernanke's highly anticipated remarks recapped the economic outlook and the Federal Reserve's response, as well as future policy options, if needed.

"The annual meeting at Jackson Hole always provides a valuable opportunity to reflect on the economic and financial developments of the preceding year, and recently we have had a great deal on which to reflect," Bernanke says. "Together with other economic policymakers and the private sector, the Federal Reserve remains committed to playing its part to help the U.S. economy return to sustained, noninflationary growth."

Last year, symposium participants focused on "Financial Stability and Macroeconomic Policy." The symposiums date back to 1978 when the Kansas City Fed hosted "World Agricultural Trade: The Potential for Growth" in Kansas City. The event moved to Jackson Hole in 1982. The location is in the northwest corner of the Kansas City Fed's Tenth District, which includes western Missouri, Nebraska, Kansas, Oklahoma, Wyoming, Colorado and northern New Mexico.

Given the participants, topics and notoriety, there is substantial interest in the symposium. However, to help foster the open discussion that has been so critical to the symposium's success, attendance at the event is limited. All symposium participants, including the media, pay a fee to attend. The fees are used to recover event expenses.

"Through the years, this event has provided the forum for an invaluable exchange of ideas," Hoenig says. "Its legacy and prestige is the result of its attendees."



BY BRYE STEEVES, EDITOR

TO READ THE PROCEEDINGS, including papers and commentary for this year's economic policy symposium, and previous symposiums, visit [KansasCityFed.org/research](http://KansasCityFed.org/research).

- 2010, Macroeconomic Challenges: The Decade Ahead
- 2009, Financial Stability and Macroeconomic Policy
- 2008, Maintaining Stability in a Changing Financial System
- 2007, Housing, Housing Finance and Monetary Policy
- 2006, The New Economic Geography: Effects and Policy Implications
- 2005, The Greenspan Era: Lessons for the Future
- 2004, Global Demographic Change
- 2003, Monetary Policy and Uncertainty
- 2002, Rethinking Stabilization Policy
- 2001, Economic Policy for the Information Economy
- 2000, Global Economic Integration: Opportunities and Challenges
- 1999, New Challenges for Monetary Policy
- 1998, Income Inequality Issues and Policy Options
- 1997, Maintaining Financial Stability in a Global Economy
- 1996, Achieving Price Stability
- 1995, Budget Deficits and Debt: Issues and Options
- 1994, Reducing Unemployment: Current Issues and Policy Options
- 1993, Changing Capital Markets: Implications for Monetary Policy
- 1992, Policies for Long-Run Economic Growth
- 1991, Policy Implications of Trade and Currency Zones
- 1990, Central Banking Issues in Emerging Market-Oriented Economies
- 1989, Monetary Policy Issues in the 1990s
- 1988, Financial Market Volatility
- 1987, Restructuring the Financial System
- 1986, Debt, Financial Stability and Public Policy
- 1985, Competing in the World Marketplace (Kansas City)
- 1985, The U.S. Dollar
- 1984, Price Stability and Public Policy
- 1983, Industrial Change and Public Policy
- 1982, Monetary Policy Issues in the 1980s
- 1981, Modeling Agriculture for Policy Analysis in the 1980s (Vail, Colo.)
- 1980, Future Sources of Loanable Funds
  - for Agricultural Banks (Kansas City)
- 1979, Western Water Resources (Denver)
- 1978, World Agricultural Trade (Kansas City)