

A conversation with Dr. Jared Bernstein, November 14, 2016

Participants

- Dr. Jared Bernstein – Senior Fellow, Center on Budget and Policy Priorities (CBPP)
- Alexander Berger – Program Officer, U.S. Policy, the Open Philanthropy Project

Note: These notes were compiled by the Open Philanthropy Project and give an overview of the major points made by Dr. Jared Bernstein.

Summary

The Open Philanthropy Project spoke with Dr. Bernstein of CBPP as an update on an Open Philanthropy Project grant. The \$425,000 grant – a renewal of a 2014 grant – was awarded to CBPP in July 2016 to support the Full Employment Project. Conversation topics included updates on Dr. Bernstein's projects, ideas for broadening the understanding of macroeconomics and full employment, and a discussion of fiscal policy.

Current projects

Economic output gap analysis

Dr. Bernstein has continued to study the size of the gap between the actual and potential U.S. gross domestic product (GDP). However, this analysis requires deeper understanding of the Congressional Budget Office (CBO) estimate for potential GDP. CBO has recently notified CBPP that it will be changing the methodology it uses to produce this estimate and that its new work will be out any day now. As a result, Dr. Bernstein's work in this area is on hold for now, but will soon start up again.

Full employment

Dr. Bernstein has been writing on topics in this area. He has written an analysis of how wages – including median wages – have increased as a result of decreased unemployment rates.

Beyond full employment

The U.S. is close to reaching full employment. If the current trend continues, unemployment levels will likely reach pre-recession levels soon. The labor market is having a positive impact on the economy, which CBPP predicted. However, there continues to be dissatisfaction with the state of the economy in specific areas of the country. Dr. Bernstein is interested in finding ways to help those who feel left behind by the national economic recovery. In order to do this, it may be useful to develop an understanding of the impact of regional policies and economies – e.g., the ten-year shift from the steel industry to medicine and education as the main labor markets in Pittsburg, Pennsylvania.

Broadening reach of macroeconomics and full employment issues

- **Podcast** – Dr. Bernstein and his research associate, Ben Spielberg, are now producing a podcast that tackles the practical implications of issues related to macroeconomics and full employment (they’ve just completed their 6th episode). The podcast will be geared towards a broad audience, not just academics. Dr. Bernstein has experience with podcasts from the EconoCorner podcast that he worked on in the past. The plan is to continue releasing a new episode of the podcast every two weeks and assess the level of audience response relative to effort involved.
- **Book** – Dr. Bernstein and Ben Spielberg considered authoring an instructional book for the new presidential administration on how to achieve full employment. They have written an introduction for the book. However, this project appeared to be more promising before the U.S. presidential election, when Hillary Clinton’s campaign team expressed interest in assembling a task force on full employment. Since the election, this may no longer be a useful project to pursue.
- **Conference** – Dr. Bernstein is in the early stages of planning a conference on the macro and labor market policies to help those in left-behind communities, i.e., places with inadequate economic opportunities even when the nation is at or near full employment. He has already commissioned numerous papers for the conference and is working on raising extra funds to support the event.

Fiscal policy

Role of the Federal Reserve System (the Fed)

Dr. Bernstein supports the view of the “Fed Up” campaign – i.e., that the Fed should not increase interest rates until low-wage and minority workers see an increase in employment rates and wages, or until inflation increases significantly.

Opportunities in this area

The Open Philanthropy Project should consider funding opportunities related to fiscal policy – i.e., analyzing the current state of fiscal policy and identifying successful and unsuccessful policies. Organizations advocating for tight fiscal policy, such as the Committee for a Responsible Budget, are more numerous than funders who support expansionary fiscal policy. Advocates tend to champion protecting or expanding government spending for specific programs – e.g., Social Security.

All Open Philanthropy Project conversations are available at <http://www.openphilanthropy.org/research/conversations>