

## **A conversation with Jared Bernstein and Ben Spielberg, October 21, 2015**

### **Participants**

- Jared Bernstein, PhD – Senior Fellow, Center on Budget and Policy Priorities (CBPP)
- Ben Spielberg – Research Assistant, CBPP
- Alexander Berger – Program Officer, U.S. Policy, Open Philanthropy Project
- Karl Smith, PhD – Consultant, Open Philanthropy Project

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

### **Summary**

The Open Philanthropy Project spoke with Jared Bernstein and Ben Spielberg to get an update on the progress of its grant to support the CBPP's Full Employment Project. Conversation topics included current and future project activities including research, organizing, and media work.

### **Project activities**

#### **Research**

On October 15, 2015, the CBPP published a 55-page paper by Alan Blinder and Mark Zandi entitled "The Financial Crisis: Lessons for the Next One". The authors conclude that many of the countercyclical policy responses to the 2008 financial crisis were successful. CBPP believes that it is important to call attention to these successes because some of these policies have been portrayed negatively at times.

The authors wrote an op-ed in the Wall Street Journal, and took part in a press call. Vox.com published an article on the report, as did James Pethokoukis of the American Enterprise Institute (AEI). In his post, Mr. Pethokoukis reflects on the relative effectiveness of policy responses to the financial crisis, citing the successes highlighted in the CBPP report alongside other alternative responses that he would have preferred. CBPP may also organize a lunch with the authors, other economists, and high-level reporters, to further disseminate the paper's findings.

CBPP is making progress on another paper that will focus on five countercyclical policy areas in the American Recovery and Reinvestment Act (ARRA):

1. Unemployment Insurance (UI)
2. Housing
3. The Supplemental Nutrition Assistance Program (SNAP)
4. State fiscal relief
5. Jobs (including subsidized jobs, i.e. direct job creation)

The paper will provide a detailed analysis of successful efforts and opportunities for improvement in each area. It will also explore potential “triggers” that can activate certain stimulus measures during recessions without congressional legislation, thus strengthening some of these programs’ countercyclical features. CBPP hopes to complete the report and share its findings with influential policymakers in advance of the next recession.

### **Organizing the progressive macroeconomic community**

The Full Employment Project is organizing around specific issues with other colleagues in the progressive macroeconomic community, including Dean Baker and Josh Bivens. A major topic of discussion right now is the Federal Reserve and the question of when it should begin to raise interest rates. Dr. Bernstein, along with other progressive macroeconomists, has been making the case that the Federal Reserve should wait for further improvement in the labor market and a clearer uptick in prices before raising interest rates.

### **Media work**

Dr. Bernstein has been actively writing for a variety of news sources. In his Washington Post column, he recently argued that presidential candidates should discuss the option of full employment when addressing the issue of inequality. Dr. Bernstein has also contributed articles to the New York Times and The Atlantic, as well as the CBPP blog.

### **Potential future project activities**

CBPP would like to commission papers on the following topics:

1. **Job saturation** – A generally full employment program might not provide opportunities to all individuals living in low opportunity neighborhoods. This research would explore the option of saturating those areas with employment opportunities through neighborhood-based subsidized employment programs.
2. **Financial markets and full employment** – This research would focus on mechanisms to ensure stable full employment despite market fluctuations.
3. **Full employment in Europe** – This research would look at the benefits full employment would bring in Europe, which currently has a much worse economic situation than the United States.

The Full Employment Project might also consider commissioning a paper on the impact of full employment on inequality. Some Fed economists seem to be reluctant to make linkages between full employment and less inequality (or slower growth of inequality), so Dr. Bernstein might be interested in further research on this connection.

Economists at the Federal Reserve and private firms such as Goldman Sachs often employ cutting edge econometrics to quickly produce research on policy-relevant

questions (e.g. looking at how unemployment rates affect inflation at the state level), and also take advantage of the Federal Reserve's model of the U.S. economy to describe the potential results of different monetary policy decisions. Papers or briefs using these tools are often influential in policy debates. Dr. Bernstein would like the Full Employment Project to have a similar capacity to produce sophisticated and timely modeling or econometric analyses. This would require additional specialized staff capacity, and Dr. Bernstein believes it would be best to begin with part-time consultants.

The Full Employment Project is also hoping to potentially increase its outreach efforts in the future (e.g. by creating shareable videos).

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