

War and famine. Peace and milk. —Somali proverb

## Inequality, Austerity, Jobs, and Growth

A practical, progressive agenda is not just a set of shared social values, but an economic strategy to protect and expand social insurance; to raise wage standards; ... to restructure and bring under effective regulation the financial sector; to pursue environmental sustainability; to provide decent and productive jobs in sectors that have social usefulness; and to restore and maintain peace.

~ JAMES GALBRAITH, page 8

### WELCOMING REMARKS

#### James K. Galbraith:

Good morning and welcome to this 8<sup>th</sup> Bernard Schwartz Symposium of Economists for Peace & Security, this one entitled *Inequality, Austerity, Jobs, and Growth*.

The tragedy in Paris last weekend casts its shadow over these proceedings. One of the historic functions of economists, and especially of those in Economists for Peace & Security, is to remind us that rational calculation pays, and that, in particular, calls for war and retribution, however good they may be for television ratings, often lead to actions which one has cause later to regret. In 2003, EPS issued a warning to that effect with respect to the then-impending invasion of Iraq. We made the case that it would be wise to consider the costs before taking action. That failure is what led in part to the situation that we face today. I don't wish to dwell on the point; I'm sure that later panelists at this symposium will have more to say on it.

But it is also our function as economists to speak to the larger priorities that we face, the challenges that we face to maintain the kind of prosperity that generates for all of

us the society in which we wish to live; and so that is a task that spans the international and the domestic front.

It is my enormous pleasure to introduce our keynote speaker. Sarah Bloom Raskin is a veteran of the Joint Economic Committee from the era of Galbraith and Kaufman. She was the commissioner for financial regulation in the State of Maryland. She has been a governor of the Federal Reserve Board. In that capacity she was at the time not alone, but tied for having held the position of the highest ranking woman ever to serve in that institution, since been surpassed by one degree. She is presently the highest ranking woman in the history of the Treasury Department as deputy secretary. So, let me welcome to the podium my good friend, our distinguished colleague, Secretary Sarah Bloom Raskin.

### KEYNOTE

#### Sarah Bloom Raskin:

I would not be here today with any of my alleged wisdom if it were not for my work in 1982 as an intern for Jamie Galbraith, at

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James K. Galbraith and Sarah Bloom Raskin

**EPS QUARTERLY**  
is published by  
**ECONOMISTS FOR**  
**PEACE AND SECURITY**

EPS promotes economic analysis and appropriate action on global issues relating to peace, security, and the world economy.

Newsletter articles are based on the views of the authors and do not necessarily represent the views of the Directors, Trustees, or members of EPS.

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## ABOUT THIS ISSUE

This issue is comprised of edited transcripts from a conference held on November 18, 2015, in Washington, DC.

Visit [epsusa.org](http://epsusa.org) for links to video and complete transcripts of the symposium.

<http://epsusa.org/events/1115conf/inequalityausterityjobsandgrowth.html>

## Program

BERNARD SCHWARTZ SYMPOSIUM SERIES

### Inequality, Austerity, Jobs and Growth

Washington DC, November 16, 2015

**Keynote:** Sarah Bloom Raskin, US Treasury Department

#### 1. Jobs, Growth, Wages and Inequality: What's The Agenda?

Chair: Allen Sinai, Decision Economics  
James Galbraith, Economists for Peace and Security  
Stephen Rose, George Washington Institute of Public Policy  
Heather Boushey, Washington Center for Equitable Growth  
Teresa Ghilarducci, New School University

#### 2. Austerity and Global Finance: Cure or Poison?

Chair: Mike Lind  
Elena Panaritis, Senior Economic Advisor to the Government of Greece  
Mike Konczal, Roosevelt Institute  
Josh Bivens, Economic Policy Institute  
Jeffrey Sommers, University of Wisconsin

#### 3. Global Security and Economics: Dangers and Hopes

Chair: Richard Kaufman, Bethesda Research Institute  
Cyrus Bina, University of Minnesota  
Steve Clemons, The Atlantic  
Heather Hurlburt, New America Foundation  
William Hartung, The Center for International Policy

that time the staff director of the Joint Economic Committee. I had been planning to go to medical school; but it was really from Jamie Galbraith that I learned that economics was a key factor for social good, and the experiences he provided me really set me on a different path.

The approach of my remarks today is to start with the topic of economic growth, which is the traditional macroeconomic metric that we focus on to elaborate upon today's other three headings: inequality, austerity, and jobs. These are issues which we discuss robustly within Treasury.

**The risks associated with a focus on macroeconomic growth that is unhinged from inclusive growth are significant.**

When economists discuss growth we mean GDP growth, the rate at which our economy's output is expanding over time. To be sure, GDP growth is an imperfect metric for capturing and quantifying all the many important things that bear on social welfare and common good. In fact, the risks associated with a focus on macroeconomic growth that is unhinged from inclusive growth are significant. Speaking purely from the perspective of the macro economy, inclusive growth is necessary in order to achieve more sustainable macroeconomic growth over the long term. A growing body of research provides evidence suggesting that less heterogeneity in income and wealth may actually facilitate higher endurable economic growth, contradicting the conventional view that greater heterogeneity—in other words, inequality—had a silver lining purpose of achieving better growth. In the traditional model, economists believed that more income flowing to high-income households meant greater overall savings and investment, which in turn meant greater growth.

But these considerations are only part of what determines how an economy shrinks

or expands. In particular, by limiting broad access to engines for wealth creation, like housing and education, non-inclusive growth can limit macroeconomic growth and make it less sustainable in the face of adverse shocks. Think of it this way: When it comes to the potential for macroeconomic growth to advance broad-based prosperity and well-being, inequality hampers it, austerity thwarts it, and you will have fewer jobs without it. Achieving inclusive growth that breaks us out of the anemic and insufficient short-term macroeconomic growth will not be possible by just the invisible hand. Importantly, government must help to foster and enhance it.

So today I want to talk about policies that promote inclusive growth and the questions that inclusive growth raises in terms of government policy in an economy driven more and more by technological change. To achieve sustainable macroeconomic growth, we need to make sure that the economic opportunity and security promised by technological advancement is within reach of all Americans. We need to make sure the prosperity of our future economy is broadly shared.

Before we discuss the challenge, let me review where we stand today: Seven years ago, the worst financial crisis since the Great Depression plunged our economy into recession. Real GDP shrank 4.2 percent between the final quarter of 2007 and the second quarter of 2009. When the president took office in early 2009, the economy was still shedding 750,000 jobs per month. In total, 8.7 million Americans lost their jobs; 5 million Americans lost their homes; and \$13 trillion of household wealth was destroyed, wiping out two decades of gains.

The recovery took hold midway through 2009, and since then the economy has expanded at an annual rate of 2.1 percent. Since employment hit bottom in February 2010, the number of jobs has risen by 13 million. During this time, the unemployment rate fell by half from 10 percent to five percent. Today, consumer confidence is at an eight-year high; real hourly earnings are rising, 2.6 percent over the past 12 months ending in September; and consensus forecasts expect real GDP growth of 2.6 percent next year. We've come a long way.

But there are other metrics we must consider as well. The share of the population below the poverty level, 14.8 percent in 2014, was unchanged from its 2012 level and remains more than a full percentage point above its level in 2008. The share of workers who are working part-time but would like to be working full-time at 3.6 percent [in October 2015] has come down, but is still high relative to its pre-recession average of 3.0 percent. The labor force participation rate for prime-age workers, which stood at 80.8 percent last month, is at its lowest point since 1984. Too many young men are neither working nor enrolled in school, the highest percentage in three decades; and 14 percent of young adults between 25 and 34 continue to live with their parents. For those who have a job but lack a college degree, average earnings are only \$28,000 per year, \$4,000 less in real terms than they were in 1979. Thus, despite the progress we have made in terms of the overall economic recovery, not all Americans are sharing in this progress. To do that we're going to have to make growth more inclusive, which means reducing poverty, increasing youth employment, and raising wages.

**A growing body of research provides evidence suggesting that less heterogeneity in income and wealth may actually facilitate higher endurable economic growth, contradicting the conventional view that greater heterogeneity—in other words, inequality—had a silver lining purpose of achieving better growth.**

Achieving sustainable growth involves many factors. Economists' models may dwell on capital labor and natural resource endowments; but studies comparing growth in different countries show that institutional factors are also critical. Having a fair legal system, appropriate regulation, and sufficient government investment is essential. It's clear that a vibrant private sector animated by cooperating economic agents and thriving commercial activity is necessary to stimulate growth; but it's also essential to have a meaningful rule of law, including judicial processes that are fair, transparent, and accessible.

Financial instability also stifles growth. On the one hand, risk-taking and leverage are vital components of a healthy and growing economy; but when the rules meant to calibrate safe levels of risk-taking and leverage are set incorrectly or are not appropriately enforced, these activities can precipitate a collapse that sets the economy back years. After the recent financial crisis, for example, it has taken years for households and businesses to rebuild their balance sheets. The economy experienced trillions of dollars in lost output. Even now, residual effects from households and businesses feeling their future prospects are more uncertain may be weighing on economic activity. In other words, inclusive growth requires prudent financial regulation so that households and businesses can reap the benefits of economic opportunities.

Beyond creating the legal and regulatory preconditions for growth, a distinguishing feature of government is its ability, indeed its responsibility, to invest in the common good. We need to design those government institutions that focus on the economy to consider the unquantifiable costs associated with government inaction. We need to refine our government institutions to contemplate for the long term, rather than the short term—examples of failures and successes in all these regards come readily to mind—a monetary policy like the one we had in the 1930s that is inflexible and unable to take into account changing conditions, rather than one that provides needed countercyclical support to economic activity; a fiscal policy that veers towards shutdowns of government, rather

than long-term planning for a sound fiscal future. The design of how our economic policy levers get pulled by government entities in both the legislative and executive branches, as well as the independent regulatory agencies, is relevant to inclusive macroeconomic growth.

**When it comes to the potential for macroeconomic growth to advance broad-based prosperity and well-being, inequality hampers it, austerity thwarts it, and you will have fewer jobs without it.**

More obviously, we set ourselves up for inclusive economic growth when we make long-term investments to build bridges, and when we open airports, or when we open a new preschool in an underserved community. We make them when we reform our health care system so that millions of Americans have access to regular medical care, enhancing labor mobility and supporting productivity. And we support growth when we reform and safeguard our financial system to reduce the risk of instability so that our economy can operate on a firmer footing, and so that, if another financial crisis hits, our economy can withstand the harm.

The recent economic downturn set growth back both here and abroad, spurring contractions in private commercial activity around the world. In the United States, rather than let the economy sink into another Great Depression, the president responded quickly and forcefully to support all segments of the economy. The legislative response was comprehensive and included support for aggregate demand, hope for struggling homeowners and the unemployed, measures to

realign the financial sector toward confidence-enhancing financial intermediation assisted by attention on individual consumers, and financial markets for consumer financial products. These expansionary fiscal states played an important role in shortening the downturn and restoring growth. The American Recovery and Relief Act released hundreds of billions of needed dollars into the economy, supporting the labor market, assisting state and local governments to avoid deeper cutbacks, and investing in new research and development and better infrastructure. The administration also pursued targeted measures such as investment in the automobile industry, which independent estimates have shown saved more than 2.5 million American jobs.

Another essential component of the US response to the economic downturn was the fiscal expansion triggered by the usual countercyclical provisions of government programs such as Social Security, unemployment insurance, Medicare, and Medicaid. These core programs acted as automatic stabilizers and accounted for a meaningful percentage of our fiscal expansion, especially between 2010 and 2012. By enacting the Affordable Care Act in 2010, we added to the set of tools that automatically mitigate a downturn, because the ACA protects families' access to health care and cushions their budgets in the face of job and income losses. Monetary policy as well was appropriately accommodating, and through successive rounds of large-scale asset purchases the recovery gained traction.

The effect of monetary policy on inclusive growth is a topic for another day. Given where we are now in the economy, what types of additional investments would promote inclusive growth going forward? Let's briefly look back to look ahead: Eighty-five years ago, also following a financial collapse, John Maynard Keynes wrote an essay entitled, "Economic Possibilities for Our Grandchildren." In the face of a massive depression and global retrenchment, Keynes thought that technological change and continued advancement would allow the economy to grow to multiples of its current size, but that growth would create



significant challenges as well. Aspects of this perspective are relevant. Technological changes continue to come at a breakneck pace. The Internet Revolution has brought more than just texts and Tweets; it has brought new advancements in manufacturing, health sciences, and information services. Computers can now help diagnose an illness, identify and eliminate inefficiencies throughout production and distribution processes, and answer complex questions by searching huge stores of data and information. Machines can now communicate performance data instantly, report and assess malfunctions within their own systems, and improve their own energy efficiency. With each advance, it costs less to produce more.

But there's evidence that this technological change has contributed to rising inequality. Over the last several decades, as the US economy has grown, that growth has not translated into similar gains in middle-class incomes. The middle three quintiles of households saw their income grow by 16 percent in real terms between 1979 and 2011. In contrast, earnings for the top 10 percent of households have more than doubled over the same period, and market incomes for the top one percent have almost tripled.

At the same time, in the most recent recovery, real median hourly wages declined two percent. Those real wage losses were broadly shared. Workers in the bottom 25<sup>th</sup> percentile saw their earnings decline the most, an average of three percent; and those in the 75<sup>th</sup> percentile saw their earnings decline by two percent. As I've noted before, while more than half of all job losses in the recession were in middle-wage occupations, only one-third of subsequent job growth has been in these areas.

**Despite the progress we have made in terms of the overall economic recovery, not all Americans are sharing in this progress. To do that we're going to have to make growth more inclusive, which means reducing poverty, increasing youth employment, and raising wages.**

There are several policies which could help make our growth more inclusive: One that would directly address this is a proposal to raise the minimum wage from \$7.25 per hour to \$10.10 per hour. If adopted, this raise would benefit 28 million workers and move our minimum wage closer to its past inflation-adjusted value. Even higher levels, like one proposal in Congress to raise the minimum wage to \$12.00, would have even greater benefits. If growth is currently being propelled by innovation in the technology sector, then we need to determine how to make the benefits of that growth shared. The car mechanic who fixes my car needs to have the skills to fix a driverless car. The government, if it can be incentivized

to balance between short views and long views, has the ability and responsibility to support the development of those skills through grants and loans for education and job training. At the same time, government needs to insure that investment is productive; that schools work to insure that students don't just enroll, but complete their studies and earn their degrees; and that they receive an education that produces meaningful advancement and a return on investment.

Choosing investment over austerity was the right choice in the face of the financial crisis, and recognizing the role of public spending in driving inclusive growth remains critical to our future. If it's true, as some argue, that our economy is on the verge of reaping benefits from technological breakthroughs, then we need to lay the groundwork in the design and activity of our government institutions to determine how everyone in society is to participate fully in this transformation. As we look ahead to the drivers in the next business cycle and beyond, we must continue to ask Keynes's question: What can we reasonably expect the level of our economic life to be 100 years hence? What are the economic possibilities for our grandchildren?

We must, as Keynes put it, "disembarrass ourselves of short views and take wings into the future." I trust that it will be through gatherings such as these that we will continue to explore what these wings into the future mean, and together chart a path forward toward a more inclusive and therefore stronger economy.

### *The Economics of Peace and Security Journal*

EPSJ is a peer-reviewed publication that raises and debates all issues related to the political economy of personal, communal, national, international, and global peace and security. The scope includes implications and ramifications of conventional and nonconventional conflict for all human and nonhuman life and for our common habitat. Special attention is paid to constructive proposals for conflict resolution and peacemaking. While open to noneconomic approaches, most contributions emphasize economic analysis of causes, consequences, and possible solutions to mitigate and resolve conflict.

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## PANEL ONE

**Allen Sinai:**

There are almost no more important issues for the economy in Washington as we enter the presidential election year than growth and jobs. Americans are very uneasy about the path the country is on.

Although the unemployment rate at 5 percent is near full employment, there are still a lot of long-term employed and part-time workers who want to work full-time. Nominal wages are rising very slowly. Real income, corrected for inflation, is doing better, but still lagging. Meanwhile, corporate profits and margins are at record-high levels.

Growing relative inequality is a big economic and societal issue, and unprecedented easy monetary policy has contributed to it. Quantitative easing has asset price effects that favor those who hold and own assets. The hope is that these effects will work their way through the economy; but the results have been very very long in coming.

So today, this panel asks: What's the agenda for dealing with these big issues? Can desirable growth in jobs happen on its own? Are these issues being addressed by the policy agenda now in place, or by the candidates for election in 2016? What should the policy agenda be?

**Steven Rose:**

You would expect concern about inequality to favor the Democrats, because Republicans are so tied to tax cuts for the rich, no minimum wage increases, etc. But Democratic electoral victories have been scattered. I argue that accepted findings

on middle-class stagnation are wrong, and that large swathes of the population don't necessarily have an interest in supporting progressive policies.

There's no doubt that inequality is high, and obviously higher than in the past. But a smaller share of a bigger pie can still be more pie. If there are modest, real gains in standards of living, then the experience of inequality is much less politically obvious.

Piketty and Saez report that 91 percent of the inflation growth between 1979 and 2007 went to the top 10 percent. That means the bottom 90 percent got 9 percent, which translated into a 7 percent gain in real standards of living. By contrast, the Congressional Budget Office reports that real median income rose by 41 percent over those years, and that the bottom 90 percent received 47 percent of the growth, not 9.

The CBO includes taxes and transfers and shows the bottom 95 percent had only one percent loss of after-tax real income in the years after the recession due to tax reductions and transfer increases. Piketty wants to show that inequality always increases, and therefore he shows that Obama's policies didn't work. This narrative is benefitting Republicans. The CBO says that Obama's policies did work and cushioned the impact on the bottom 95 percent.

It's not believable to say that all the population got none of the benefits of growth. Piketty and Saez find that the average income of the bottom 90 percent is 6 percent lower than it was in 1979. They're arguing that the bottom 90 percent, including a substantial portion of the upper-middle class, has gotten nothing for a very long time.

The vast majority of the people have a negative view on the general state of the economy. Even in the 1990s, when the Clinton economy was going at a gangbusters rate, 40 percent had a negative view of the economy. People tend to see the downside. But they also have optimism that things are going to improve in the future and faith in the American dream. They have positive feelings *and* they have lots of concerns.

Bernie Sanders' program encompasses what progressives have been calling for for decades. While many of these positions poll well separately, Americans have a gut antipathy to a large centralized state, and prefer low taxes and more individual consumption. Until we can get more Americans to have a different view of the validity of public spending and the need to pay taxes to support these programs, it's going to be very difficult to expand them much.

However, Sanders has stretched the debate. Clinton is likely to include progressive options, but more limited ones revolving around access to higher education, expansion of family leave and health insurance, and more financial regulation. While they won't be part of a political revolution, they'll make life better for many low- and moderate-income Americans.

**Heather Boushey:**

The experience of inequality looks different across the income distribution: Families at the bottom have seen their incomes fall relative to 1979; families in the middle have seen their incomes rise a little bit; and families at the top have seen their incomes rise a lot.



l to r: James Galbraith, Heather Boushey, Steven Rose, Teresa Ghilarducci, Allen Sinai

It used to be the case that most families had a full-time stay-at-home caregiver. Today very few families have that. Families at the top today usually have two breadwinners, while families at the bottom often have only one breadwinner, because they have just one adult, typically a single woman.

There's a lot of new research emerging that points to the macroeconomic importance of the added hours and talent of women and people of color. Various researchers estimate that between 1960 and 2008, upwards of a fifth of US economic growth was because of the opening up of occupations to women and minorities.

We don't often think about the stress that causes for families. I argue that this needs to be front and center in our thinking about both our labor and social policies.

There has been a remarkable change in the landscape in the last 15 years in the kinds of policies that address the time squeeze for families and the work-life conflict. This is an vast new frontier for social policy. We are making important changes at the state and local levels that need to be recognized as profoundly and fundamentally important to labor and macroeconomic policy.

California, New Jersey, and Rhode Island have introduced new universal social insurance schemes that cover paid family and medical leave; and seven other states are contemplating similar steps. We've seen great progress in communities all across the country around predictable schedules, hours, and workplace flexibility that are the new vanguard on the labor side.

There's considerable room for optimism about our current labor and social insurance agendas. The new policies address economic issues faced by working families and have great appeal to young people moving into the workforce. Such policies could be an important way to address some of the macroeconomic issues, improve economic growth, and also gain significant traction in addressing inequality as it's actually experienced in American families.

## Teresa Ghilarducci:

Time is the new inequality. Length of retirement and the very length of life are closely related to wage inequality and time inequality during working years.

There are macroeconomic implications to cutting benefits, eroding pensions, and causing 15 million older workers who otherwise would be retiring to remain in the labor force. If we don't do anything about it, we'll have an influx in labor supply that we haven't seen since the Great Migration of black workers from the South to the North in the first half of the 20<sup>th</sup> century .

The wealthy will still retire. They may choose to work if they want to; while people with more difficult jobs, or who may be sick and dying, and who do not have good retirement, are forced to stay in their jobs and cannot retire if they want to.

Social Security, Medicare, and disability insurance programs helped get us out of the last recession. Progressive taxes, to be sure, are our most powerful weapon for automatic stabilization; but these other programs are also underappreciated automatic stabilizers.

It is not surprising that the financialization of retirement security was a destabilizer. If we had not had 401-k's and IRA's, and if our retirement security had come from defined benefit plans, our unemployment rates would have been lower in the recession, and the employment rates would have been higher in the recovery.

Wage inequality has sucked up income from the Social Security system. Almost half of the current Social Security deficit comes from the fact that the incomes that have grown the most are over the taxable cap of \$118,500 a year. Earnings on top of that are not taxed for the Social Security system and are lost to the system.

Social Security does face long-term insolvency. We can no longer assume higher growth rates will sustain it. The sooner we raise the FICA cap, the better off we will be. If we wait ten years, the pressure to cut benefits will be too great. For the sake of progressivity, we need to do something in the next couple of years to get more revenues into the Social Security system.

As the inequality in income and wealth has grown, reforming Social Security is no

longer just about bringing up the poverty levels; it's actually about sharing the surplus that has been created over the past 10 years and shoring up middle-class incomes to keep up aggregate demand. If you eliminate the taxable cap and increase benefits for those at the very top, you can eliminate almost all the insolvency. If you don't increase benefits at the top, and just tax the incomes, while capping the benefit accrual, then we can actually expand the Social Security system.

We're going to need that aggregate demand as the elderly share of the population increases.

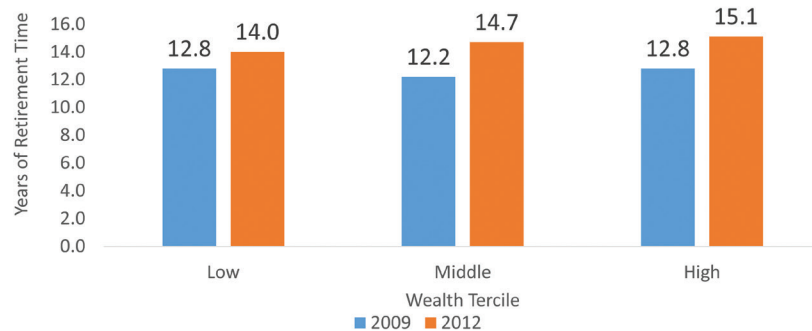
What about increasing the FICA tax? Many believe that raising the tax rates may impede economic growth, but the United States tax rates are nowhere near such dangerously high levels. FICA is currently at 12.4 percent. If we raise it to 15.4 percent, there's no economic model that says that that will impede economic growth.

But we're here to think bigger about all areas of inequality in our society, not just wages or wealth. We have to pay attention increasingly to this retirement time squeeze and how unfair it is.

There's a myth that machines have helped make our jobs easier; that since older people don't have to haul bricks anymore, they can work a little longer. But it turns out that, while heavy lifting has gone down for everybody, older people are doing more stooping and bending and jobs that require more intense concentration and keener eyesight. The need for stooping and bending seems to be coming from big box stores, as companies like Staples and Amazon target older people to work in their warehouses. Thus older workers increasingly are in jobs that are actually more intense and more difficult to do.

With defined benefit plans, blue-collar workers, minorities, and lower-educated people were often able to retire at 58, 59, 60. They had much shorter lives, but their time spent in retirement was about equal to that of wealthier retirees. Today, the number of years of retirement is growing more unequal. This is a really important moral issue. It's not these people's fault for not being financially literate, or for drinking their savings away with too many lattes. The people aren't wrong; the design of the system is wrong.

## If cut benefits we will reverse the equity we forgot to celebrate



Source: Health and Retirement Study (HRS) 2010, 2012

### GREAT AMERICAN ACHIEVEMENT IN RETIREMENT TIME EQUITY

In conclusion, I'd like to draw your attention to how social insurance and redistributive policies help growth by stabilizing the economy. We should do something now for Social Security, and get benefit cuts off the table. We should celebrate trying to counter the inequality in mortality, and we should pay attention to the macroeconomic implications of our social insurance programs.

#### James Galbraith:

The principal losses of the great financial crisis in the US were losses of security, assets, public services, the quality of life, and the quality of family life, and not so much losses of income. This is extremely important to realize.

Since 2000, we have faced economic conditions that are fundamentally more challenging than the 30 or 40 years before. In particular, resource prices have become volatile and financialized, which creates risks and instabilities. We're under pressure to de-carbonize our economy, an important goal, but a challenge to the use of resources. We are in an increasingly unstable global political and conflict environment, which has significant economic consequences for the world economy as a whole. Labor-saving technical changes have consequences for the creation of jobs and create institutional challenges, and the financial sector has been fundamentally

impaired by its own excessive concentration and the inadequacy of the response to the financial fraud and malfeasance that brought us the crisis in the first place.

These factors are the structural insignnia of rising inequality. Still, against these forces are arrayed a tattered but still functioning alliance of stabilizing and equalizing institutions created for the most part by the New Deal and the Great Society. It's important to recognize that these institutions still, to a very large extent, define who we are and why we are reasonably successful and resilient as a society. They include social insurance and wage standards; environmental regulation; public investment; the forces that favor diplomacy, conflict resolution, peacekeeping, and the protection of human rights; full employment policy; and job-creating institutions.

In this way, a practical, progressive agenda becomes not just a set of shared social values, but an economic strategy to protect and expand social insurance; to raise wage standards; and especially to make a substantial increase in the minimum wage; to restructure and bring under effective regulation, once again, the financial sector; to pursue environmental sustainability; to provide decent and productive jobs in sectors that have social usefulness; and to restore and maintain peace.

This is not the mainstream postwar Keynesian formula that uses high growth as a kind of universal emollient and a substitute

for addressing the structural and equitable concerns that we now increasingly recognize are central to an economic strategy.

This is a fundamentally different conception of the relationship between the government and the private sector than is held by those who argue that the state is a burden on the market. In fact, we recognize an indissoluble link between the regulatory mechanisms and the proper functioning of the private marketplace. This is true in every biological, physical, and social system. There are indispensable limits that make it possible for a system to function well. You don't run your car with the radiator dry. The right formula for your body temperature is not as high as possible. These are essential biophysical principles that every complex system needs to insure that things happen within the limits of sustainability.

The question is not, how fast can we grow, but how to achieve the best life for the most people for the longest time. It is extraordinarily important that we provide sustainable means to maintain a decent and prosperous lifestyle over the entire life cycle of people in our society.

Once you frame that question clearly, then the agenda crystallizes. You realize that it's only by doing these things as part of a concerted and comprehensive strategy that you can really hope to recover the prosperity and security that ought to be our political and economic and social objectives.



## PANEL TWO

**Elena Panaritis:**

The Greek crisis is really a full-fledged solvency crisis. The country was masking its lack of ability to generate income, not because it's a handicapped country, but because its structures were never modernized. For a long time, this inability was masked with subsidies from the European Union, which were either not well-targeted or badly managed internally. This inability to produce income was also misdiagnosed as a lack of liquidity. The EU was willing to accept the situation as long as Greece could consume and absorb productivity from other EU countries.

In a parallel universe, the banking system was getting very greedy. Inexpensive Euros made getting funding extremely easy, so both consumption and lending were really growing. Additionally, everybody wanted to keep that extra little fat going in the political system, so the political system never had an interest in promoting reforms.

Around 2009-2010, our public debt was over 120 percent of GDP; we owed more than we were producing. And then the solution that was provided was not at all directed to actually resolving the problem. The European Union lenders said, we will give you money so you can pay back the 120 percent debt you owe to us, and everything will be just perfectly back in order.

Of course not! We signed two memoranda of understanding, which aren't really bailouts; they're interest-bearing loans. And these programs have very hefty benchmarks that reduce liquidity in the market and require collecting as much fiscally as possible. The result is a reduction of GDP by 30 percent.

The reforms that were imposed were not real reforms that would increase

productivity or the income of the country. For instance, it was suggested to reduce the public sector--blindly, without identifying what needs to be reduced, how efficient a particular department may be, and so on.

The reduction of the public sector has resulted in a brain drain. Because there is also a recession in the private sector, skill sets from both the private and public sectors are fleeing abroad--not just young people, but people in their 40s and 50s.

So, in addition to our financial crisis, our economic crisis, and our productivity crisis, we have a broken system. There is no incentive for anybody to move ahead. The new Syriza government, in January 2015, was very eager to turn that wheel; but unfortunately, they were not as successful as we had hoped they would be. Instead we got an additional debt package, now 180 percent of GDP. We've had seven years of recession. A better future depends on a sincere appetite to reform the system structures. And because we're not a stand-alone country, and we belong to the bigger family of the European Union, they also need to have an appetite for reform.

We will need not just incentives to increase fiscal returns, but also tax reforms. Greeks once had a high private savings percentage that has been decimated by the enormous taxes--breathing taxes, walking taxes--you can't imagine how many taxes we have. For instance, of course there is a tax on cars, called the moving tax because a car moves. To avoid the tax, a lot of households put their cars in their garages and turned in their licenses. So now there is a new tax, an immobility tax on a movable asset.

There's a joke that the tax system changes three times a day. I'm wondering,

if we can just leave it alone for, like, a week, maybe we can have some investors showing up. With an unpredictable system of fiscal controls, how on earth can we ever attract anybody?

So will we get out of this crisis? In the short run, the news is not very good. I'm afraid results will not come quickly. But if we do really have an appetite to change, we can be successful.

**Mike Konczal:**

In early 2010, Alberto Alesina and Silvia Ardagna argued that, "in several episodes, spending cuts adopted to reduce deficits have been associated with economic expansions rather than recessions." Expansionary austerity. The idea got quite a bit of traction. They were saying that not only could economies grow under austerity, but you might actually see an increase above what you expected, which blew my mind.

Alesina and Ardagna looked at a panel of 20 countries in the OECD from 1970 to 2007. They found 26 periods with significant cuts in deficits, and then found that in 17 of those periods the debt-to-GDP ratio also fell at least 4.5 percent. This struck me as very weird, and I wanted to double-check his methodology. A lot of people were quoting it without really examining it carefully.

There are obvious reasons why the deficit might fall if the economy is doing well. Tax revenues are higher, social insurance spending might be lower. There's an endogeneity of deficit reduction. Historically, countries don't ever really pay down their debt; they let the debt fall as a function of growth and inflation.



l to r: Jeffrey Sommers, Josh Bivens, Mike Konczal, Elena Panaritis, Michael Lind

Looking further into Alesina's work, we asked if their sample countries had reduced the deficit when the economy was actually in a slump. Of the 26 episodes that they had identified as expansionary, virtually none of them hit those requirements. We found two examples that kind of hit their definition and kind of provide an example for policymakers. Norway in 1983 reduced their deficit in a slump, but their debt-to-GDP ratio increased.

The better example is Ireland in 1987, which saw a massive exchange rate devaluation, while its closest trading partner underwent a once-in-a-decade boom. Ireland also saw a decline of about 5 percent in the interest rate differential between it and the benchmark interest rate. So, if you're a small country that can devalue its exchange rate, then we can start to talk about seeing this effect. That description fit no country in 2010 that might end up under the austerity boot.

Looking not only at the 26 cases that Alesina highlighted, but at all 107 periods in his dataset, there were two more that hit the definition of expansionary austerity. Norway in 1989 was in a very mild recession. In one out of a 100 cases this example might be instructive in 2010 crisis management.

The other example was Canada in the 1990s; but there again you had a devaluation. There was a huge increase in exports during pretty normal economic times, so their monetary authority had a lot of room to maneuver.

It seems that the examples held up as paragons of expansionary austerity were completely distorted by endogenous factors: They were cutting in good times; or their deficits were decreasing in good times; or they were small countries that had big devaluations. None of the examples were relevant for the US or the EU in 2010.

In September 2010, Alesina wrote, "Several European countries have started drastic plans of fiscal adjustment in the middle of fragile recovery, [and] it appears that the European speed of recovery is faster than that of the United States." We decided to look at some more recent cases. Of 15 countries that had imposed austerity from 2007 to 2014, about a third grew faster afterwards. Only Iceland reduced their debt-to-GDP ratio.

Alesina et al claimed to have 80 percent hit rates on their definition of successful expansionary austerity. In practice, it was eight percent, and the one success was Iceland, which imposed capital controls and completely threw out the IMF playbook.

Something is fundamentally wrong with the expansionary austerity argument. You can see why papers and economists are used ideologically by people in power. However, it is worthwhile sometimes to step back and understand how flimsy and poorly researched the arguments were in 2010, and how much they have fundamentally failed the United States.

### Josh Bivens:

The macroeconomic debate in DC over the past 18 to 24 months has been exclusively about whether the Fed should raise interest rates at their next meeting. People who want continued interest rate ease, like myself, are often asked, how can you think low interest rates are working? They've been at zero since the end of 2008. The economy is still pretty far from a full recovery, let alone full employment. Why is it taking so long?

The interest rates are not working because we've instituted the most austere government spending in any postwar recovery in US history. Essentially we've been trying to fly on the one weak engine of monetary policy expansion, while pulling back really hard on the fiscal side. During the actual contraction of the Great Recession we did a lot of good things. Automatic stabilizers kicked in in a serious way. The Recovery Act was a very good start; but sadly it became almost the last bit we did to combat the downturn.

Even pre-Great Recession, it was becoming harder and harder to sustain the growth in aggregate demand necessary to keep the economy at full employment. We've moved into an economic regime where aggregate demand constraints—*not* supply constraints—are the central macroeconomic problem.

Aggregate demand represents the spending decisions of the country's households, businesses, and governments. Aggregate supply is the productive capacity of the country set by the size of the labor force, the capital stock, and productivity. For decades

the ruling presumption in mainstream macroeconomics was that the economy naturally tended to move towards full employment, or even overshoot it. It was macroeconomic policymakers' job to keep this overshooting in check, while the Fed had to be ever-vigilant about inflation. If the economy was pushing to lower unemployment rates, that would empower workers too much; they would demand unsustainable wage increases that would lead to wage price spirals. These presumptions led to disinflation being applauded as brave and necessary, while questions about its extraordinary costs were labeled impolite. They led an entire generation of fiscal policy analysts to being utterly preoccupied with reducing the federal budget deficit.

Certainly before 2007, episodes where demand growth did unambiguously fall behind supply growth—recessions—did occur; but they were thought to be naturally short and shallow. This is not the world we're in right now. We've had short-term interest rates at zero since 2008, and we still have insufficient demand in the US economy.

Inequality is a big part of why it has become increasingly difficult to sustain enough demand growth in the economy. Basically we have shoveled lots of money to households at the very top of the income distribution. They tend to have much higher rates of savings than people near the bottom of the income distribution. During normal times, that might not be a problem. If you've got financial markets and interest rates that have the room to channel those savings into productive investment, then you don't run into demand problems.

Monetary policymakers need to get out of the mindset that they're always on the knife edge of setting off a wage price spiral if they let unemployment dip a little bit too low temporarily. The biggest wage problem in the US economy in recent decades is that it's really hard to make wages rise. Rates should only increase when actual durable inflation is in the data.

Fiscal policymakers need to recognize that budget deficits don't damage the economy during times of slack demand. Interest rates will need to rise a lot before you can claim that budget deficits are hurting private investment. When the economy is

where it is today, they boost demand in a system that's starved for it.

There is no shortage of reasonable public investment projects that would be really beneficial. Until we price carbon, investments in energy efficiency and greenhouse gas emission reduction are going to be radically underprovided by private actors. Why not have public investments that ramp these things up? The marginal return is extraordinarily high, even with hundreds of billions of dollars of public investment.

And finally, the main reason to try to check or reverse the rise of inequality is to boost the living standards of low- and moderate-income households who've been left behind by most of the growth in recent decades. If we do reverse inequality, we may go a long way to reversing the problem of product demand shortfalls. This requires more than increasing the minimum wage. It's about a sustained, durable shifting of economic power to low- and moderate-wage workers through a rebuilding of institutions, standards, and social protections.

**Jeffrey P. Sommers:**

In 2012, at a meeting of the IMF in Riga, Christine Lagarde declared that Latvia could serve as an inspiration for European leaders grappling with the economic crisis. But the IMF meeting attendees stayed in the best hotels; they didn't take much of an opportunity to see the rest of the country; and nobody spoke with the taxi drivers, the bartenders, or anyone else who might have given them a different view. The so-called Latvian miracle is instead a country which has experienced greater levels of inequality, declining populations, and mounting insecurity.

Latvia's problems began well before the 2008 crisis, with independence from the Soviet Union around 1991. Without Soviet supply chains, Latvia had no economy and minimal natural resources. An offshore banking sector rapidly developed to handle oil and other commodities from the former Soviet Union, which has been one of the supposed strengths of the economy.

Along with the offshore banking, a big correspondent banking sector emerged, handling "tax optimization," and "wealth management"—euphemisms for what

normal people call stealing. In the wake of the 2008 crisis, this sector, rather than being rolled back, is growing robustly.

At the same time, the Georgetown Gang in Washington, DC was promoting an agenda for Latvia centered around tight monetary policy, currency pegged at a high exchange rate, and regressive taxation. Their 1991 report said that "the reform has to continue despite changes in government." And so they have. The people mentored by the Georgetown Gang became the country's top economic policymakers and continue for the most part in the government to this day.

Latvian policymakers were so dedicated to this austerity regime that, in 2010, Finance Minister Repse uniquely criticized the IMF, arguing it needed more austerity. They were quite clear that this crisis should not go to waste, and imposed austerity even more vigorously and harshly.

The story was a kind of Protestant morality play, where these plucky stoic Balts were sucking it in, not making a bunch of noise like noisy Greeks, who just didn't know how to behave themselves.

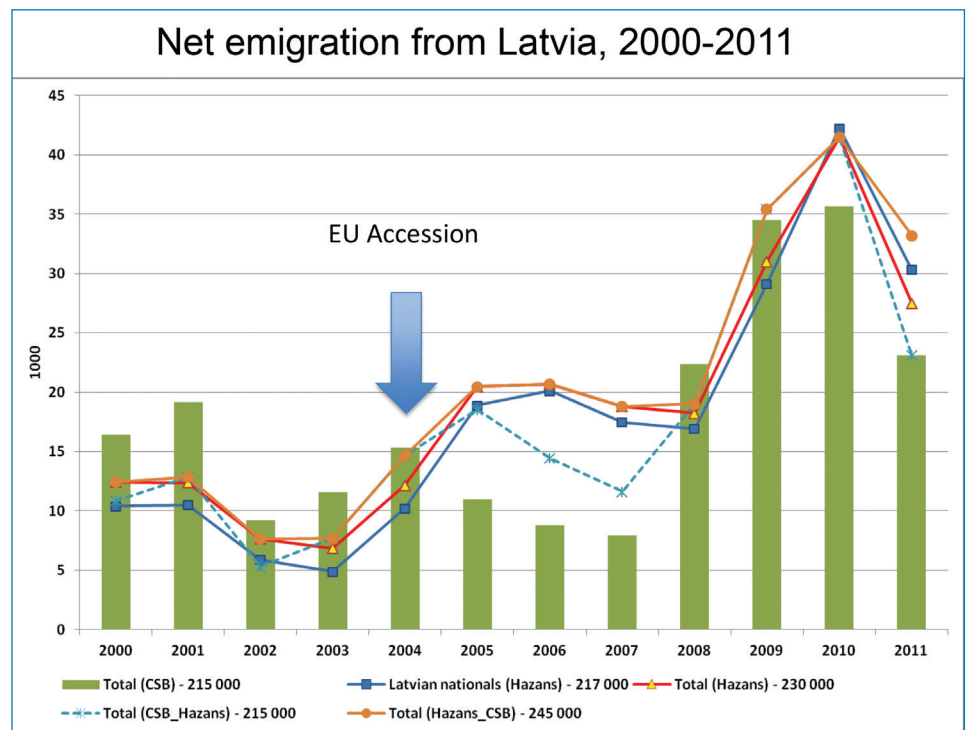
It really wasn't anything like that. I was there. The Latvians were terribly divided over extreme austerity. There were massive protests in the streets of Riga. After

a few months of protests, people came to understand that the government was not going to respond to their demands, so they just started leaving. Net emigration soared with the arrival of the economic crisis.

At the same time, Latvian birth rates have plummeted. People are leaving, and they are not having children. The country in effect is becoming a retirement home and a nature preserve.

So why haven't the people thrown the bums out? Latvia's occupation by the Soviet Union was particularly unpleasant during the Stalin period and not great thereafter. Anytime there is a threat of changing economic policy, the bloody shirt is waved. So that's the success story of austerity: It's not as bad as boxcars to Siberia.

They did survive and recover. The agriculture sector was doing well until the price of grain dropped in 2013 and the EU enacted sanctions against Russia. Latvia is increasingly being included in global commodity production chains. Present sources of growth include the offshore banking sector; selling off state-owned forestry lands; a fast and loose SMS loan industry with usurious rates; and some very slight recovery of manufacturing.





## PANEL THREE

**Richard Kaufman:**

Washington is now in a period of rising war fever, especially in the aftermath of the ISIS attacks in Paris and elsewhere. Fears of an ISIS attack contribute to the idea that we need to commit more resources to the conflicts in the Middle East. It would be well to remind ourselves how expensive the wars in Afghanistan and Iraq were and continue to be.

There has been a steep rise in defense spending since the end of the Cold War. The budget grew by about 60 percent from 1998 to 2010. Since 2010, the defense budget and war spending have fallen significantly, by about 20 percent. The total costs of the war in Afghanistan and Iraq are estimated at about \$4 trillion, taking into account the long tail of medical and disability costs.

Numerous economists have pointed out that defense spending is harmful to the economy, contrary to some conventional wisdom that it props up the economy. Defense spending diverts resources that could be employed in more productive ways. It raises incomes mostly for defense contractors, rather than providing needed non-defense goods and services such as infrastructure, roads, and bridges that create civilian jobs and incomes. Studies also show that more jobs are created by non-defense spending than by defense spending.

**Bill Hartung:**

The attacks in Paris and Beirut, the downing of the Russian airliner, and other attacks have raised the question of whether we are going to have to change our entire strategy. The simplest calls have been for stepping up military action, cracking down on immigration, upping surveillance—all of which were tried after September 11<sup>th</sup>, costing us a trillion dollars, thousands of lives, putting a sectarian regime in power in Iraq, and contributing to the growth of ISIS.

However, we shouldn't be governed by short-term emotions; we need to rebalance our foreign policy tool kit. We should be using the full array of tools, including diplomatic and economic means, to relate to other countries and deal with non-state actors.

We need a healthy understanding of the limits of military power. For instance,

in Yemen, our government is arming a Saudi-led coalition that has created one of the greatest humanitarian catastrophes in the world. Thousands have been killed in the bombing, and there's a near-famine because of the blockade. There is a bill before Congress to give the Saudis even more bombs and ammunition. Activities like this make the situation worse in the region, damage the US reputation, and make sorting out other conflicts that much more difficult.

So how do we rebalance? The Pentagon budget is 12 times as much as that for the Department of State. There are more personnel in one aircraft carrier task force than we have trained diplomats in the entire State Department, and we have 10 aircraft carrier task forces.

On the flip side, we have the most powerful military in the world. We spend more than the next seven countries combined. We have 1.4 million troops in uniform, not counting reserves. We have about 700 military bases and 60,000 special forces troops, more than the entire militaries of some countries. We give military and police aid to 163 nations. So we have genuine global reach with our military; we are able to engage in conflict anywhere in the world.

The military is obviously not the right tool for every job. Military force is not going to help resolve climate change, epidemics and disease, or the spread of nuclear weapons. It's also not a solution to terrorism. Perhaps



l to r: Steve Clemons, Heather Hurlburt, William Hartung, Cyrus Bina, Richard Kaufman



it can be part of a mix of policies; but leaning too heavily on that particular tool will make matters worse than they already are.

The recent Iran nuclear deal offered several examples that could guide us in other issues. Firstly, the deal was multilateral. Russia sat down at the table, helping to put pressure on Iran. China, which had commercial relations with Iran in the past, was onboard. Additionally, the negotiations didn't involve maximalist positions; if the position had been, "we're going to sanction you until you cry uncle," we wouldn't have gotten anywhere. And it's a long-term, 10-to-15-year process. All the countries involved will have to hold Iran to its promises and deliver on the promises they made.

How can we apply this lesson elsewhere? I'm encouraged that the cease-fire negotiations in Syria include Iran and Russia, who might have leverage to get Assad to step into a transitional arrangement. There will have to be compromise. The Saudis have their own group of jihadists that they support; Turkey is often more concerned about the Kurds than it is about ISIS; Iran and Saudi Arabia are at loggerheads and yet sitting at the same table. Should Russia have an ongoing presence in Syria? And if Syria held elections, how will all the refugees get a vote? Diplomacy would not be easy but I think it's far preferable to the alternative.

We need to beware of the bait-and-switch that the Pentagon and the arms lobby are going to bring to bear as part of this crisis. After September 11<sup>th</sup>, we doubled our Pentagon budget. Much of the additional funding has nothing to do with fighting wars; it's just a squirreling away for pet projects that the Pentagon has wanted for years. Congress is already talking about putting more money into the war budget, even though only about 10 percent of it goes to fighting ISIS. If they need to spend more on the war, there's plenty of money in the current budget agreement.

We need to do some positive things. We have to be more engaged in refugee aid. We have to have a long-term strategy for how to build sustainable, democratic, economically rewarding societies in the Middle East, Europe, and the United States. That runs contrary to a lot of the shouting that

we're going to hear on the campaign trail; but I think it's the only hope we have of really turning around a very difficult situation.

### Cyrus Bina:

The nuclear accord signed in July 2015 known as a Joint Comprehensive Plan of Action (JCPOA) between Iran, China, France, Germany, Russian, the UK, and the US must be considered a watershed of US foreign policy. By design the JCPOA is practical, pivotal, and purposeful for peace and security in the region and beyond.

In the post-Cold War, post-9/11, permanent War on Terror era it is easy to mistake tactics for strategy and to get sidetracked. This is due in part to numerous global changes, and in part to the traditional US foreign policy machinery's lack of acknowledgment of diminished and diminishing US political power around the world.

I would like to make five points about the Iran deal:

1) This deal was a result of some 22 months of intensive negotiations between the six parties. It opened the door for the potential normalization of relations.

2) The deal was multilateral.

3) The deal was made in the spirit of NPT, the Nuclear Nonproliferation Treaty for the reduction of nuclear arms.

4) India, Israel, and Pakistan are not parties to the NPT. It is now even more important to persuade them to become members.

5) Article 6 of the NPT calls for the eventual complete elimination of nuclear arms. The US has not met its obligations under the treaty, nor have any of the other nuclear club members.

It is my judgment that this has been very great diplomacy conducted by the Obama administration following the successful normalization of relations with Cuba, and is truly one of this administration's great achievements in foreign policy.

### Steve Clemons:

One of the really interesting things about Washington right now is a strategic incoherence that creates very powerful machinery

that can be easily hijacked by events, causes, or crusades. The machinery that exists ostensibly to protect the interests of the United States often can undermine those very interests.

There is a perception that the US is in some form of strategic contraction, driven in part by reductions in spending and the size of the military. It can be difficult to convince our allies that the US can still provide the deliverables in the international security arena that it once did.

In reaction, ostensible allies have begun to take new positions. Israel and Saudi Arabia are behaving differently because they don't believe the United States is fundamentally able to shape the circumstances in the Middle East. A global fragility is developing based on doubt in America's ability to deliver.

To restore the perception of American power we need to move the needle on certain issues, including Israel, Palestine, Cuba, and Iran. Had I been running the National Security Council for President Obama, I would not have led with the Israel-Palestine front; I probably would have done the Cuba deal the first year. I give President Obama credit on Cuba, but I give him a C for late arrival. The echo effects that that decision would have had on the way US policy is perceived both in Latin American and globally would have had a far greater impact in the first two years of the administration, rather than in its twilight.

The Iran deal doesn't just stop Iran from getting a bomb. It also serves to convince the world that the US still has the ability to shape the international order. There's a respect even among the Saudis and the Israelis that the US and its allies were able to move it forward.

We should now be asking what the president is doing to take the momentum from the Iran deal and move into other problem areas. But that discussion is completely absent. We're living with an a la carte foreign policy that is undermining US power.

The US remains an important power with global interests. Rather than ad hoc, a better approach would include offshore balancing. The US would then maintain the ability to secure and pursue its interests and cultivate responsible stakeholders in

an increasingly chaotic world.

But this requires participating parties to have a consensus understanding of their purpose. It's really interesting to watch the Obama administration trip over itself in Syria. I understand and support the president's arm-length policy of not intervening more deeply; it's a quagmire waiting to gobble up and consume powers. But the fact that he goes partway, with 50 special ops, and can't maintain a cohesiveness of direction is something that greatly disturbs me.

### Heather Hurlburt:

I want to discuss a number of myths or underlying explanations about foreign policy and security strategy.

We're not in a war on modernity. We are not in a world of medieval versus modern. ISIS could not exist without a multi-continental, multi-ethnic strategy that has only been possible in the modern era. ISIS could not exist without modern communications tools. The reason that this slogan is a problem is that it makes us feel too good about ourselves and makes the problem sound easier than it is. Our modern society and modern military are so superior to anything medieval, right?

We are not in a war for Western values, Western civilization, or the West against the rest. The core values that we like to define as Western, the ones in the UN Charter, actually get as positive a response around the world today as they ever have. It isn't the case that citizens of the Middle East hate our freedom, security, or liberty. This foolish and unfortunate idea blinds us to where our allies and where our opponents are.

My next point is a little bit more worrying: around the world, and particularly in Western democracies, citizens are giving up on old models and structures that promised solidarity. We can see this in the swing to the right in the recent British and Israeli elections, and in the decline in popularity of the European Union. In the US, our citizens have at some level given up, not on American ideals, but on the structures and institutions to carry out those ideals.

The next myth I want to explode is that

we are in a climate of war fever; it's in fear fever. The same neural pathways that are getting jangled every day by the idea that we could all be gunned down in the metro on our way home are also getting jangled by the idea that our job might be gone; our 401-k might have collapsed; we may not be able to send our kid to college. We are living in an age where we're economically jangled every minute of every day, and our neural system doesn't actually differentiate between ISIS and the stock market. Our fellow citizens are living on the edge in a way that makes all of us small 'c' conservative, more hostile to outsiders.

I do want to mention one or two positive

**The same neural pathways that are getting jangled every day by the idea that we could all be gunned down in the metro on our way home are also getting jangled by the idea that our job might be gone; our 401-k might have collapsed; we may not be able to send our kid to college. We are living in an age where we're economically jangled every minute of every day, and our neural system doesn't actually differentiate between ISIS and the stock market.**

things. We are seeing people put more and more trust in new-style institutions and ways of organizing across borders. The Iran deal is a really interesting manifestation within the international system, because it leans on the UN, the Perm Five, the EU, the NPT and the IAEA, but it's none of those exactly; it's a group that came together to make a deal. I believe this is the future of international diplomacy.

Similarly, the climate summit in Paris seems likely to produce some real and serious agreements and will result in real change for real people all around the world; but that are highly unlikely to look like the old-fashioned model of legally binding, universally applicable, same-rules-for-everybody UN conventions.

Several international non-governmental organizations based on directly connecting activists are growing quickly, while many traditional peace organizations are struggling. So, there are new-generation models in the public, private, and NGO sectors that are models for hope.

I have two specific requests for economists. The need for understanding of the connections between what goes on domestically and what goes on internationally has never been greater. There is a screaming need for more intelligent, layperson-friendly language.

Lastly, I can't believe the number of very smart liberals who've said to me that we need to keep growing the defense budget. Military Keynesianism is just about the worst kind of Keynesianism there is. If you actually want to grow the economy, any other government spending has a higher multiplier. The studies that looked at that are close to a decade old now. It would be great to see some new work looking at the consequences of how we spend money in a highly constrained resource environment. Where can Americans spend money in ways that will actually ease the jangling of both their security- and economic-related nerves?

## Upcoming Events

- **April 12-13, 2016** The 25th Annual Hyman P. Minsky Conference on the State of the US and World Economies hosted by The Levy Economics Institute of Bard College and The Ford Foundation will be held at Bard College  
**More information available here:**  
<http://www.levyinstitute.org/news/25th-annual-hyman-p-minsky-conference>
- **May 24-26, 2016** The Alliance for Peacebuilding (AfP) Annual Conference will be held at The United States Institute of Peace Headquarters in Washington DC.  
**More information available here:**  
<http://www.allianceforpeacebuilding.org/our-work/annual-conference/>
- **June 20-22, 2016** The 16th Jan Tinbergen European Peace Science Conference, annual meeting of NEPS, will be held at the Catholic University of the Sacred Heart, Largo Gemelli 1, 20123 Milan.  
**More Information available here:**  
<http://www.europeanpeacescientists.org/jan.html>
- **June 20-July 4, 2016** The 3rd International Summer School in Sarajevo and Srebrenica, Learning from the past—Exploring the Role of Transitional Justice in Rebuilding Trust in a Post-conflict Society will be held at The International University of Sarajevo (IUS).  
**More information available here:**  
<http://lftp.ius.edu.ba/>
- **September 30-October 3, 2016** Disarm! IPB World Congress 2016 hosted by the International Peace Bureau, and co-sponsored by EPS, at Technical University Berlin Germany. The aim of the congress is to bring the issue of military spending, often seen as technical question, into the broad public debate and to strengthen our global community of activism. The enormous global challenges of hunger, jobs and climate could be brought closer to a solution by real disarmament steps –steps that need to be clearly formulated and put into political reality.  
**More information available here:**  
<https://www.ipb2016.berlin/congress/>



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- Procurement and offsets
- Arms races and alliances
- Peace economics and peace science
- Conversion and demilitarisation
- Economics of terrorism

Offers of papers on related topics are also welcome as well as any proposal for a complete session.

Deadline for submitting paper and session proposals: 1st April 2016

More information available here:

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