The Levy Economics Institute of Bard College

Report

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New Public Policy Brief

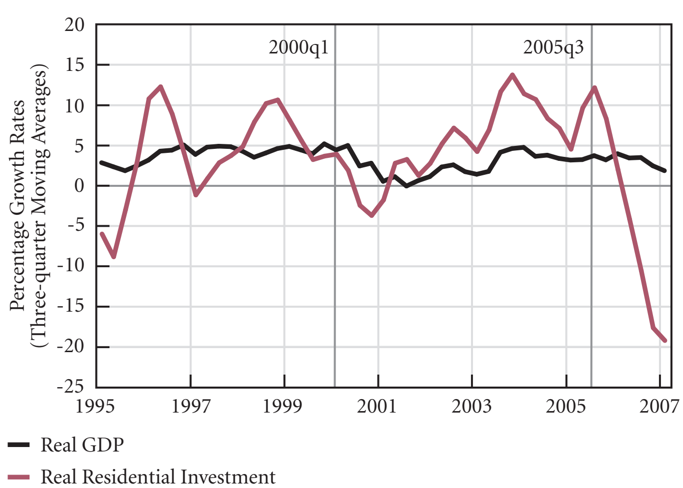
CRACKS IN THE FOUNDATIONS OF GROWTH: WHAT WILL THE HOUSING DEBACLE MEAN FOR THE U.S. ECONOMY?

DIMITRI B. PAPADIMITRIOU, GREG HANNSGEN, and GENNARO ZEZZA
www.levy.org/pubs/ppb_90.pdf

The accumulating evidence of the widening effects of the U.S. subprime mortgage crisis has given the task of analyzing this sector of the U.S. housing market an urgency unmatched by any other. This new Public Policy Brief presents data on the magnitude of the crisis, provides estimates of its impact on domestic spending, and discusses the development of new financial products in the subprime mortgage sector.

The authors note that the rate of housing investment change and the rate of economic growth were positive from the 2001 recession until recently; then the former sharply declined, turning negative (Figure 1). They also note that the recent increase in the demand for homes was

Figure 1 Growth in GDP and Residential Investment



Source: Bureau of Economic Analysis

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The Levy Economics Institute of Bard College, founded in 1986, is a nonprofit, nonpartisan research organization devoted to public service. Through scholarship and economic research it generates viable, effective public policy responses to important economic problems that profoundly affect the quality of life in the United States and abroad.

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fueled by a steep rise in subprime mortgages, characterized by loans issued to high-risk borrowers, and in some other types of mortgages made under very lax lending standards (e.g., no down payment or proof of income).

The authors emphasize the expanded role, in recent years, of home equity as a "piggy bank"—the use of second mortgages and equity lines of credit to make consumption possible when there is no other source of extra cash. They provide a discussion of the existing econometric estimates of housing wealth effects on private domestic expenditure, and offer some of their own estimates. The simplest approach is to estimate consumption as a function of wealth, and perhaps additional variables such as home equity withdrawal. However, such estimates do not offer a firm basis for causal interpretation, and must be corrected when both expenditure and wealth are driven by a force outside the equation (e.g., increased credit availability). The authors also attempt to capture some of the effects on economic activity of other factors not explicitly taken into account in the above estimates by using the Levy Institute macroeconomic model of the U.S. economy, along with a few simple indicators affecting domestic private expenditure. They obtain "elasticity" estimates—the percentage change in expenditure resulting from a 1 percent increase in a variable affecting it—and find that the fall in house prices and household borrowing in the first quarter of 2007 implies a fall in expenditure of about 0.9 percent over the long run.

The optimistic view of the subprime mortgage sector is that it makes the availability of credit for home purchases more egalitarian, extending it to those otherwise regarded as a high credit risk. The authors, however, are not as sanguine about such developments. They argue that the outcome will probably be a net decrease in home ownership because of numerous foreclosures, and because many subprime loans are not used to finance first-time home purchases; they point to the recent increase in delinquencies, and a doubling of the number of mortgages that are at least 90 days in arrears. Moreover, the impact of the subprime implosion has been uneven, with minority borrowers bearing much of the brunt of the waves of foreclosure.

Conference

Economists for Peace and Security

War and Poverty, Peace and Prosperity

The first stand-alone conference hosted by Economists for Peace and Security (EPS) in over 10 years was held at the Levy Institute May 30–June 1. The conference brought together international leaders in economic thinking, as well as policy analysts, scholars, entrepreneurs, media, and citizens from diverse viewpoints, to present research findings and exchange views.

The links between economics and security received close attention in this conference, both in applying economic concepts to non-economic issues of security such as the consequences of asymmetric information between opposing parties, also known as moral hazard, in conflict zones; and of the relevance of economic hypotheses for understanding of the strength of such parties, for instance: of two countries at war the one with less inequality is more likely to prevail. Session topics included:

- The Comparative Economics of Global Security;
- Poverty, Conflict, and Agriculture (session co-organized by the Dutch/Flemish Chapter of EPS and the Households in Conflict Network);
- The Economics of Warfare and the Costs of War;
- Rethinking Post–Cold War U.S. Security Policy: What Went Wrong? How Do We Get It Right? (session co-organized by Carl Conetta of the Project on Defense Alternatives);
- Space Economics and the Diseconomies of Space Weapons (session sponsored by the Arsenault Family Foundation);
- Avoiding War;
- Constructing Peace in Post-conflict Zones with Innovative and Entrepreneurial Tools (session sponsored by the Ewing Marion Kauffman Foundation); and
- Building a Secure America at Peace

Keynote addresses were delivered by Michael Lind of the New America Foundation; Linda Bilmes of the Kennedy School of Government, Harvard University; and Barbara Bergmann, professor emerita of American University and the University of Maryland.

For additional information, please contact EPS via its website (www.epsusa.org) or e-mail its executive director, Thea Harvey (theaharvey@epsusa.org).

Workshop

Future National Survey of American Jews

On July 25–26, a workshop on designing a future national survey of American Jews was held at the Levy Institute, sponsored jointly with the National Jewish Population Survey. The workshop addressed the requirements of a survey of American Jews and their attitudes, particularly toward the Middle East, in an era when many share both Jewish and non-Jewish heritages; examined the inadequacies of current surveys; and explored feasible alternative sampling methods. Participants also discussed the financing of such surveys, and whether the work should be overseen by an academic institution.

New Working Papers

Recent Trends in Household Wealth in the United States: Rising Debt and the Middle-Class Squeeze

EDWARD N. WOLFF

Working Paper No. 502

www.levy.org/pubs/wp_502.pdf

This new working paper by Senior Scholar Edward N. Wolff of New York University takes a broad look at recent trends in the distribution of household wealth, income, and debt in the United States. The principal yardstick used is marketable wealth (net of debt), consisting only of assets that can be readily converted to cash.

The paper reports a fall in median net wealth of 0.7 percent between 2001 and 2004, which, the author notes, is unprecedented in the absence of a recession, and a direct result of the enormous increase in middle-class debt over the period. While wealth inequality was up only slightly between 2001 and 2004, nonhome wealth inequality rose sharply; however, income inequality actually fell between 2001 and 2003.

A main finding of the paper concerns the explosion in household debt and the financial "squeeze" placed on the middle class. After falling throughout the late 1990s, the debt-to-equity ratio increased from 14.3 percent in 2001 to 18.4 percent in 2004, and the ratio of debt to total income from 81.1 percent to 115 percent. Excluding mortgage debt on the principal residence, the ratio of all other debt to total assets rose by about 4 percent. Regarding the differences in portfolio composition by wealth class, the author reports that in 2004, primary housing accounted for only 10.9 percent of the wealth of the richest 1 percent, with mortgage debt amounting to 17.1 percent of home value. By contrast, the primary residence accounted for 66.1 percent of the gross assets of those in the middle three quintiles, while net home equity accounted for only 34.7 percent of the total assets of this group, suggesting a heavy burden of mortgage debt. Indeed, for these income classes, mortgage debt amounted to nearly half the value of their principal residence.

Disparities in net wealth and nonhome holdings between non-Hispanic white and African American households increased between 1998 and 2004—average net worth rose by a whopping 73 percent for whites but only by 31 percent for black households—although the gap narrowed again during 2001–04. Hispanic households lost some ground, in net and nonhome wealth, both in absolute terms and relative to non-Hispanic white households between 1998 and 2001, but then rebounded by 2004.

Overall, there was a shift in wealth away from the under-35 age group and toward those aged 55–64.

A Simplified "Benchmark" Stock-flow Consistent (SFC) Post-Keynesian Growth Model

CLAUDIO H. DOS SANTOS and GENNARO ZEZZA

Working Paper No. 503

www.levy.org/pubs/wp_503.pdf

The study of the dynamic properties of stock-flow consistent (SFC) growth models of financially complex economies is still in the early stages. This new working paper, by Research Scholars Claudio H. Dos Santos and Gennaro Zezza, is a contribution to this relatively unexplored area. The foundation of their approach is the assumption of the relative stability of stock-flow ratios. For example, assuming a constant flow of sales, changes in inventory will be small; or, given a constant flow of income, monetary holdings will essentially remain unchanged. Given this basic assumption, one can rule out certain behaviors of economic agents, and make inferences about the speed of adjustment of the macroeconomy-wide flow variables.

Dos Santos and Zezza derive the long-run properties of their model from sequences of short-run equilibria. They first obtain short-run equilibrium conditions. They examine the "short period" equilibrium of the consumer goods market by means of a utilization curve, showing that the level of economic activity is determined by government expenditure, private investment growth, the rate of interest, and the initial stock of wealth. Depending on the given parameter values, the outcome can be stable or unstable.

In the long-run equilibrium, stocks should be constant; therefore, inflows equal outflows. Hence, Dos Stantos and Zezza obtain long-run equilibrium by making the opening and closing period variables equal in their short-run equations. This would then allow them to work out, for example, the effect of a fall in government expenditure on long-run economic growth.

In a macroeconomic model of this kind, simplifying assumptions are crucial, limiting the task to manageable proportions. One such assumption in this paper is that short-run expectations of economic agents are correct and satisfied. The authors defend this assumption against critiques by arguing that allowing for unsatisfied expectations would make the task impractically complex.

Female Land Rights, Crop Specialization, and Productivity in Paraguayan Agriculture

THOMAS MASTERSON

Working Paper No. 504

www.levy.org/pubs/wp_504.pdf

Most of the empirical studies of intrahousehold gender effects on production have centered on Africa, where men and women commonly have their own plots to farm. By contrast, such studies for Latin America, because of the predominance of family farming, have been relatively rare. This new working paper by Research Scholar Thomas Masterson, based on a survey of Paraguayan agriculture containing data on ownership of land by individuals, provides, for the first time, an assessment of the direct impact of women's land rights.

The paper is based on earlier findings for the region, which indicate that households with female land rights have lower agricultural income. The author cites three explanations for this outcome. The first is that women with land rights may on average own smaller plots of land than men. Second, that women farmers with land rights are less productive. And third, that it is also possible that such households cultivate land differently; that is, growing food crops as opposed to cash crops, farming rather than raising cattle, or simply planting a different mix of specific crops.

Masterson empirically tests each hypothesis in turn. Regarding the first, he notes that although women with land rights have significantly lower farm earnings and less land, they have a higher income per hectare, and receive more of their income from dairy production and less from crop production. As for the second, he finds no significant difference in yields (total harvested value divided by area sown), either for specific crops, or for food crops versus cash crop. Finally, on gender differences in overall productivity, the productivity regression results indicate a lower farm income per hectare and return on assets for women with land rights, despite employing controls for both in the equation. The author concludes by noting that his data refer to access to land, not necessarily to control over land; perhaps a barrier to the latter, not a lack of land rights, is the cause of the gender disparity in farm income.

Implementation of the National Rural Employment Guarantee Act in India: Spatial Dimensions and Fiscal Implications

PINAKI CHAKRABORTY

Working Paper No. 505

www.levy.org/pubs/wp_505.pdf

Since its enactment in 2005, the National Rural Employment Guarantee Act (NREGA) has been implemented in 200 districts in India. In this working paper, Research Associate Pinaki Chakraborty of the National Institute of Public Finance, New Delhi, assesses the contributions and shortcomings of the NREGA so far, especially in the alleviation of poverty.

A principal feature of the NREGA is its guarantee of at least 100 days of wage employment each fiscal year for at least one adult member per household who is prepared to do unskilled manual labor at the wage rate specified by the state government.

One issue examined is whether the program's statutory minimum wage rate has diverted labor from other regular productive work, given that it should be high enough to meet the daily subsistence need of the worker's household—in other words, if the program has created upward pressure on agricultural wages. Chakraborty finds that in many states the statutory wage is much lower than the market wage rate; therefore, the possibility of a laborer shifting from another sector into a NREGA program seems remote, the exceptions being the poorest states of Madhya Pradesh and Uttar Pradesh. Moreover, the author presents evidence of the incidence of rural income poverty being at least four times the incidence of unemployment, suggesting that if NREGA is to make a perceptible dent on poverty, the effect of the applicable wage rate is of paramount importance. Nonetheless, of the 200 districts currently under NREGA, 119 fall in seven states that are predominantly rural, accounting for 54 percent of all rural Indian households and 68 percent of rural households below the poverty line, implying that NREGA has been focused on the poverty-stricken regions of India. Finally, Chakraborty finds that the states making better assessments of the demand for work are obtaining more of the NREGA funds, and notes the potentially regressive effect of such an outcome on states lacking the organizational capacity, for example, to accurately forecast labor demand.

The Effects of a Declining Housing Market on the U.S. Economy

DIMITRI B. PAPADIMITRIOU, GREG HANNSGEN, and GENNARO ZEZZA
Working Paper No. 506
www.levy.org/pubs/wp_506.pdf

A version of this paper was published as Public Policy Brief No. 90, which is summarized on pp. 1 and 3 of the current issue of the *Report.*

Who's a Jew in an Era of High Intermarriage? Surveys, Operational Definitions, and the Contemporary American Context

JOEL PERLMANN
Working Paper No. 507
www.levy.org/pubs/wp_507.pdf

Demographic changes in recent decades have made those born to families with only one Jewish parent the largest component of the U.S. Jewish population. In this working paper, Senior Scholar Joel Perlmann explores alternatives to the common survey practice of identifying a Jewish person by religion that are likely to provide more accurate estimates of the current size of the U.S Jewish population, and a more reliable picture of its views on the Middle East conflict.

Perlmann examines the shortcomings of the American Jewish Committee (AJC) annual political opinion polls, which are limited to respondents who are Jews by religion. He notes that this definition excludes secular Jews, most of whom are likely to have mixed parentage, and whose views about their attachment to Israel are distinctly different from those who define themselves as Jews by religion. The author proposes two alternative definitions. The first is based on the "core" Jewish population, excluding those who report belief in a religion other than Judaism. The problem here, the author argues, is that many with mixed origins who may well have dual attachments, partly to Jewish culture and faith, are left out. The second, used in studies on American ethnicity, is to define a Jew by the respondent's self-identification. Moreover, these two definitions produce similar data on the features of the U.S. Jewish population, though Perlmann notes that the results of these data sets are likely to diverge over time. A comparison of figures from various definitions applied to different Jewish population surveys suggests that the definition of a Jew by religion excludes from one in four to one in eight people who should otherwise be reasonably regarded as Jewish. Perlmann concludes by demonstrating the importance of these definitions for assessing Jewish opinion on the Middle East. His data show that among those defined as Jews by religion, the proportion reporting feeling distant from Israel is low, but this figure is much higher when the survey is based on the core or self-identity criteria.

The American Jewish Committee's Annual Opinion Surveys: An Assessment of Sample Quality

JOEL PERLMANN
Working Paper No. 508
www.levy.org/pubs/wp_508.pdf

How representative is a survey of American Jews likely to be if based solely on the inclusion of Jews by religion? Senior Scholar Joel Perlmann addresses this question by examining the quality of the six-year survey conducted by the American Jewish Committee (AJC), which is based on sample inclusion by religion.

The author admits that some fluctuation in the average characteristics of the AJC annual sample over such a period is likely, but the survey's stated sampling error of about 3 percent (from its true, population values) is more than that found in most other surveys. The main reason for this, Perlmann believes, is that the AJC modified its design for compiling its consumer mail pool, as well as the procedure for selecting individuals from within that pool. One way to spot the resulting errors, he suggests, is to compare its survey outcomes with those of two other well-known sources, the American Jewish Identity Survey (AJIS) and the National Jewish Population Survey (NJPS). He notes two examples in this regard: marital status, and total household annual income. While marital status outcomes are remarkably close in the AJIS and NJPS, they differ with respect to the mean AJC outcomes, which show 5 percent more respondents are married and 4 percent fewer never married. The author also notes that in the AJC survey, no households failed to respond to questions on total annual household income. By contrast, the AJIS and the NJPS surveys report 12 percent and 18 percent nonresponse to such questions, respectively. Moreover, the AJC survey has lower total household annual income than the other two surveys. However, since educational attainment levels—an important way in which income differences would usually be relevant to political opinion—are similar across all three surveys, the significance of income differences between the AJC and the AJIS and NJPS are somewhat reduced. The author concludes that the AJC results should be treated with caution.

On Various Ways of Measuring Unemployment, with Applications to Switzerland

JOSEPH DEUTSCH, YVES FLÜCKIGER, and JACQUES SILBER
Working Paper No. 509
www.levy.org/pubs/wp_509.pdf

The measurement of unemployment is relatively less developed compared to that from the field of poverty, with the simple unemployment rate (total employment as a proportion of total labor force) remaining the most popular. In this paper, Joseph Deutsch, Yves Flückiger, and Research Associate Jacques Silber of Ban-Ilan University draw on a few well-known and effective measures of poverty to construct more complex measures of unemployment, and apply the new indices to Swiss regional unemployment data.

The authors develop three leading measures of poverty—the Sen index of poverty, a more distribution-sensitive version of it, and the generalized poverty-gap (FGT) index—into equivalent measures of unemployment. These poverty indices utilize, in various combinations, information on the total number of households below the poverty line, the income gap separating each of these households from the poverty line, and the Gini index of inequality among the poor. As such, these three aspects of poverty, the authors suggest, have their counterparts in the ratio of the unemployed to the total labor force, the durations of unemployment, and the inequality of those durations among the unemployed.

Using a graph of cumulative days of unemployment plotted against months of unemployment, the authors derive equivalent indices of unemployment corresponding to the Sen index, its revised version, and the FGT indices. Moreover, they further refine each measure through a decomposition procedure that breaks down the differences in the unemployment measure between the country as a whole and each of its regions into three components: the unemployment rate, the gap between the maximum and average cumulative days of unemployment, and the inequality of the cumulative days of unemployment.

The empirical illustration provided for Swiss data shows that in each region, the FGT unemployment measure produces the lowest values, and the revised Sen measure, the highest. The decomposed values indicate that the unemployment rate accounts for most of the differences in the national-regional unemployment gaps. However, as the authors point out, this outcome is based on the assumption of a maximum unemployment duration of 365 days. They test their results using other assumptions—for example, that maximum duration equals that actually observed in the survey—and conclude that measured unemployment is rather sensitive to the assumption of maximum duration.

A Post-Keynesian View of Central Bank Independence, Policy Targets, and the Rules-versus-Discretion Debate

L. RANDALL WRAY
Working Paper No. 510
www.levy.org/pubs/wp_510.pdf

The control of the rate of interest is the single most important policy tool for the current macroeconomic policymakers. In this paper, Senior Scholar L. Randall Wray of the University of Missouri–Kansas City suggests a Keynesian interpretation of the macroeconomic effects of the interest rate as an alternative to some Post-Keynesian views on the subject.

One of the main issues is what kind of interest rate should be the policy target: the nominal rate of interest, expressed in terms of money, or the "real" rate, obtained by subtracting the rate of inflation for a "basket" of goods. The author argues against employing a real target interest rate, since no single price index reflects the relevant prices in all industries and for all asset returns; for example, an industry's labor costs may rise at one rate, its fuel costs at another, and its output prices at yet a third. Given this outcome, there is no reason that the "real" interest rate would be a key driver of economic activity.

The author is also critical of the conventional view that a higher rate of interest leads to lower spending by raising the cost of borrowing, and suggests several reasons to doubt such effects. He points out, for example, the slim chance of savers/creditors' having a low propensity to spend, where a large portion of public and private debt is held by those whose spending is largely a function of interest earnings (e.g., retirees). So it is possible that raising rates actually stimulates demand. Moreover, it is unclear whether policy can affect the indicators of domestic price stability. Most of the U.S. inflation rate as measured by the Consumer Price Index can be attributed to housing, transport, and food, and price changes for all three are beyond the control of domestic policy; for example, shelter services consist of rent and imputed rent for owner-occupied housing; transport and food price movements are mainly due to global influences such as internationally set oil prices.

The Fed's *Real* Reaction Function: Monetary Policy, Inflation, Unemployment, Inequality—and Presidential Politics

JAMES K. GALBRAITH, OLIVIER GIOVANNONI, and ANN J. RUSSO
Working Paper No. 511
www.levy.org/pubs/wp_511.pdf

The conventional view of the current monetary policy practice is that it reacts to changes in inflation in order to stabilize prices, and that it does so in a politically neutral manner. In this paper, Senior Scholar James Galbraith, Olivier Giovannoni, and Ann Russo of the University of Texas at Austin challenge this view on both counts by undertaking an econometric analysis of U.S monetary policy time-series data.

According to the Taylor rule, the Federal Reserve (Fed) sets the rate on federal funds in response to a combination of the difference between the actual and desired rates of inflation (usually 2–3 percent), and the difference between the actual and natural rates of unemployment (around 5 percent). For example, if actual inflation is above the desired level, the Fed tightens policy, raising the short-term interest rate; or when actual unemployment is above the natural rate, the Fed eases monetary policy. The authors also employ the same basic "reaction function" but modify it in several respects required by their analysis. In particular, they include in their Taylor equation an indicator, closely related to unemployment, for inequality of pay to examine the claim that the Fed considers this issue outside the scope of its dealings. Their main findings, contrary to the conventional view, are that monetary policy does *not* tighten when inflation is high and rising, but that it *does* tighten when unemployment is low and falling; and that policy does significantly affect pay inequality.

This raises the question of the political neutrality of the Fed. The authors examine this issue by introducing dummy variables in the Taylor equation for presidential preelection periods under the two dominant political parties. Their findings suggest that, after controlling for the relevant factors in the equation, the Fed alters rates in order to assist the Republican side at election times, contradicting the view of its independence from the executive branch.

Levy Institute News

New Research Scholar

Kijong Kim has joined the Levy Institute as a research scholar in the Gender Equality and the Economy program and member of the macromodeling team. His current research interest lies in strengthening gender aspects of macroeconomic modeling, which includes incorporating time-use data into social accounting matrix (SAM) and gender-oriented macro models. His other areas of interest are economic development in natural-resource-abundant countries, political economy, and environmentally sustainable development. Kim has taught microeconomics, macroeconomics, and environmental economics at the International School of Economics at Tbilisi State University, a newly established graduate program in Tbilisi, Georgia, and the

Bard Center for Environmental Policy. He received his B.S. in economics from Korea University and a Ph.D. in applied economics from the University of Minnesota, St. Paul.

Upcoming Event

Workshop: International Comparisons of Economic Well-Being

This workshop, organized with the generous support of the Alfred P. Sloan Foundation, will be held at the Levy Institute on October 11 and 12. The workshop has two specific aims. The first is to discuss the feasibility of developing estimates of the Levy Institute Measure of Economic Well-Being (LIMEW), an alternative measure of household economic well-being in the United States, for other Organization of Economic Co-operation and Development (OECD) countries. A preliminary study regarding the essential sources of data on wealth and time use has revealed the availability of the required data for the purpose of expanding the LIMEW into a comparative OECD research program on the measurement of well-being. The study identified three broad groups of countries in terms of the roles of the market and the state in the economy: the United States/Britain, Continental Europe, and Scandinavia. The second aim of the workshop is to enlist research collaborators in each of these three groups to help draft a project proposal for submission to the Sloan Foundation.

Participants in the workshop will include Conchita D'Ambrosio, Università Bocconi, Italy; James Davies, University of Western Ontario, Canada; Joachim Frick, DIW Berlin, Germany; Markus Grabka, DIW Berlin, Germany; Charles Horioka, Institute of Social and Economic Research, Osaka University, Japan; Thomas Masterson, Levy Institute; Joachim Merz, University of Lüneburg, Germany; Lars Osberg, Dalhousie University, Canada; Dimitri B. Papadimitriou, Levy Institute; Andrew Sharpe, Centre for the Study of Living Standards, Canada; Ronald Shettkat, Bergische Universität Wuppertal, Germany; Holly Sutherland, Institute for Social and Economic Research, University of Essex, U.K.; Michael Teitelbaum, Sloan Foundation; Panos Tsakloglou, Athens University of Economics and Business, Greece; Edward N. Wolff, Levy Institute and New York University; and Ajit Zacharias, Levy Institute.

Publications and Presentations

Publications and Presentations by Levy Institute Scholars

RANIA ANTONOPOULOS *Research Scholar*

Publication: Commentary on "Differing Prospects for Women and Men: Young Old-Age, Old Old-Age, and Eldercare" by L. B. Shaw, in *Government Spending on the Elderly*, D. B. Papadimitriou, ed., Houndmills, Basingstoke, Hampshire, U.K., and New York: Palgrave Macmillan, 2007.

Presentations: "Macro-Modelling Using Time Use Data," International Seminar on Mainstreaming Time Use Surveys in National Statistical Systems, Centre for Development Alternatives, Goa, India, May 24–25 (presented by M. Saluja); "Estado, Diferencia, Diversidad: Buscando un Camino con Mayor Democracia e Igualdad de Género" (State, Difference, Diversity: Toward a Path of Expanded Democracy and Gender Equality), Seminar on Democracy in Latin America: Contributions to the Debate, Project for Democratic Development in Latin America, United Nations Development Programme, Buenos Aires, May 29 (presented by coauthor F. Cos-Montiel); "Employment Guarantee Policies and Gender," Eighth International Conference on Engendering Macroeconomics and International Economics (GEM-IWG), Bosphorus University, Istanbul, July 20–22.

PHILIP ARESTIS *Senior Scholar*

Publications: *Advances in Monetary Policy and Macroeconomics* (with G. Zezza, ed.), New York: Palgrave Macmillan, 2007; *Aspects of Modern Monetary and Macroeconomic Policies* (with E. Hein and E. Le Heron, eds.), Houndmills, Basingstoke, Hampshire, U.K., and New York: Palgrave Macmillan, 2007; *Economic Growth: New Directions in Theory and Policy* (with M. Baddeley and J. McCombie, eds.), Cheltenham, U.K., and Northampton, Mass.: Edward Elgar Publishing, 2007; "Inflation Targeting: Assessing the Evidence" (with A. Angeriz) and "Credibility of Interest Rate Policies in Eight European Monetary System Countries: An Application of the Marko Regime-Switching of a Bivariate Autoregressive Model" (with K. Mouratidis), in *Issues in Finance and Monetary Policy*, J. McCombie and C. R. Gonzales, eds., New York: Palgrave Macmillan, 2007; ed., *Is There a New Consensus in Macroeconomics?,* Palgrave Macmillan, 2007; "Economic and Monetary Union: The Problematic Nature of Its Economic Policies" (with M. C. Sawyer), *Journal of Financial Transfor-*

mation, Vol. 19, No. 1, April; "The Relationship between Capital Stock, Unemployment, and Wages in Nine EMU Countries" (with M. Baddeley and M. C. Sawyer), *Bulletin of Economic Research*, Vol. 59, No. 2, May; "US-Hausmarkt und Zinspolitik" (with E. Karakitsos), *Financial Times Deutschland*, May 7.

Presentations: "Modelling the U.S. Housing Market" (with E. Karakitsos), "Fiscal Policy within the New Consensus Macroeconomics Framework," and "The U.S. Housing Slump and the Consumer" (with E. Karakitsos), 4th International Conference on Developments in Economic Theory and Policy, Institutions, and European Integration, Bilbao, Spain, July 5–6.

JAMES K. GALBRAITH *Senior Scholar*

Publications: "Global Macroeconomics and Global Inequality," in *Global Inequality: Patterns and Explanations,* D. Held and A. Kaya, eds., Cambridge: Polity Press, 2007; "What Is the American Model Really About? Soft Budgets and the Keynesian Revolution," *Industrial and Corporate Change,* Vol. 16, No. 1, February; "What Kind of Economy?" *The Nation*, March 5; "Economic Inequality and Political Power: A Comparative Analysis of Argentina and Brazil" (with L. Spagnolo and S. Pinto), *Business and Politics* (Berkeley Electronic Press), Vol. 9, No. 1, April.

GREG HANNSGEN *Research Scholar*

Presentations: "Are the Welfare Costs of the Business Cycle 'Trivially Small'? A Critique of Robert Lucas's Calculus of Hardship," Association for Social Economics sessions at the Southwestern Economic Association annual meeting, Albuquerque, New Mexico, March 14–17 and World Congress of Social Economics, Amsterdam, June 7–9.

JAN KREGEL *Senior Scholar*

Presentations: "Strategies for Economic Justice under Globalisation," World Social Forum, Nairobi, January 21–25; "Improving Global Economic Patterns of Growth and Employment," conference on "Sustainable Employment Generation in Developing Countries: Current Constraints and Alternative Strategies," University of Nairobi, January 25–27; "Explaining Global Imbalances," panel with J. Stiglitz and J. Ocampo, Annual Meeting of the Eastern Economic Association, February 23–25; co-convenor, "Financial Liberalization and Global Governance: The Role of International Entities," Expert Meeting of the Ford Foundation Research Group, Brazilian Institute of Social and Economic Analyses (IBASE), Rio de Janiero, March 19–20; "The Return of Interest in the Minsky Approach to Financial Instability and Possible Applications to Mexico," Independent National University of Mexico (UNAM), Mexico City, May 31; "Development Policy in an Unequal World," workshop on "Policy Perspectives on Growth, Economic Structures, and Poverty Reduction," Tsinghua University, Beijing, June 3–5; "Can Identifying the Causes of Poverty Give Insight into Eliminating Poverty?" conference on "Policy Perspectives on Growth, Economic Structures, and Poverty Reduction," June 7–9; "Growth and Development with Special Reference to Latin America," XVI Cycle of Economic Lectures, Bank of Guatemala, Guatemala City, June 21; "The International Monetary and Financial Outlook," monthly meeting of the Círcolo de Empresarios, Bilbao, Spain, July 5; "Recovering Keynes's Approach to Economic Policy," Fourth International Conference on Developments in Economic Theory and Policy, Special Session on Economic Policy, University of the Basque Country, Bilbao, Spain, July 5–6; "Latin American Financial Crises and Recovery," conference on "A Decade After: Recovery and Adjustment since the East Asian Crisis," Bangkok, July 12–14; "The Crisis of Multilateral Institutions of Global Financial Governance," presented at "Understanding Global Finance, Building International Resistance: A Conference on International Finance, Corporate Globalisation, and Alternatives," Chulalongkorn University, Bangkok, July 15–17; "Employer of Last Resort: An Alternative Path to Development in the Context of MDGs," Eighth International Conference on Engendering Macroeconomics and International Economics (GEM-IWG), Bosphorus University, Istanbul, July 20–22.

THOMAS MASTERSON *Research Scholar*

Presentations: Overview of the Levy Institute Measure of Economic Well-Being (LIMEW), U.S. Social Forum, Atlanta, June 27–July 1; "Female Land Rights, Crop Specialization, and Productivity in Paraguayan Agriculture," Second Meeting of the Society for the Study of Economic Inequality (ECINEQ), Berlin, July 12–14.

DIMITRI B. PAPADIMITRIOU *President*

Publication: "Economic Perspectives on Aging: An Overview," in *Government Spending on the Elderly*, D. B. Papadimitriou, ed., Houndmills, Basingstoke, Hampshire, U.K., and New York: Palgrave Macmillan, 2007.

Presentations: Interview regarding the alternative minimum tax (AMT) with Patrice Hill, *Washington Times*, March; interview regarding Basel II and its impact with Nicholas Rummell, *Financial Week*, April 4; "Full Employment Policy: Theory and Practice," Eighth International Conference on Engendering Macroeconomics and International Economics (GEM-IWG), Bosphorus University, Istanbul, July 20–22.

JOEL PERLMANN *Senior Scholar*
Publication: "Assimilation and Intermarriage" (with M. C. Waters), in *The New Americans,* R. Ueda and M. Waters, eds., Cambridge, Mass.: Harvard University Press, 2007.
Presentation: "The American Jewish Periphery," talk delivered at the Institute for Contemporary Jewry, The Hebrew University of Jerusalem, March 6.

EDWARD N. WOLFF *Senior Scholar*
Publications: "The Transformation of the American Pension System," in *Work Options for Mature Americans,* T. Ghilarducci and J. Turner, eds., Notre Dame, Ind.: University of Notre Dame Press, 2007; "The Retirement Wealth of the Baby Boom Generation," *Journal of Monetary Economics,* Vol. 54, No. 1, January; "Die ausgepresste Mitte: Amerikas Reichen geht es gut," *Die Zeit,* February 15; "Occupational and Industrial Mobility in the United States" (with E. Parrado and A. Caner), *Labour Economics,* Vol. 14, No. 3, June; "The Global Distribution of Household Wealth" (with J. Davies, S. Sandström, and A. Shorrocks), *Poverty in Focus: The Challenge of Inequality,* No. 11, June; "Measures of Technical Change and Structural Change in Services in the U.S.: Was There a Resurgence of Productivity Growth in Services?" *Metroeconomica,* Vol. 58, No. 3, July.
Presentations: "The World Distribution of Household Wealth," seminar at the United Nations Department of Economic and Social Affairs, New York, March 29; "Stagnating Wages and Rising Profits," New School Conference in Memory of David Gordon: A Realistic Growth Policy for Our Times, New School for Social Research, New York, April 13; "The Middle Class Squeeze," Marxist Theory Colloquium, New York University, April 27; "Measures of Technical Change and Structural Change in Services in the U.S.: Was There a Resurgence of Productivity Growth in Services?" Sixteenth International Conference on Input-Output Techniques, Istanbul, July 1–6; "Household Wealth and the Measurement of Economic Well-Being in the United States," Second Meeting of the Society for the Study of Economic Inequality (ECINEQ), Berlin, July 12–14.

AJIT ZACHARIAS *Senior Scholar*
Publication: "Impact of Wealth Inequality on Economic Well-Being" (with E. Wolff), *Challenge*, Vol. 50, No. 4, July–August.
Presentations: "Household Wealth and the Measurement of Economic Well-Being in the United States," The Eastern Economic Association, New York, February 23–25, and Second Meeting of the Society for the Study of Economic Inequality (ECINEQ), Berlin, July 12–14; "Caste, Occupational Status, and Wealth Inequality in India," Second Meeting of the Society for the Study of Economic Inequality (ECINEQ), Berlin, July 12–14.

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