

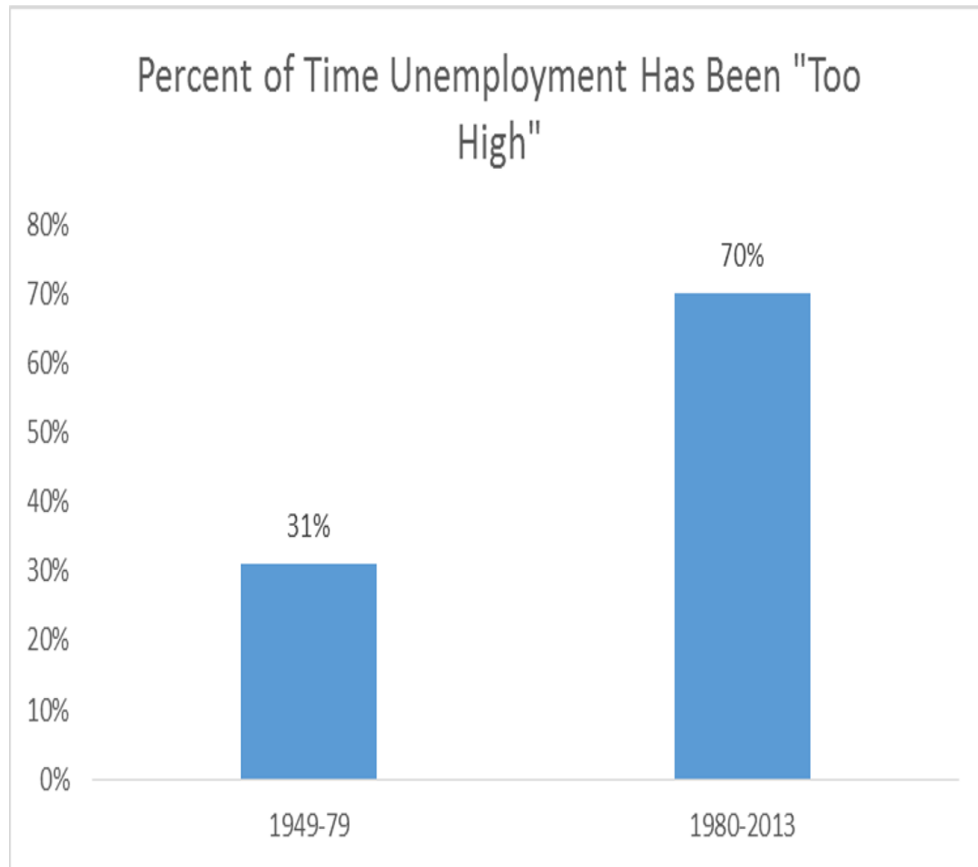
# PGEPs

Jared

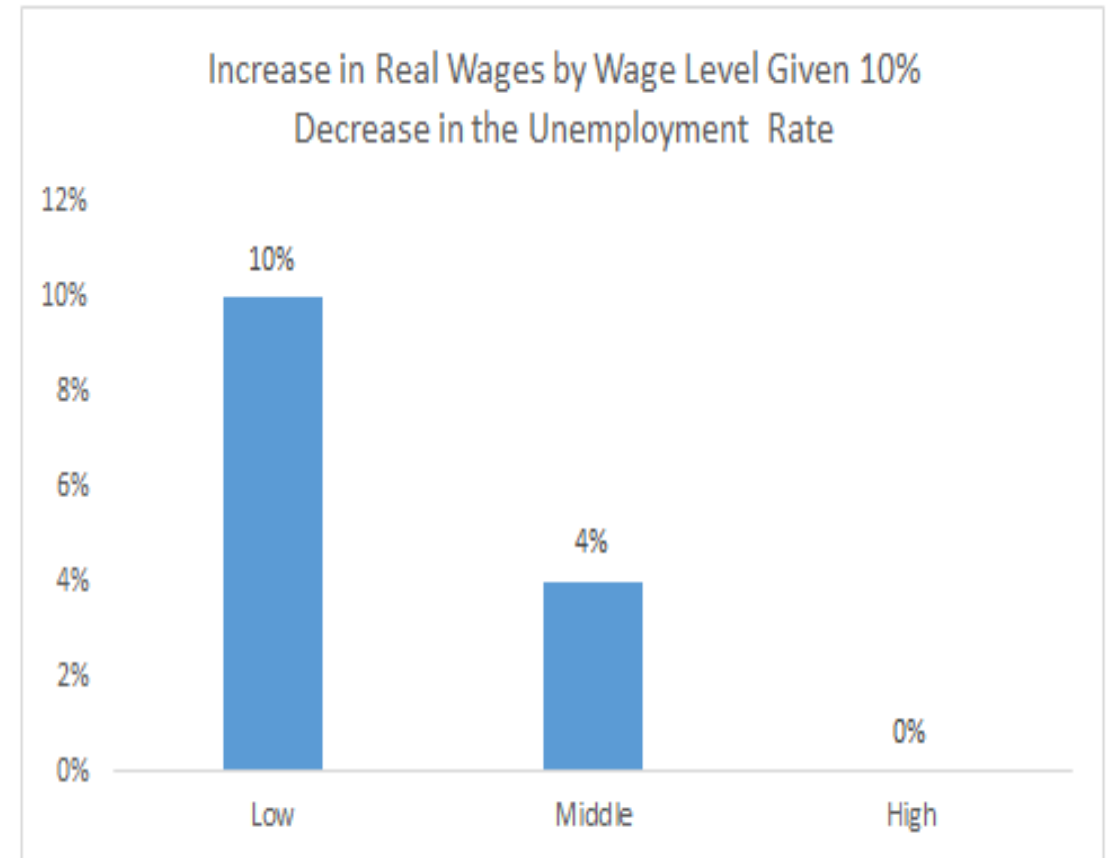
# Growth, three ways

- Persistent output gaps
- Potential GDP
- Broader measures: quality of life, sustainability.

# Macro PGEPs



Sources: CBO, BLS



Source: Baker and Bernstein: Getting Back to Full Employment. "Low" wage is 20th percentile, "middle" is 50th percentile, and "high" is 90th percentile.

# Macro, cont.

- Fiscal and monetary policy targeting output gaps are PGEPs (US austerity in 2013 cost us 1.5 ppts of GDP, over a million jobs;  $\frac{3}{4}$  ppt on unemp)
- Reduce the trade deficit
  - “...exchange rate policies are PGEPs: growth enhancing by reducing the trade deficit’s drag on GDP growth, and inequality reducing by support the creation of potentially millions of good jobs for production workers in exporting sectors.”
- Financial market regulation as a PGEP

# PGEPs that target potential growth rates

- Education
  - Linkages between ineq of outcomes and opportunity
- Immigration
  - Reducing occupational protectionism

# Micro PGEPs

- Safety net programs as investment, not just consumption.
- Also MPC channel

# Expanding G and E

- G to include quality of life
  - PGEPs in this space include paid sick leave, robust maternal and paternal leave policies, worker-centered scheduling, ensuring parents have ample time and resources to care for children and elderly parents (prevent discrimination against caregivers), and affordable, high quality child care.
- G to include sustainability
  - E to include who bears the costs of degraded environment