

Martin Neil Baily

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The Brookings Institution
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Date of Birth: January 13, 1945

Citizenship: U.S. Citizen

Married to Vickie L. Baily, four children

Education:

Cambridge University; majored in economics, first class honors, with a minor in natural sciences. B.A. 1966 M.A. 1971

Simon Fraser University in Canada; majored in economics and econometrics. M.A. 1968.

Massachusetts Institute of Technology, Ph.D. in economics, 1972.

Principal Positions:

Senior Fellow, The Brookings Institution, September 2007- present.

Senior Advisor, McKinsey Global Institute, McKinsey & Company, January 2002-present.

Board of Directors, The Phoenix Companies, Hartford CT, April 2005-present

Academic Advisor, Congressional Budget Office, Spring 2006 to the present.

Senior Fellow, Peterson Institute for International Economics March 2001-August 2007.

Chairman, President's Council of Economic Advisers, member of President Clinton's Cabinet, August 1999-January 2001.

Principal, McKinsey & Company, Inc., September 1996-August 1999.

Member, President's Council of Economic Advisers, October 1994-August 1996.

Professor of Economics at the University of Maryland, 1989 to 1996.

Senior Fellow at the Brookings Institution in Washington, D.C. 1979-89.

Co-Editor of the *Brookings Papers on Economic Activity, Microeconomics*, 1989 to 1999.

Lecturer, University of Nairobi, 1972; Assistant Professor MIT, 1972-73; Assistant and Associate Professor, Yale University, 1973-79; Visiting Professor, Universidad de los Andes, Colombia, 1975.

Awards and Recognitions:

Christ's College Cambridge University, College Scholar, First Class Honors, Part II Economics Tripos, 1967.

Ford Foundation Fellow, Canada Council Fellow, MIT, 1968-72.

Saul Nelson Distinguished Lecture, Oberlin College, 1975.

Member and Senior Advisor to the Brookings Panel, 1976 to present.

Research Associate or Affiliate of the National Bureau of Economic Research, 1978-1998.

Vice-Chairman, panel of the National Research Council/National Academy of Sciences, 1991-1993.

Academy of Management OCIS Division, Best Information Systems Article, 1995.

President, Economic Policy Committee, OECD, 1999-2001.

Invited paper, Kansas City Federal Reserve, Jackson Hole conference, Wyoming, 2001.

Distinguished Lecturer on Economics in Government, Society of Government Economists, 2002.

Invited contributions, Global Competitiveness Report, participation in World Economic Forum, 2003-2004.

Research Support:

Research has been funded by The National Science Foundation, The Sloan Foundation and The Ford Foundation, as well as numerous corporate supporters.

Consulting Activities:

Prepared economic analysis for numerous companies, including studies of the tax treatment of R&D for the Council on Research and Technology, a consortium of corporations and universities. Testified as an expert witness in D.C. Superior Court and in arbitration hearings. Worked with McKinsey client teams to provide economic counseling to CEOs and senior management.

Summary of Research Interests:

Developed a theory of implicit labor contracts, an analysis of why wage inflation responds so sluggishly to excess supply in the labor market. Evaluated the impact of unemployment insurance, policies to reduce structural unemployment and the role of monetary and fiscal policy in the stability of the U.S. economy. Since 1979 worked on productivity and innovation in the US and other countries. The impact of labor quality, energy and capital, measurement problems, innovation, the electronics revolution and management quality on U.S. economic performance have been assessed. Completed several studies of individual manufacturing plants. Participated as co-author and member of the leadership team of McKinsey Global Institute studies of service sector and manufacturing productivity and the employment performance and in a series of country studies. Participated in studies of the globalization of the capital market and of health care. Assessed the revival of US productivity growth, and the impact of the dollar on the US economy. Completed a book on European reform in September 2004. Currently developing a program of research on business and the economy at Brookings.

Listing of Publications and Papers:

"An Econometric Model of the World Copper Industry," *Bell Journal of Economics*, Fall 1972 (junior author).

"Research and Development Costs and Returns," *Journal of Political Economy*, Jan/Feb 1972.

"Wages and Employment Under Uncertain Demand," *Review of Economic Studies*, January 1974.

"Dynamic Monopsony and Structural Change," *American Economic Review*, June 1975.

"Unemployment and Unemployment Insurance," *Discussion Paper No. 29*, Yale University, December 1974.

"On the Theory of Layoffs and Unemployment," *Econometrica*, July 1977.

"Contract Theory and the Moderation of Inflation by Recession and Controls," *Brookings Papers on Economic Activity*, 3:1976.

"Unemployment Insurance as Insurance for Workers," *Industrial and Labor Relations Review*, July 1977.

"Inflation-Unemployment Consequences of Job Creation Policies," in J. Palmer, ed., *Creating Jobs: Public Employment Programs and Wage Subsidies*, The Brookings Institution, 1978 (with James Tobin).

"The Macroeconomic Impact of Selective Public Employment and Wage Subsidies," *Brookings Papers on Economic Activity*, 2:1977 (with James Tobin).

"Stabilization Policy and Private Economic Behavior," *Brookings Papers on Economic Activity*, 1:1978.

"Public Service Employment as Macroeconomic Policy" in *Job Creation Through Public Service Employment*, National Commission for Manpower Policy, March 1978 (with Robert M. Solow).

"Some Issues in Wage and Price Adjustment and Macroeconomic Fluctuations," presented to the NBER Conference on Macroeconomic Fluctuation, Stanford, January 1978.

"Some Aspects of Optimal Unemployment Insurance," *Journal of Public Economics*, December 1978.

"Output and Labor Input in the Short-Run," paper presented to the NBER Economic Fluctuations meeting, July 1979.

Inflation and Social Security Financing, study prepared for the National Commission on Social Security, June 1980.

"The Productivity Growth Slowdown and Capital Accumulation," *American Economic Review*, May 1981.

"Productivity and the Services of Capital and Labor," *Brookings Papers on Economic Activity*, 1:1981.

"Productivity in a Changing World," *Brookings Bulletin*, Summer 1981.

Workers, Jobs and Inflation, Brookings, 1982 (edited with an introduction).

"Labor Market Performance, Competition and Inflation," in *Workers, Jobs and Inflation*, Brookings 1982.

The Battle Against Unemployment and Inflation, Norton, 1982 (edited with Arthur M. Okun).

"Economic Models Under Challenge," *Science*, May 1982. Revised and reprinted as "Are the New Economic Models the Answer?" *The Brookings Review*, Fall 1982.

"The Productivity Growth Slowdown by Industry," *Brookings Papers on Economic Activity*, 2:1982.

"The Labor Market in the 1930's" in James Tobin, ed. *Macroeconomics, Prices and Quantities*, 1983.

"The Problem of Unemployment in the United States," in *Jobs for the Future*, Center for National Policy, Washington DC, May 1984.

"Will Productivity Growth Recover?" *American Economic Review*, May 1984.

"Innovation and Productivity in U.S. Industry," *Brookings Papers on Economic Activity*, 2:1985.

"Innovation and U.S. Competitiveness," *Brookings Review*, Fall 1985.

"Productivity Growth and Materials Use in U.S. Manufacturing," *Quarterly Journal of Economics*, February 1986.

"Productivity and the Electronics Revolution," *Bell Atlantic Quarterly*, Summer 1986.

"What Has Happened to Productivity Growth?" *Science*, November 1986.

"Aging and Ability to Work," in Gary Burtless, ed., *Work, Health, and Income Among the Elderly*, Brookings, 1987.

Science and Technology and the Competitiveness Problem, Study prepared for the National Science Board, August 1987.

Innovation and the Productivity Crisis, The Brookings Institution, 1988 (with A.K. Chakrabarti).

"The Productivity Slowdown, Measurement Errors, and the Explosion of Computer Power," *Brookings Papers on Economic Activity*, 2:1988 (with Robert J. Gordon).

"Productivity and American Management," in *American Living Standards: Threats and Challenges*, Brookings Institution, 1988 (with Margaret Blair).

"The Slowdown and Recovery of Productivity Growth in U.S. Manufacturing," paper presented at the Meetings of the American Economics Association, December, 1990 (with Charles Hulten).

"The Productivity of Capital in a Period of Slower Growth," *Brookings Papers on Economic Activity, Micro*, 1990, pp.369-406 (with Charles L. Schultze).

"Great Expectations: PCs and Productivity," in Charles Dunlop and Rob Kling *Computerization and Controversy*, Academic Press, San Diego CA, 1991; second edition 1995.

"Measurement Issues and the Productivity Slowdown in Five Major Industrial Countries," in *Technology and Productivity* ed. G. Bell, Organisation for Economic Cooperation and Development, Paris 1991 (with Robert J. Gordon).

Macroeconomics, Financial Markets and the International Sector, Richard D. Irwin, 1991 (with Philip Friedman).

"Productivity Dynamics in Manufacturing Plants," *Brookings Papers on Economic Activity, Micro: 1992* (with Charles Hulten and David Campbell); reprinted in *Innovation, Evolution of*

Industry and Economic Growth, edited by D. Audretsch and S. Klepper; for the *Critical Writings in Economics* series.

Service Sector Productivity, McKinsey Global Institute, Washington, D.C. 1992, Co-author.

"Made in the USA: Productivity and Competitiveness in U.S. Manufacturing," *The Brookings Review*, Winter 1993.

Growth with Equity, The Brookings Institution, 1993, (with Gary Burtless and Robert Litan).

Manufacturing Productivity, McKinsey Global Institute, Washington D.C., 1993 Co-author.

"Competition, Regulation, and Efficiency in Service Industries," *Brookings Papers on Economic Activity: Micro 2:1993*

Employment Performance, McKinsey Global Institute, Washington D.C. 1994, Co-author.

Macroeconomics, Financial Markets and the International Sector, second edition, Richard D. Irwin, 1994, (with Philip Friedman).

"Information Technology: Increasing Productivity in Services," *Academy of Management Executive*, August 1994; (with James Brian Quinn). Selected as the best publication of 1994 on information systems in the journals of the Academy of Management.

"Downsizing and Productivity Growth: Myth or Reality," in David G. Mayes ed. *Sources of Productivity Growth in the 1980s*, Cambridge University Press, 1995, (with Eric Bartelsman and John Haltiwanger); reprinted in *Small Business Economics*.

"Efficiency in Manufacturing and the Nature of Competition," *Brookings Papers on Economic Activity, Microeconomics, 1995*, (with Hans Gersbach).

Economic Report of the President, February 1995, and February 1996, Co-author.

"Trends in Productivity Growth," in *Technology and Growth, Conference Series No. 40*, Federal Reserve Bank of Boston, June 1996.

Removing Barriers to Growth and Employment in France and Germany, McKinsey Global Institute, (Co-author) March 1997.

"Health Care Productivity" *Brookings Papers on Economic Activity, Micro*; with Alan Garber, 1997.

Boosting Dutch Economic Performance, McKinsey Global Institute, Washington, DC, September 1997, Co-author.

Productivity: The Key to an Accelerated Development Path for Brazil, McKinsey Global Institute, Washington, DC, March 1998, Co-author.

Productivity-Led Growth for Korea, McKinsey Global Institute, Washington, DC, March 1998, Co-author.

“Extending the East Asian Miracle: Microeconomic Evidence From Korea,” *Brookings Papers on Economic Activity, Micro 1998*; with Eric Zitzewitz.

Driving Productivity Growth in the UK Economy, McKinsey Global Institute, Washington, DC, October 1999, Co-author.

“The Color of Hot Money,” *Foreign Affairs*, March/April 2000, 79 (2) pp. 99-109. With Diana Farrell and Susan Lund.

“Labor Productivity: Structural Change and Cyclical Dynamics,” *The Review of Economics and Statistics*, August 2001, 83 (3), pp. 420-33, with Eric Bartelsman and John Haltiwanger.

Economic Report of the President, February 2000 and January 2001, Co-author.

“Service Sector Productivity Comparisons: Lessons for Measurement,” in *New Developments in Productivity Analysis*, edited by Charles Hulten, and Michael Harper, NBER Conference volume, University of Chicago Press, 2001, with Eric Zitzewitz.

“US Economic Performance and the Challenge for Europe,” Keynote Address, The Brussels Economic Forum, *Proceedings*, The European Commission, Brussels, 2001.

“Do We Have a New E-conomy?” *American Economic Review*, Papers and Proceedings, May 2001, with Robert Z. Lawrence.

“International Productivity Comparisons Built from the Firm Level,” *Journal of Economic Perspectives*, 15 (3), Summer 2001, with Robert M. Solow.

“Economic Policy Following the Terrorist Attacks,” *International Economics Policy Brief, Number PB01-10*, Institute for International Economics, October 2001.

“Stirred but not Shaken: The Economic Implications of September 11,” in *How Did this Happen? Terrorism and the New War*, edited by James F. Hoge Jr. and Gideon Rose, Public Affairs, New York, 2001.

“The New Economy: Post Mortem or Second Wind?” *Journal of Economic Perspectives*, Spring 2002.

“Macroeconomic Implications of the New Economy,” presented at the 2001 symposium Jackson Hole. In *Economic Policy for the Information Economy*, Federal Reserve Bank of Kansas City, 2002.

“The New Economy in Europe and the United States” paper presented at the conference Transatlantic Perspectives on the US and European Economies, J. F. Kennedy School, Harvard University, April 2002.

“La Sostenibilidad de la Nueva Economía,” *Monedda y Credito*, No 214, 2002.

“The Year in Review: A Turning Point?” in Peter K. Cornelius, *The Global Competitiveness Report 2002-2003*, World Economic Forum and Oxford University Press, New York and Oxford, 2003.

“Persistent Dollar Swings and the US Economy,” in C. Fred Bergsten and John Williamson, *Dollar Overvaluation and the World Economy*, Institute for International Economics, 2003.

“Information Technology and Productivity: Recent Findings,” presentation at the American Economics Association, January 2003.

“The Sources of Economic Growth in OECD Countries: A Review Article,” *International Productivity Monitor*, Number 7, Fall 2003, 1-5.

“Promoting European Growth,” The Robert Schuman Lecture, The Lisbon Council, Brussels, October 2003.

“The Year in Review” in *The Global Competitiveness Report 2003-2004*, World Economic Forum and Oxford University Press, New York and Oxford.

Transforming the European Economy, with Jacob F. Kierkegaard, Institute for International Economics, September, 2004.

“The Impact of Trade on US Job Loss, 2000-03,” in *Dollar Adjustment: How Far? Against What?* C. Fred Bergsten and John Williamson eds, Institute for International Economics, November 2004; with Robert Z. Lawrence.

“Is Your Job Headed for Bangalore,” *The Milken Institute Review*, Fourth Quarter 2004; with Diana Farrell.

“Recent Productivity Growth: The Role of Information Technology and Other Innovations,” Federal Reserve Bank of San Francisco, *Economic Review*, 2004.

“What Happened to the Great US Job Machine? The Role of Trade and Electronic Offshoring,” *Brookings Papers on Economic Activity 2004:2*, Brookings Institution; with Robert Z. Lawrence.

“Don’t Blame Trade for US Job Losses,” *The McKinsey Quarterly*, 2005, with Robert Z. Lawrence.

Increasing Global Competition and Labor Productivity: Lessons from the US Automotive Industry, McKinsey Global Institute, McKinsey & Company, November 2005, jointly with the McKinsey team.

“On Europe’s Economic Woes,” *The Milken Institute Review*, First Quarter 2006, with Diana Farrell.

“Policy Implications of the Boskin Commission Report,” *International Productivity Monitor*, Spring 2006.

“Breaking Down Barriers to Growth,” *Finance and Development*, March 2006, with Diana Farrell.

“Competitiveness and the Assessment of Trade Performance,” in Michael Mussa ed. C. Fred Bergsten and the World Economy, Peterson Institute for International Economics, Fall 2006, with Robert Z. Lawrence.

“How Large An Adjustment of the Dollar?” paper presented at the joint Peterson, Bruegel, KIIIE conference on global imbalances, February 2007, posted on www.petersoninstitute.org

Presentation on the Outlook for the US and Global economies, Fall 2007.