

Editors' Introduction

THE BROOKINGS PANEL ON ECONOMIC ACTIVITY held its ninety-fourth conference in Washington, D.C., on September 13 and 14, 2012. The papers at the conference, like those at other recent meetings of the Panel, focused on issues raised by the run-up to the Great Recession, the recession itself, and the slow recovery.

The first paper, by Jacob Jensen, Ethan Kaplan, Suresh Naidu, and Laurence Wilse-Samson, examines an issue that has received considerable attention for its possible impact on the policy response to the recession and the slow recovery: political polarization. The paper combines enormous data sets and recently developed statistical techniques to examine the dynamics of the polarization of political discourse, both in Congress and in the broader society, over more than a century. The next three papers examine various aspects of the labor market. In the second paper of the volume, Regis Barnichon and Christopher Nekarda make a strong case that using information on inflows and outflows from employment and unemployment can lead to substantially better forecasts of the unemployment rate. The third paper, by Bruce Meyer and James Sullivan, shows that focusing on consumption rather than income and correcting for biases in standard price indexes lead to the conclusion that—contrary to the conventional wisdom—poverty in the United States has fallen sharply over the past half century. In the fourth paper, Robert Moffitt documents that the years before the Great Recession saw a downward trend in the fraction of the U.S. population that was employed, and investigates a range of possible explanations. The fifth paper, by Karl Case, Robert Shiller, and Anne Thompson, presents and explores a unique data set on the expectations and beliefs of U.S. homebuyers during the boom and collapse of the housing market over the past decade, finding that these expectations display complicated patterns and are volatile and often highly optimistic. In the

last paper, Michael Klein challenges the recent increase in support among economists and policymakers for controls on international flows of capital, and argues that failing to distinguish between controls that are broad and long-standing and ones that are narrow and temporary can lead to highly misleading conclusions.

The paper by Barnichon and Nekarda provides the *Brookings Papers* an opportunity to do something new for the journal: for the next several years, monthly updates of the forecasts generated by the paper's model will be posted on the journal's website. These updates will serve two purposes. First, they will offer policymakers and others a new source of information about the trajectory of the economy. Second, they will constitute a fully real-time record of the model's performance, subjecting the model to a uniquely demanding test and giving future researchers a powerful way of evaluating it. In future issues the *Brookings Papers* will continue to seek innovative ways to develop and publish useful complements to traditional research papers.