THE BROOKINGS INSTITUTION

MACOMB COMMUNITY COLLEGE

THE ECONOMY AND THE 2020 ELECTION: IF THE ECONOMY IS DOING SO WELL, WHY ARE SO MANY STRUGGLING?

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PARTICIPANTS

Welcome:

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Fireside Chat:

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P R O C E E D I N G S

MR. SAWYER: Welcome to Macomb Community College. We appreciate you braving the weather this evening and joining us tonight. We're also available online as well, so welcome to those folk.

My name is Jim Sawyer. I'm the president here at Macomb Community College. On behalf of our Board of Trustees, faculty, and staff, it is my pleasure to welcome you here. But before we begin there are a few folks I would like to introduce. I'll start with our board chairperson, Katherine Lorenzo, board vice-chairperson, Frank Cusumano, trustee Shelly Vitale. I would also like to introduce two other special guests, president emeritus Jim Jacobs and president emeritus Al Lorenzo.

So we really appreciate the opportunity that Brookings provided us to host this event. It's a tremendous accolade for us to be able to bring the caliber of speakers here. To have someone like Janet Yellen here to share her thoughts on the economy and the intersection with the 2020 election is just fabulous. David Wessel is a leader in this work as well. So we feel very proud to have them here. David will introduce the rest of the panelists shortly. You have their bios in your detailed agenda.

You know, Macomb County, we really recognize as we get closer to the election in November, there will be a lot of attention paid in our county, right. We know that we are kind of a bellwether to the politics going forward and it will be interesting to see what transpires over the next nine months. And we really see this as a fantastic kickoff to really give our community an opportunity to hear from literally experts in the field and see what the impact is of the economy and how that may intertwine with the election. So, with that, it is my honor to turn this over to David. (Applause)

MR. WESSEL: Thank you very much. Thank you. It's very good to be here. We no longer have snow in Washington, D.C., so we asked the college, what is the time when we're most likely to have snow, and they picked this date. So I just want to thank you for providing that, although if our plane doesn't take off, my attitude may change (laughter).

I have a longstanding interest and relationship with Macomb Community College. I think that I often say that America excels in higher education, but the future of the middle class in America has a lot more to do with what happens at places like Macomb Community College than it does at Harvard and Princeton and Yale. And so what I think happens here is fundamental to the future of our country. And to tell you a secret, community colleges come in varying degrees of quality, but this one is at the very top of the list. So you should be all proud that your county supports an institution like this.

Brookings is a think tank in Washington and a think tank is basically something like a university without students (laughter), which cuts down on the workload some. But one of our goals is to provide thoughtful, fact-based, analytical, nonpartisan insight into major public policy issues. And as you may have noticed, it is kind of hard to have your voice heard among the screaming these days when you want to say, okay, what's this really about. So this Policy 2020 project is our attempt to do that. We have a series of sort of FAQ style things on a variety of public policies on line and this is the first of a series of events we're going to do to get outside of Washington and, as President Sawyer said, basically the entire future of the country rests in who you vote for for president here in Macomb County. So take that seriously. We hope to help you make that decision based on policies, not on candidates or partisanship.

I'm very pleased to have Janet Yellen here. Janet Yellen, as you all know, is the former chair of the Federal Reserve. She's a colleague of mine at Brookings. She also happens to be president of the American Economic Association this year. And so I thought I'd ask her a few questions and then we'll have time to have some questions from you all before we're joined by our panel, which I'll introduce later.

So, Janet, I know what the topic of this thing is, but I think that there's just an awful lot of angst about the Coronavirus, so I wonder if we could start with -- so neither you nor I nor anybody on the panel is an epidemiologist, so we're not going to tell you what's going to happen, and if we do tell you, you should not take it seriously. (Laughter) But I wonder if you could talk a little bit about what kind of risks does a virus like this pose to the U.S. economy in particular, and what kind of tools do economic policy makers, the Fed and others, have to respond if this turns out to be something that spreads to the United States?

MS. YELLEN: Sure. Well, obviously there's a lot of uncertainty and it will depend on how this epidemiologically evolves over time. We have a global economy that's been pretty weak and a weak global economy even before the Coronavirus hit was a source of drag on the U.S. economy. It's created kind of a manufacturing recession of sorts in the United States, but consumer spending has been very strong, the service sector has been doing very well. The U.S. economy has continued to perform quite well. And before this hit it seemed like the global economy was stabilizing and maybe beginning to recover. The outlook for the U.S. looked quite good. I would have thought the odds of a recession are very low.

Now, this is clearly something that's had a very significant impact on China. It may continue to do so for longer. I think if the impact were limited to China this would probably be something that would have some impact on the global economy, but relatively little on the U.S. We're not that exposed to the global economy, although it does make a difference. But now it seems like the virus has extended into Italy, into other parts of Europe, into the Middle East, and it is spreading. And it's having two kinds of effects at this point on the economy. One on the supply side -- we have global supply chains and so many firms that make things based on supply chains getting parts from all over the world, and China is an important part of that, and Korea, where we now have the virus, is also a very important part of that. And it looks like, with the factories shut downs that have taken place, there will be an impact on ability to continue to make products given shortages of parts and supplies.

The other piece of it is impact on demand. Obviously, when people are quarantined and not traveling and trying to avoid the virus, they stop spending and they stop spending on parts of the economy that have been the strength, both here and globally -- tourism, travel, consumer spending will take a hit. And so, you know, depending on how serious this gets, I think, you know, we could see significant impact on Europe, which has been weak to start with, and it's just conceivable that it could throw the United States into a recession. I think if it doesn't hit in a substantial way in the United States, that's less likely. We had a pretty solid outlook before this happened. And there is some risk, but basically I think the U.S. outlook looks pretty good.

You said what can policy makers do. In terms of economic policy, you see today the 10 year Treasury yield fell to about 134, which is about its lowest level in all of history. And part of that is that market participants will look to the Fed to provide some support. In most developed countries interest rates are really low and they are very low in the United States, but higher than they are in most other developed economies. And the Fed does have some scope. It's not a cure-all, but it will provide a little bit of support to consumer spending and to the U.S. economy and to financial markets. And, of course, if it becomes very serious, fiscal policy could play a more active role too.

MR. WESSEL: Good. So when you look at the overall numbers on the U.S. economy, it looks pretty darn good – 50-year low on unemployment, we're creating 180-190,000 jobs a month, the fraction of workers who are working part-time and prefer to work full-time has fallen quite a bit to now lower than it was before the Great Recession, wages are finally beginning to climb, including wages at the bottom, particularly maybe because of the minimum wage, we have very little inflation. We have never gone this long -- since we started keeping track in the mid-19th century -- without a recession. So on one hand, if you were just getting the basic vital signs on the economy, it feels really good. On the other hand, an awful lot of people seem to be unhappy and struggling. I think the support for Bernie Sanders and Donald Trump suggests that they're not happy with the way things are going.

What is the problem here? Why is it if the economy is so strong and the job market is so good so many people seem so distressed and are not satisfied?

MS. YELLEN: Well, it's a glass half full, glass half empty story. And I think you did a great job of discussing the way in which the glass is half full. We do have the lowest unemployment rate in 50 years, jobs are plentiful, people feel good about their ability to get a job, firms -- you talk to almost any manager of a firm, it's darn hard to find qualified workers. That makes firms much more willing to engage in training. And my experience around the country has been that a lot of companies are looking to partner with community colleges, with nonprofits to start up training programs that can turn out the kinds of people who have the skills that they want. And that is a permanent benefit to the workforce. Even if the economy were to weaken, if that's something that lasts a long time, getting training, building skills, people coming back into the labor market who had left it, that's really a positive.

Okay, so that's the good side of things. The bad side of things is -- let me give you two of what we consider horrifying statistics. The median American male has seen no increase in real wages, wages adjusted for inflation, in 50 -- 50 years -- 50 years. And the median American male who does not have a college education has seen their wages decline by 13 percent over 50 years. And in terms of intergenerational mobility, in my generation most kids did better than their parents and their parents -- that's what the kids expected, that's what their parents expected, and gave people a sense we're getting ahead and we're progressing. And that just isn't true anymore. About half of young people will not do as well as their parents have done.

And, of course, we see in an environment in which jobs, middle income jobs gradually disappeared over time. I mean what's going on? I think what's driving it is first and foremost technological changes that have rewarded and demanded more skill so that people with more education and skill are benefitting from the technology, they're getting ahead, and -- the technological changes, plus globalization and trade, but that I would say to a lesser extent than just the nature of technological change. It's replacing workers who have less skills. And I think that's something that's been happening for a long time and is going to continue to happen in the future.

And so people are seeing their jobs disappear. And while there is work, the work that's available to people who have a high school education, lack greater education than that -- we've created you said 180,000 jobs a month I think since the recovery started -- the economy has created about 16 million jobs, but something like 3 million of those jobs were for individuals with less than a college education. So the jobs that are being created are high skill jobs and those who lack the skills are just seeing the jobs that they had that gave them security disappear and being replaced by jobs that are insecure and tend to be low wage.

And so that's been going on for a long time and it's making people feel insecure. You're seeing -- until recently, both men and women their participation, but particularly men, in the labor force declining. And, of course, you know, we know we have an opioid epidemic, the prevalence of alcohol, suicide, so called deaths of despair. We've actually seen among middle aged individuals, whites in the

United States -- and this is particularly true for those with high school or less education -- in recent years we've actually seen mortality rates rise, which is almost unheard of in a developed country, and we're not seeing that anywhere else around the world. And it reflects I think the broad based negative impacts of these adverse trends that are not recent. You know, when I say we're going back 50 years, where this goes way back that these trends began to negatively affect the workforce.

MR. WESSEL: So to what extent do you think trade and globalization has contributed to this? You mentioned technology.

MS. YELLEN: I think I put technology at the top of the list, but I think globalization and trade have reinforced that. And particularly when China came into the WTO and exports surged to the United States, economists have documented that there was a good deal of displacement. But I think the combination of trade and technological changes have had that adverse impact.

MR. WESSEL: So what policies do you think stand a chance of sharing the prosperity more broadly so that if 10 y years from now we're having this conversation we can say that the median incomes of American workers are rising rather than just the ones at the top?

MS. YELLEN: So I don't believe there's a silver bullet, but at the top of my list, when you're seeing wages rise to those with more skill and stagnate or decline to those with less, that seems to be a signal that is saying loud and clear, we have to do a better job of equipping young people with the skills that they need to succeed in the labor market. And that's what -- your enterprise is here and it's the most important one of making sure the -- it's both young people who are entering the labor force, but also individuals who have been displaced who are not feeling satisfied with their careers or seeing job loss and need to acquire new skills, the importance of giving them the opportunity to acquire the skills that they need to succeed in the labor force.

So that hits my list, but we could be doing more to support people also. And when you compare the United States with other countries, particularly in Europe, that are undergoing the same kinds of structural changes, you do see high unemployment often, youth unemployment, in European countries, but you don't see as much distress and income loss as you do in the United States.

You know, we haven't raised the minimum wage since 2009. It still stands at $7.25 an hour. And in a number of states and localities, maybe half around the country, they have increased the minimum wage, but that's certainly something we could be thinking about. Supporting incomes of people who worked through the earned income tax credit and dealing with the things that really are such a tremendous concern to so many people -- healthcare, cost of housing. And particularly in places where the jobs are, often housing is unaffordable and expensive and it isn't possible for people with lower income to be able to move to those. But improving the social safety net, as well as training and education--

MR. WESSEL: What about unions?

MS. YELLEN: Well, I think partly the decline of unions is a reflection of these trends and the fact that we haven't leaned against them, but certainly I think unions can be helpful in countering these trends.

MR. WESSEL: Let me ask you one more question before we turn to the audience.

In your job at the Federal Reserve, most of your time was spent on issues of inflation and unemployment and financial stability, banks, and you name it. I was a little surprised when I talked to you a few days ago that when I asked you how much do you worry about climate change you said, “my hair should be on fire.”

That's not usually things economists or central bankers worry about. Maybe they worry about hair, but not climate change. (Laughter) You've been active in some of these efforts to address climate change, and I'm just curious about what motivated you to do that?

MS. YELLEN: Well, I would say that I became involved and more knowledgeable about climate change as an issue when I worked in the White House in the Clinton Administration and we were negotiating the Kyoto Treaty and I was involved in those discussions. And I learned then how serious a problem climate change is. And I must say I've been extremely distressed, both to see how little the United States has done, and most countries around the world, but the United States has been really resistant to taking the actions that I think we need to combat it. And, meanwhile, the consequences have become more obvious every day to almost everybody when you see so many extreme weather events, these wildfires that have become uncontrollable in Australia, you're seeing some of the same things happening in California, we're seeing melting of the Antarctic ice sheet, and some of the ice in the Arctic, the spread of mosquitoes carrying illness has increased, sea level rise. I don't know if really anyone who is looking at the facts, who questions that this is something that is caused by human activity and will continue. And it's one of the hardest possible problems to deal with because it really requires global cooperation. It's not enough for the United States to do something if that's offset by what other countries do or they don't pitch in; we can't solve this problem. And it's natural for countries to want to be free riders. But the United States has been such a significant part of this problem and contributed to it so much that I really believe we have to show leadership.

And when you start looking at the numbers, essentially the -- in Paris the countries of the world set as a goal that they would hope to confine the increase in average global temperatures from pre-industrial revolution to two degrees centigrade, and if possible, one and a half degrees centigrade. And the most recent calculations suggest that the entire world would have to become carbon neutral, namely, we'd have to cut net global emissions to zero by 2050 in order to achieve that goal.

And when you think about what would be required for the entire globe to become carbon neutral by 2050, it's almost impossible to imagine that that's going to happen. And the consequences of this are very, very serious. And we are so far behind in doing anything. You know, I believe we should all have our hair on fire on it.

MR. WESSEL: So we're going to take some questions. And we have a few minutes. There's a mic here. I'm going to take three questions and then we'll let Janet answer them.

So do you want to start with the woman in the blue there? The mic is coming to you. And why don't you tell us who you are.

MS. DREWEK: Paula Drewek, retired Macomb faculty.

Given the gap that you have noted between the resources we have and the skill level of jobs, do you think that part of the resistance for this kind of education, which we need and which

Macomb, of course, is dedicated to, is the possible result of a kind of intellectualism in the popular mindset? That's the gist of my question.

MR. WESSEL: So you mean I don't want my kid to go work in a factory, I want him to get a bachelor's degree at Harvard?

MS. DREWEK: No, I think it would be the resistance of being an egghead or a nerd or --

MR. WESSEL: I see.

MS. DREWEK: -- the other kids of epithets that are thrown against people who are intelligent, eager to learn, and out there trying to better themselves.

MR. WESSEL: Thank you. The one over here. I saw a hand I think. Here's one here. Is there one over here? You had a question before. Go ahead, sir.

QUESTIONER: Dr. Yellen, I want to congratulate you for being probably the most intelligent woman ever to work in Washington D.C.

MS. YELLEN: Thank you. (Applause) Thank you for that. I appreciate that.

QUESTIONER: And it's a pleasure to be in your presence

MS. YELLEN: Thank you so much. That's very kind.

QUESTIONER: My question to you is, we know the consumer debt is all time high, we know the government debt is all time high, what do you think is going to happen when the people in this country can no longer offer $60,000 SUVs and pickup trucks? I think we're going to have a problem.

MR. WESSEL: Thank you. There's one over there. Camilo, another blue shirt.

QUESTIONER: My name is Gordon Hall, I'm a retired IT person and I'm 80, so I've seen this whole arc that you were talking about and things -- I went -- on my father's middle income I went to a boarding school, I went to college, I've had solid benefits and pensions and health insurance. And thanks to Medicare and our pensions, somehow we're very well off now.

But I don't see any of those being spread farther around. They seem to be shrinking and it seems to be not just a matter of getting more training, but everything, like college, is not open to an average person. And what's the difference now between the scenario then and creating something like a scenario like that now?

MR. WESSEL: Great. Those are great questions. So why don't we take them in order? The first question was basically do we have some kind of social attitude that discourages people from getting education?

MS. YELLEN: Well, I think Americans have gotten more education. The fraction of people who are getting higher education, of going to college, that has been increasing and that has somewhat helped to hold up wages at the lower end of the spectrum. I think we do appreciate -- most people do appreciate the importance of getting higher education, of acquiring skills in order to be successful in the job market. You know, lots of men probably hoped that they would be able to have, you know, with less education, a high school education, a good manufacturing job with solid benefits, of the kind that their fathers might have gotten. And it's probably taken a long time for a lot of people to realize that's a future is not going to be there for most people and that the skills they need to acquire are much, much greater than that to be able to succeed. But I do think there's a broad recognition that it's necessary and appropriate.

MR. WESSEL: So what do you think changed that made it possible for this gentleman to have a middle class life and he's worried about the next-generation? What is it that explains the change in the economy and our social system?

MS. YELLEN: (Pause) Do you have a thought? (Laughter)

MR. WESSEL: We had a deal earlier if there was a hard question I would answer it, because as a former newspaper reporter I don't have any problem answering questions I don't know anything about. (Laughter) She's more cautious.

So well, I think maybe you gave some part of the answer. Part of it is the economy has changed and we haven't changed enough with it, and part of it is we tolerate a level of inequality in the United States that was not tolerable 50 years ago.

MS. YELLEN: I think that is true. And you do see in most developed countries around the world that there's less willingness to tolerate this kind of rising inequality. You know, we have a healthcare system and a pension system that historically it's very much tied to people's jobs, and as secured jobs for middle income people have disappeared, I think that has translated into a lot more concern about will I have healthcare, how can I get healthcare if I don't have a job that offers it. And we don't have a system that gives people healthcare and pension benefits if they're not in jobs that offer it. And so I think that's increased insecurity as well.

MR. WESSEL: And do you worry about the United States' business, households, and government having too much debt that's going to kill us in the end?

MS. YELLEN: So that's an important question. I think on the consumer side we have seen some kinds of debt rise a lot, particularly auto debt. There's an awful lot of big increase in auto lending. But since the crisis, mortgage debt relative to income has declined a lot, and overall debt burdens for households -- so if you look at monthly financial obligations that households have to make payments to pay down or pay their interest or pay down debt, that has fallen dramatically since the financial crisis, partly because mortgage debt has declined, but also partly because we're in a world of very low interest rates.

So, you know, consumer spending is supporting the economy. In the run-up to the financial crisis a lot of it was debt fueled. People were using their houses like piggy banks, taking out home equity, lines of credit, and really spending not based on their income but based on the value of their homes. That's not what's happening now. Spending is strong. It's based almost completely on jobs, incomes that people have and really not so much based on debt. So I'm not very worried about households.

The government also has a lot of debt. The amount of federal debt has doubled relative to the economy since the financial crisis. The U.S. debt to GDP ratio was about 40 percent pre-crisis and not it's about 80 percent. And 80 percent, historically it's the kind of number that would make financial markets flash orange or even red. That's getting awful close to what can bring on a debt crisis in a country. But, look, today the 10-year Treasury rate hit 135, which is I believe the lowest it's ever been in the history of the country. So you can see that financial markets are looking at an 80 percent debt to

GDP ratio and they're not saying, oh, this is a country that's about to default. Well, you know, we are in a very low interest rate environment, and so even though debt has doubled relative to the economy, federal government debt has doubled.

The interest burden on that debt hasn't gone up at all, it has actually declined ever so slightly because interest rates are so slow. And the truth is they're expected to stay low for a long time. So I do worry in many ways about the trajectory of the deficit going forward. We still have large deficits and as our population ages and spending on Social Security and Medicare go up, the deficit is slated to get worse. And I do think it's something we need to address.

But especially in this low interest rate environment, I don't think that the current debt situation rates as, you know, that high on my list of what I think American priorities should be, addressing that.

MR. WESSEL: Okay. Let me invite the three other panelists up. So we're going to talk for a while and then we'll have time for more questions.

First here is Molly Kinder, who is a colleague of mine at Brookings. She is a Rubenstein Fellow. We have a number of people who come midcareer for a couple of years. And you can read about her in the little brochure, but what you won't read in the brochure is that her father Drew is here and he drove all the way from Buffalo to be here today. (Applause) It has kind of set a frightening example for me. I'm trying to imagine doing this for one of my kids. (Laughter)

And then we're joined by a couple of people from your community, J.P. Rea, who is the deputy county executive of Macomb County, and Sandy Baruah, who is the head of the Detroit Chamber of Commerce and, among other things, a former administrator of the FDA and several other jobs in Washington. So if you don't like what's going on in Washington, talk to him. (Laughter)

MR. BARUAH: Molly is still there. It's her fault.

MR. WESSEL: So, Molly, I want to start with you because you've done some really interesting work. Janet and I are students of the numbers on the economy, but you've spent a lot of time talking to workers. So I wondered if you could discuss the question that we discussed, which is what is it that's on the minds of so many workers, particularly workers in the lower half of the wage distribution?

MS. KINDER: Great. Thank you, David. Well, first of all, it is such a pleasure to be here. I love the topic of this question, of this panel, because it is so on the minds of workers all across this country. Before I started at Brookings, last summer I led a project at New America where I led a team where we traveled the country and we talked to dozens of workers who hold some of those jobs that we're talking about. They are at the lower end of the wage spectrum and, going to what we just heard from Janet Yellen, in some of these occupations that stand to change the most from technology. And in fact, they're the most common occupations in most communities, including here in the Greater Detroit area, so fast food workers, retail workers, folks at grocery stores; I also talked to administrative workers. And really, the headline there reflects -- I'm just going to quickly go to a number first before I get into the stories -- my colleagues at Brookings found that in this area, in the Greater Detroit area, 42 percent of all workers hold low wage jobs. And the median hourly wage for that group of workers, that 42 percent, is going to probably surprise you -- it's $9.94 an hour. So just imagine what that's like, to try to provide for a family and to pay your bills on that salary.

Those were the workers that I talked to across the country in Indianapolis and in Buffalo and in the Bay Area, in Washington, D.C. And there were a few things that really stood out. First is that those wages mean that workers are a feeling a lot of insecurity, they live with very precarious circumstances. And what that meant to them was it was a real struggle to pay bills, especially in the more expensive regions. The lengths people went to just afford housing was just extraordinary. You know, married couples living with multiple roommates, living far away, long commutes. It was really, really a struggle. There was a real feeling that their money just doesn't stretch far enough and that, in fact, it's getting harder over time.

And really what that mean, the anxiety was that people were just one unexpected expense away from tipping over the edge. So stories of a young person who worked at a grocery store telling me I've got a car, that's the only way I get to work, it's not a good car, I have no savings, if something happens to this car I have no way to get to work. A lot of youngsters who had dropped out of community colleges because of unexpected financial expenses. So these hardships really meant a lot in people's lives. They felt very precarious. I heard over and over how impossible it was to save and how people had no financial cushion.

The second thing was that people spoke to that anxiety. We heard just this discussion of how technology is a factor. And this is not an academic discussion. The folks that I interviewed know that those jobs are changing. In fact, they described their own workplace as being temporarily paused for renovations. They see Uber Eats starting or self-checkouts, mobile payment. Many workers spoke to reading newspaper stories about the cashier-less Amazon Go opening in Seattle. They know technology is coming and, in fact, they were deeply pessimistic for what it looked like in the long-term for humans in those workplaces. And that was an extension of a deeper feeling that they had, which is so many of these workers felt that when they showed up in their workplace that they were a cost that their employer was trying to get rid of and they weren't really valued, and that really technology was just another way in addition to maybe cutting back benefits that really they -- they didn't feel that they actually mattered at the end of the day as a human in those workplaces. So I picked up a lot of economic precarity, a lot of struggle, and then also some uncertainty and concerns about what the future looks like.

MR. WESSEL: J.P., you told me on the phone that the biggest problem in the labor market here is you have more jobs than you have qualified people to fill them. So how can that be?

MR. REA: That's why Brookings is here I thought. (Laughter) We brought in the big guns. No, I guess as the Macomb County representative on the panel, thank you all for coming to the east side. It is an absolute thrilled not only to be able to have this conversation here, but not only see someone like Janet Yellen speak to some of these macro trends that we're tracking and trying to say, okay, as a county that is the third largest in the State of Michigan with 880,000 individuals and 18,000 businesses where you shop for groceries, okay. Highest population that we've ever had, highest educational attainment that we've ever had, increasing in diversity inclusion that we've never seen in the county's history, with an integration of people both domestically and internationally, workforce that's above 440,000 individuals, which is larger than some states, some of the most dynamic skill sets and the greatest concentration of thought leadership in the industries that are changing every single second of every single day. We have 35,000 unfilled jobs as we sit here today. And when we look at that number it is a stark reality into multiple trends of disruption that we're seeing across so many different industries.

You know, you spoke a little bit earlier into the training and the skills gaps. Look, I think we're faced with the daunting reality that the traditional way that we view education I think is changing because we need to be skills ready in industries that are changing at so much more frantic of a pace. And I think that's why it is absolutely critical that we're forging partnerships on a daily basis with community college and Dr. Sawyer and his team, in our intermediate school district, which oversees 150,000 kids, and our K-12 system, and linking that to Detroit Drives Degrees at the Regional Chamber, because we need to look at microprudentialling. We need to understand that when a company comes to us and says I need more systems engineers than every single Big Ten school can provide us over the next 10 years to fulfill a multibillion D.O.D. contract, I can't cash that check on behalf of our community. And that's workers that we not only have to source and bring together and a full slate of economic incentives and quality of place incentives that will ensure that company not only remains competitive here, but can fulfill those requirements moving forward.

MR. WESSEL: So what are the jobs that you can't fill here? What kind of jobs are they?

MR. REA: So I think probably one of the most interesting ones is any position affiliated with next-generation mobility. I mean we look at the work that Sandy has --

MR. WESSEL: Next-generation -- electric cars?

MR. REA: Yeah, not only electric cars, but automation, what's it look like, connected and autonomous vehicles. It's something that we're working with with our domestic OEMs in Ford, GM, and FCA. You know, we've got 150 miles of connected corridors right here in Macomb County where each one of those companies is testing, frankly, componentry that's going to go in the vehicles of tomorrow, that's going to change everything from transmission plants to assembly plants here in this State.

As we sit here today, less than five miles away there's a major transmission plant, 2 million square feet, that GM has idled. There is another plant up in the village of Romeo, an engine plant, that Ford is just saying, no, we're good, we're good there. There's 900 workers. We'll figure out how they saturate into some other market or some other plant that we have. And, yeah, those are strategic business decisions, but when we look at it, yeah, that's more than 4 million square feet of industrial space that had hundreds of employees, you know, that were putting output in production to our economy, that's now pivoting. And, yeah, we're engaged in dynamic discussions with our partners at the State level and also our partners at the federal level in understanding how do we ensure that that work continues to be done here when we're building electric vehicles, when we're building vehicles to meet those emission standards, and everything like that.

It's challenging, but I think the resiliency of Southeast Michigan and the State of Michigan has always met the bell. We've also got up off the mat, we've always figured out how to innovate, we've always figured out how concept to consumer there is no other place in the continental United States, or I would even say across the globe, that can continue to meet that demand on so many different fronts, and that's something that we're working with our regional and statewide partners to keep doing.

MR. WESSEL: So, Sandy, what do you think are the biggest obstacles to improving the standard of living for the bulk of people in the Greater Detroit region in which you work?

MR. BARUAH: So actually I'll go back to one of the questions that came in from the audience and is really about educational attainment.

So when you look at the jobs that are open today, and certainly going to be open tomorrow, roughly 78 percent of them are going to require a four year degree, or something equivalent to a four-year degree. You know, a two-year associate's degree with some additional skill training, or something like that. Right now in the state of Michigan our educational attainment rate is roughly 61-62 percent. So that means 62 percent of our adults in this state have either a four-year, two-year, or a highly skilled certificate, like a nursing certificate or a welding certificate.

So right away we start with a delta. If 78 percent of the jobs require that and we only have 60-some odd percent with those, we are already starting with that skill gap. And the skill gap that JP just talked about right here in Macomb County is attributable to that. It's not that Macomb County or the state of Michigan is lacking people. We've got people, we just don't have people with the right skills. And that is not just a Michigan story, that is a United States story.

And, you know, when you look at this technological transformation that we're going through, that, Molly, you just talked about in terms of your work, you know, our Nation, the world, we go through this from time to time. When we went from the agrarian society to the mechanical society, right, I mean the number of jobs in agriculture dropped amazing. I mean it just fell off the map, right. But we moved to other industries, right. The same thing is going to happen this time around. So there's a lot of jobs, yes, that are going to become obsolete. We're seeing it right before our faces, but we're creating new types of jobs. The challenge is that these new types of jobs that are being created require a much higher level of skill than we've had before.

And just to go back to the audience person who asked about, you know, college and do people want to avoid that. I almost think the problem is reversed. I think, you know, between the -- about the 1970s through the 1990s the American society kind of started to downplay technical skills. And we downplayed technical skills and we downplayed even things like community college. And the ethos was you have to go to a four-year institution and you can't -- remember -- you know, how many people had shop, right in high school? You're all supposed to raise your hands. (Laughter) You know, this is a little bit like church, call and response.

MR. RAU: And also with you.

MR. BARUAH: Yeah, that's why no one is sitting in the front row, J.P. (Laughter) But we lost those things. So you talk about, you know, skills and skill development, stackable skills. You know, we're going to have to go to a much more nimble and much more aggressive education attainment ethos, goal, process -- whatever the right word is -- in this society, because we're really lacking right now.

MR. WESSEL: Okay. So I think we all agree that investing in education is a good and necessary step. But someone -- I can't remember who -- once told me that education is the ultimate act of faith in the future, it's an act of hope. It takes -- that's a generation. So what do we do in -- for the -- we -- as Janet described, there are a lot of prime age -- economists use the phrase "prime age", 25-54. I've discovered that like at age 66 I don't really like that notion of prime age (laughter), but just for the --

SANDY BARUAH: I am 54 and I actually resent that. (Laughter) I'm soon to be 55.

MR. WESSEL: I mean something like 15 percent of the men between ages of 25 and 54 aren't working. And that number has come down some since the Great Recession, but it's been steadily down over the last, you know, 50 or 60 years.

So what do we do for a whole generation of people? Great, tell your kids to go to college and they can get a job making autonomous vehicles, but meanwhile, what am I supposed to do? Surely we can't write off an entire generation. Anybody got any solutions?

MR. BARUAH: Well, I'll just quickly say, I mean I'm not suggesting that anyone who we could consider under-skilled today for today's economy and tomorrow's economy has to go and enroll at the University of Michigan, right. I mean talking about these microskills, targeted skills, right? I mean a lot of people go institutions like this one, not to get a two-year associate's degree, but to take two or three or four classes to prepare them for a particular job that's available right now in the community. And, frankly, we need more of that.

MR. REA: Yeah, absolutely.

MR. BARUAH: Especially here in this country.

MR. WESSEL: Right, just in time education?

MR. REA: Yeah, so I mean I think that has been a model that not only Macomb Community College has excelled in, but I think that's been a model where it has actually got the employers to bring down some of their defenses and come to the table and invest in it.

It was always one of those questions when we were getting out of the recessions is who is responsibility is this. Does the employer invest in the employee, does it put forth the capital needed to ensure, hey, this new line of business, this new product, this new machinery is going to innovate and make us competitive in this arena to get these contracts?

I think what we're seeing in the state of Michigan is the whole notion that, all right, obviously as Molly was saying and Sandy was saying, the "A" word, automation. As automation is coming into play, as we're staring down the barrel of the next industrial revolution and industry 4.0, how do we ensure that we have enough robotics technicians, how do we ensure that in a county that has 1,600 manufacturers that employ more than 72,000 individuals with an average age of 57, can continue to ensure that our production based economy is a foundation of prosperity here and also a major driver in our nation's economy.

MR. WESSEL: Janet, I think -- oh, go ahead.

MS. KINDER: I just want to add one thing. I think skills are absolutely essential and I don't think anyone wouldn't wish upon everyone the highest potential skills to navigate. But the reality is this economy is producing a lot of really, really, really low-quality jobs and those jobs are not -- they are growing in the future, they're just going to be different than the ones we see today.

So just take the job home health aide or personal care aide, the Bureau of Labor Statistics projects over a million of those jobs are going to be added in the next 10 years. That dwarfs any other occupation you can think of, including all the buzz around IT jobs. There's a million of those jobs being added, and those are really bad jobs on any dimension that you can possibly consider. And that's a policy choice, because it's really public dollars that fund a lot of that.

MR. WESSEL: They're really bad jobs?

MS. KINDER: In terms of pay, stability, mobility, safety, getting hurt. These are really, on any dimension, respect -- actually part of my next interviews are going to be of home health aides because I want to better understand those positions. Those are jobs that primarily women and people of color and immigrants have, which is why we don't talk about them more and don’t prioritize them more. We could make those better jobs, but there are a lot of other jobs that are being created that are low-paid and they're low quality jobs.

And in addition to all the energy and activity that's going into giving people skills, we have to make those better jobs. And that's a lot of the things we talked about, it's minimum wage, it could be sectoral bargaining. But we really have to lift up the standards of those jobs because in talking with so many workers, typical workers that are not here at Macomb, there are so many barriers, particularly for adults to go back to school. They're busy -- I call it "in the thick of it", those prime age -- they're raising kids, they're trying to pay their bills, they're getting up at all hours. There are a lot of barriers, financial, time, and even knowing what you want to do. So it's really unrealistic to expect that everyone is going to magically go back. And so I think there's a job quality question, and I would just add one more dimension, just to go to the union conversation. A lot of the workers I talked to felt that their power vis-a-vis shareholders or employers is really out of whack, that there's really never been a time that American workers had less voice in the workplace, including in making those jobs better. So in addition to skills and job quality, I think there is -- at least in my personal view -- I think there's really a role for giving workers more voice to improve the quality of their jobs.

MR. BARUAH: But just real quickly, that issue of the educated versus the general population, that's what's driving that, because, you know, we have so many people who are available for those low skill, low wage -- I'm going to call them dead-end jobs -- that's why there has been no pressure to raise the minimum wage, because there's a lot of supply there. Those with the skills, with today's skills, those are the ones who are doing really well and that's what's driving a big part of this wealth gap that we're seeing in this country that has reached European levels, right. I mean our social mobility ladder in the United States has stopped, that escalator has stopped. If you were born poor, unfortunately in this country you're now going to stay poor because of that dynamic and because of education dynamics.

MS. KINDER: Which is why again I think we need to intervene from a policy perspective.

MR. BARUAH: No doubt.

MR. WESSEL: The only thing I -- I don't like -- I think these are essential jobs that we need to make better. We're going to need home health aides, we're going to have a lot of elderly people. So I think we have to be careful not to suggest that these are bad jobs inherently, they're just poorly paid, poor condition jobs. They're essential, so we need to make them better.

MR. BARUAH: Right now there's not a pathway.

MS. KINDER: I think there's a lot of people who are in those jobs, are passionate about helping others --

MR. BARUAH: Right.

MR. WESSEL: Right.

MS. KINDER: And, in fact, when we think about the jobs that are growing in demand, they are interpersonal, they are caring, they are educating, it's day care, it's --

MR. WESSEL: Hard to automate.

MS. KINDER: And they're hard -- they won't be automated. And the people who do them are passionate about doing them. When I say they're bad jobs, I mean we make them bad jobs by choice, but not paying, not giving --

MR. WESSEL: Right. I got it. I just wanted to make that clear.

MS. KINDER: Yes. So I think they're jobs that a lot of people would choose to do if they were paid a decent wage and there was a path upwards. So that's what I'm calling for, is more urgency --

MR. REA: It's the dignity of the work.

MS. KINDER: The dignity of the work.

MR. WESSEL: So, Janet, for a long time I think the image of the federal Reserve was just when times started to get good, the Fed would worry about inflation, raise interest rates, and prevent the good times from going.

MR. REA: It's all over. All the good times are over now. (Laughter)

MR. WESSEL: No, no, I'm going to make the opposite point, that it seems to me in the last few years, both in the end of your term as Fed Chair and in Jay Powell's term, that the Fed has sort of changed its mind and felt, you know, good things happen when the unemployment rate is low and stays low, and maybe lower than we thought was safe, and as long as inflation doesn't pick up, maybe we should run this experiment of very low unemployment and see if we can get some of these problems solved.

So my two-part question is, one, does my description have any resemblance to reality and, two, do you think that we are seeing any signs that running the economy "hot", as they like to say, with a very low unemployment rate, is helping to lift the wages of people at the bottom in these bad jobs?

Is there enough shortage of labor, enough demand to make this better?

MS. YELLEN: Okay. To start with, we are running that experiment. In the past a labor market -- I mean take the 1960s, the unemployment rate got almost this low, or maybe this low, and by 1969 the inflation rate had risen to 5 percent. And that started us off on several decades of high inflation the Fed was worried about.

If you had told me two years ago that the unemployment rate would get down 3.5 percent and that inflation would still be running below 2 percent, and maybe even falling a little, I would have found it very surprising. I mean I felt -- let's run this experiment. You know, we raised interest rates somewhat. You know, they were at zero for seven years and we started moving them up very gradually, but not enough to stop this experiment. It's continued, the labor markets continued to tighten, and there is -- wage growth has moved up a little bit, but nothing very dramatic, nothing that is threatening to push inflation up. You know, we've got about 3 percent wage growth, productivity growth is running about 1 percent. That's consistent with inflation around 2 percent, which is what the Fed would like to see. Inflation too low is the problem.

For most of my life the problem is inflation is too high, Fed has to get it down. Now, the problem is inflation is too low. It's averaged 1.5 percent for the last decade. And, you know, one of the things that determines inflation is what people think inflation will be. And we now have a generation of people -- you talk about inflation, they never experienced it. And you ask them what do you think inflation is going to be, they don't think it's going to be 2 percent, they think you're smoking something if you say you think it's going to average 2 percent for the next --

QUESTIONER: That's legal now in the state of Michigan. (Laughter)

MS. YELLEN: All right, it's good. And, you know, the Fed has to worry about a phenomenon called "Japanification", in which inflation is so low, inflation expectations slip, inflation falls yet, interest rates get stuck at zero, that's a world we don't want to be in. It's a world where you could even have deflation. It's a totally different world than the one I grew up in.

So really, bottom line, the Fed is very focused on keep this expansion going. If anything, push inflation up a little bit. We're not even at 2 percent inflation and there's no reason at all to stop this experiment from running. And, you know, the fastest way to growth now is for those at the bottom of the income distribution.

Now look, those are the people who have over 50 years taken the worst hit. And when the financial crisis hit and unemployment rose, those were the people who experienced the biggest losses. So we're talking about a group of people who have suffered very serious losses for a long time who are beginning to regain some of what they lost. So we shouldn't think of this as oh, this is totally solving the problem, but it's a good thing and I think it absolutely has further to run. The Fed's not going to stop it.

MR. WESSEL: Sandy or J.P., one of the things I was thinking about when you spoke was my impression is that a lot of the jobs you were talking about that are hard to fill are in manufacturing in some fashion, high tech manufacturing. And I wonder whether part of the problem here is that a lot of people grew up thinking that manufacturing jobs aren't as secure as they used to be, that after all we've been through in the last 20 years with companies moving, companies folding, layoffs, that you can't count on a manufacturer the way a previous generation did and that they haven't overcome that yet, which makes it -- why people want to go into healthcare rather than manufacturing. But that's just an impression I have. Do you think there's anything to that?

MR. REA: Yeah, that's probably been one of our greatest challenges, breaking down some of the outdated perceptions of manufacturing. Our county coordinates one of the largest annual celebrations of National Manufacturing Day, where to date, for seven consecutive years we've gotten more than 12,000 students into next-generation manufacturers to look where the future of industry is going and actually kick the tires on some of these careers. We've not only been able to facilitate externships, also apprenticeship programs, and now we're even taking teachers, counselors, and superintendents into these shops to get them to understand how we can better connect classroom to careers.

I think another arena where we're starting to see some deficiencies in ensuring that there's going to be the next-generation of talent is in the skilled trades. You know, the joke that we have around the office is when we're at any of our outreach with any of our K-12 systems and a parent comes up to me and says I have no idea what my kid wants to do, number two things, electrician, welder, you're going to write your meal ticket right now, specifically in Southeast Michigan. Critical skills with an economy in which we're building multibillion dollar OEM facilities across our region in which those two positions are going to be monumentally important to ensuring those jobs get done well.

MR. BARUAH: So, David, that's a great question.

So our organization runs the statewide industry association for next-generation mobility, it's called MICHauto. And one of the things that we do is we spend a lot of time on research and data. One of the research series that we do is the national survey of young people and their influencers, teachers, parents, counselors, both at the high school and the collegiate level. And we've been doing this now for about six years. And we ask people, you know, what is your view of the auto industry, what is your view of Michigan, what is your view of jobs in that industry. And part of what we found is not surprising. You know, I really don't want to go into the auto industry because, you know, it's too volatile. But some of the things that we learned were really counterintuitive.

So when I moved here a little over nine years ago, people said listen, you know -- because obviously I have 11 Fortune 500 companies that I report to, you know, all of their CEOs are in my ear, saying you've got to tell people that the auto company is high tech. Our research shows that is not an issue. You know, people, young people, people across the country, influencers say the auto industry is incredibly high tech. Well, that's not an issue.

Then what is the issue? It was ethics. It was -- you know, I don't want to send my child or my student into the auto industry because I am concerned about the ethics of the auto industry. And that makes you scratch your head for a second. And it's like, you know, every time you would do this survey it would be something like VW Dieselgate, the GM ignition crisis, you know, it's something was happening. But the killer, the killer issue was that young people -- not so much their influencers -- but young people said the auto industry is causing the problems I care about, not solving the problems I care about -- global gridlock, environmental stewardship. They felt that the auto industry was contributing to those problems as opposed to what those of us who are in this industry know really well, is that they're working to solve those problems.

MR. WESSEL: Interesting. Sandy, let's stay with you for a minute. You've been on both Washington and now you've been in Detroit for nine years, what are the kinds of federal policies that you think make a difference in addressing the kind of issues that we've been talking about?

MR. BARUAH: Well, one that we just kind of lived through right now was trade policy. So the --

MR. WESSEL: It was helpful, was it?

MR. BARUAH: I'm sorry?

MR. WESSEL: It was helpful, was it?

MR. BARUAH: Yeah -- no. (Laughter) So the uncertainty around NAFTA in particular was quite disruptive. I mean, you know, right now generally companies are hoarding cash right now, big time. They've got huge balances. They're not laying off people, but companies are concerned, they're cautious. If you look at every national indices in terms of CFOs, CEOs, COOs, you know, business surveys, it's either flat lined or slightly down, right. It's the consumers. It's all of us. I mean those Amazon boxes are flying because we're spending money on everything that we look at right now. And it's what, 71-72 percent of the economy consumers are, right? And if it weren't for consumers, our national economy would look very differently.

But I tell you, even with that news, the manufacturing sector, automotive in particular, has really been much more cautious because of the trade issues.

MR. WESSEL: Molly, you started to talk on this, but what are the kind of federal policies if this were a rational and calm presidential debate? No commentary on the last one. What are the kind of things that you think federal government could do that would alleviate some of the tensions you've seen and make for a better working place for low wage and middle wage workers?

MS. KINDER: Well, I think some of these issues are coming out in the 2020 campaign.

You know, these issues of middle class anxiety, the struggles that workers are facing. You started this conversation saying Bernie Sanders is surging, Trump is in office, there is a lot of discontent. So I think even since the last election four years ago issues of work and labor are much more at the forefront of I think this election. And you're seeing candidates talk more about this, whether it's support for federal minimum wage increase for the first time in a very long time, to putting issues of labor more front and center. I think there's bipartisan agreement on some of the conversation we've been having about better pathways to training, to apprenticeships, to the skilled trades. I think that's actually not a contentious issue. We just are so far from meeting the needs of workers.

Some of the sentiment that I picked up in talking to workers is it's really tough to invest -- to take time off when you need to pay your bills and enroll in some kind of training program, either in your unpaid time or in the workplace. Low wage workers typically have very little access to employer provided training. To do this on the job, it's really, really challenging. This country, compared to most of our peers, really is very paltry. We're very thrifty when it comes to actually meeting workers and providing them with wraparound services, pathways, funding for things like apprenticeships. I think all of these things are necessary.

And something that doesn't come up a lot is even something like childcare is really important. Especially busy working adults, and women in particular, shoulder a lot of -- the second shift came up a lot in my interviews. They work during the day and they go home to a second shift. The notion that they have some extra time and bandwidth to take on some training on the side I think is really unrealistic. So childcare, and that's something you're seeing a little bit more from the candidates in this election, trying to have more universal access to affordable childcare.

Healthcare came up a lot as well. And I think this idea that people are fearful of losing our jobs because so much of our safety net is tied up in our employment. I asked everyone what would you really want to be doing, and the practicalities that workers, particularly in that prime age space of needing to provide for their families and retain their health insurance served as a really important barrier to going back to school, to changing jobs, and their fear of losing jobs. So healthcare I think is actually very pertinent to this conversation.

And we haven't really talked about it, but I do worry for older workers who risk displacement. They have the most to lose in my view and are the least likely to go back to school. So I think more generous benefits to support workers who are displaced, particularly at the end of their career.

MR. BARUAH: Can I just build on the political thing? Because that's my background, that's my wheelhouse, the political stuff. So if you're scratching your head and say I can't understand why people are supporting Bernie Sanders or I can't understand why Donald Trump won the election four years ago, it all comes down in my mind to three things. Number one is kind of building on what Molly said earlier in this panel, right now in the United States over 40 percent of households cannot afford their basic requirements. If you're a family of four and you're making roughly $62,000 a year or less, you cannot afford childcare, you cannot afford appropriate healthcare, you cannot meet your basics. That's 40 percent of households in the United States. So all these macro numbers may look good, but we've got 40 percent of our households -- That's number one.

Number two, we talk a lot about the speed of technology. We can't underestimate the speed of cultural change. There are people in all sorts of communities across the country who, you walk up to an ATM and wondering why do I have to press "yes" for English? That's not a commentary, that's not a value judgment, it's just that's what people are saying. So the speed of technological change is mirrored by the speed of cultural change, which we have never seen in our society before. And so we're seeing that.

And then, you know, we have this either knowledge or perceived knowledge that the institutions that we as society used to rely upon, including government, just seem no longer trustworthy. They seem no longer working for you. Can government provide me clean water, can government do the basics? You know, can I trust my church? I mean we've had a lot of religious scandals. So these institutions that used to kind of form the backbone of our society, what Harvard calls "the commons", right?

MR. REA: The commons, yeah. I gotcha.

MR. BARUAH: I'm glad we both remembered that. You know, seem to be broken. So those three things -- I mean the rise of Donald Trump or Bernie Sanders almost makes perfect sense.

MR. REA: David, if I could hop in with one more federal issue that I think is absolutely critical here in the state of Michigan, it's infrastructure. Just in our county alone we have a $2.3 billion deficiency in infrastructure with roads that are just functionally failing. It's something that we stare down the barrel of every single day, to not only develop innovative solutions, but when we have major aerospace companies who say I'd love to build X part for YOEM, but I can't get zero-liability on the road that I'm located on, that's a barrier to economic growth.

MR. WESSEL: Right, right. And something which with low interest rates it seems like the perfect time to borrow.

J.P., before I turn to the audience, I wonder if you could talk a little bit about immigration. What role it plays in this community and in the economy in general and explain to everybody why I'm asking you this question.

MR. REA: Yeah, thank you, David. So a little bit of back story. The Trump administration came out with an executive order this past fall, Executive Order 1338, in which local units of government were asked to certify their willingness to engage in the Federal Refugee Resettlement Program. Our county, as we have done since the Reagan administration, has continued to work with our state and federal partners, not only ensured that individuals can legally immigrate here into the United States and to Macomb County.

One in nine county residents is foreign born. We see some of the highest concentrations of individuals that are immigrating here from the Middle East, and it is not only benefitting our economy, but it is providing a revival in neighborhoods where you have folks who are not only integrating into the culture here, they are assimilating into the economy, and they are providing an immense value add into everything from our educational institutions to our faith-based institutions.

It's something where it definitely struck a chord with the economy, and myself and my colleagues in our office had the great pleasure of speaking to dozens of individuals that came to us with concerns about does this mean illegal immigration, are you becoming a sanctuary county? No, it means that we are going to follow the strict letter of the law to ensure the highest regard of standards are met on everything with regard to the federal refugee process, but ensure that we're a welcoming economy, because, frankly, if we can make ourselves a preferred place with the federal government and our statewide resettlement partners can turn to and ensure that the services are there, the housing stock is there, the support services, the institutions, and the jobs are there, why wouldn't we engage with these partners, bring those resources here and celebrate the fact that for decades now that it has been a positive. And personally, as a first generation American, my dad ended up here from Italy. That mattered. It was a place where him, his brothers, his sisters, his mother and father could come to and start their life. And it matters a whole hell of a lot to not only to generations of people that have continued to live here and own businesses and educate their children here, but I hope it's actually a foundation of where our county is headed in the future too.

MR. WESSEL: Thank you. All right, your turn. I can keep asking questions, but I seem to be very popular on that side of the room, but let's take -- I'm going to do what I did before, let's take three questions and then we'll take another three.

QUESTIONER: Hi, my name is Trevor. I'm 22 and I go to Macomb here. My question is to Molly actually. I am actually the exact demographic that you were describing. I'm 22, I work at the Kroger down the street for $11 an hour, I'm part-time, but I still clock in about anywhere from 32-39 hours a week. And my engine light in my car that I still owe $3,500 on just turned on. If I take that to the shop and I see the bill, I'm not sure if I'll be able to pay for it, even though I'm clocking almost 40 hours a week part-time. What can my generation do to fix that issue or secure our futures going forward?

MR. WESSEL: Thank you. Pass the mic to -- there was someone up front. Yeah.

MR. RADKE: Hi, my name is Michael Radke; I'm a city councilman in Sterling Heights right here. You know, I was thinking about when you were talking from a macroeconomic standpoint, we can't fit people with jobs here in Michigan, but I guess the issue that I'm seeing is a real brain drain, people 22 to 40. Not just in Macomb County but across Michigan.

My background, I went to the University of Michigan, then Columbia, then London School of Economics. I came back home. But most of my friends who are from this area, who did the same things I did, they now live in New York and Houston and San Francisco and elsewhere. Not only do we have a problem matching people with jobs in the area, but people who are in my demographic have just fled Michigan altogether, and I wonder if there's a bigger concern, not just about jobs, but about quality of life is driving people from this area? Because I can think about the 20 kids that I went from this area to UofM with, I'm the only one who still lives here.

MR. WESSEL: I think there was a gentleman in the front, Camilo.

QUESTIONER: Hi, I'm sorry I missed most of the talk.

Rather than just to give you -- I'm going to pass this out. You can look at it. I'm not going to read -- well, I suppose I could, I don't know.

MR. WESSEL: No, don't.

QUESTIONER: Yeah. We don't have a lot of time.

MR. WESSEL: Right.

QUESTIONER: But you can look at it. The questions are highlighted in yellow, and basically it has to do the fundamentals of our economic system. And I guess the first question is, what in your view -- fundamentally reworking the economic system so that the government instead of private banks constitutionally creates and issues the money supply free of interest and usury.

I think one of the --

MR. WESSEL: Okay. That's good. Why don't we stop with that one?

So, Molly?

MS. KINDER: Can we actually go back -- can I get the microphone to the gentleman who asked the question?

MR. WESSEL: Trevor?

MS. KINDER: Yeah, Trevor.

MR. WESSEL: So, Trevor, I want to give you one answer before Molly does, which is you better damn well vote in the primary. (Laughter).

MR. REA: Vote twice if you can, yeah.

MR. WESSEL: Wait a minute, I don't know about that. Once is enough.

MS. KINDER: Can I just ask, are you also in school here did you say?

MR. WESSEL: Yes.

QUESTIONER: Yes.

MS. KINDER: And what are you studying?

QUESTIONER: Actually I just decided that I would like to go into politics.

MS. KINDER: Hey, I think that might be the answer.

QUESTIONER: Okay.

MR. BARUAH: You might be driving that car for a while. (Laughter) I had a dual major in political science.

MR. WESSEL: I'm not sure about the wage level there.

MS. KINDER: And, Trevor, actually, I would just start with you, do you have a suggestion that you think -- what would policy do better to support you, particularly as you're trying to pay for school and work, as you are doing?

QUESTIONER: I think the obvious answer would probably be like a wage increase. I don't think $11 an hour is cutting it. And, correct me if I'm wrong here, but I heard a recent number that if wages followed the inflation rate, the minimum wage should be around $22 an hour. Is that correct?

MR. WESSEL: A little high. You got the direction right. I'm not sure --

MS. KINDER: Yeah, the direction -- yeah.

QUESTIONER: It shouldn't be $7.25 an hour and getting paid $11 an hour is not cutting it either, so.

MR. WESSEL: Right.

QUESTIONER: So probably a wage increase starting.

MS. KINDER: And I think your story is so pertinent because I heard from so many folks your age who are in grocery stores and retail and fast food, they had some kind of dream but finances and life and all sorts of obstacles were getting in the way, particularly if they were having to finance themselves to go to school. And I call this 18-24 the "zone of derailment" because for a lot of folks who don't have the privilege of having their tuition paid for, working and trying to make that higher ed experience work for them is frankly really difficult, particularly when those wages are so low.

So I feel like there is a dual solution there. There is one solution that's on the work side -- so how can we make that work able to sustain you better. And then the second is on the higher ed side -- so what can be done better for the many working adults who are trying to go to school and accomplish some kind of dream. The car breaks down. You know, I had heard stories of a woman who was almost all the way through her medical assistant degree and her boyfriend lost his job, she couldn't pay for the certificate. She ended up assistant manager at a gas station. Then she had kids and she still wanted to finish, but there were so many barriers in her way.

So what on the school side can help sustain when those finances hit? How can we help folks like you keep going on that path so that they get that degree in hand and they are able to launch themselves into that better career? And then also how do we make sure that those jobs can sustain folks who are in school or who are not.

So I think it's both and I really wish you all the best, and I do hope you get into politics.

QUESTIONER: Thank you.

MS. KINDER: Because you are probably the solution.

QUESTIONER: Thank you.

MR. WESSEL: So, J.P., is there a brain drain here?

MR. RAU: Well, as an Italian American from the east side, by statute I have to live no more than three miles away from my parents (laughter).

MR. WESSEL: So the solution is we need more Italians?

MR. RAU: Yeah, yeah, exactly. You need the Catholic guilt and the Italian mother. No, yeah, so there was a discussion earlier with regard to the generation that was told that four years of college was going to be the golden ticket. I fall in that generation where the only option was you had to go get that degree. And with that degree was going to be endless possibilities with regards to earnings and creativity and innovation. And a lot folks, like Councilmember Radke brought up, that, you know, like my cohort, you know, we roll the dice, did the Chicago thing or a while or we looked at what it was like to live in New York and everything, but I guess the thing that I see with regards to maybe drawing or having a little gravitation pull back is the quality of place metrics that a place like Southeast Michigan brings to you.

You know, you talked about the Bay area and the likelihood of working professionals with a family to actually functionally pay for housing in an area like that. You can stretch your dollar a little bit further here in Southeast Michigan. And I think what we're starting to see is -- we've actually seen a spike in individuals in that family formulation age cohort actually coming back to Southeast Michigan, and particularly in Macomb County.

I think the brain drain definitely had to do with when we had the Great Recession and what that meant with regards to industry volatility, specifically in the automotive industry. And that was what that was going to mean like for jobs, but there are jobs abound. Those opportunities are here and I think people are starting to take a walk about and figure out, okay, that's great that I'm doing this innovation stuff in Silicon Valley, but how can I tie that to the mobility revolution?

MR. WESSEL: You know, if you didn't already have this job I'd suggest you'd be a great salesman for Macomb County. (Laughter)

MR. RAU: I just sell hope. I don't know.

MR. BARUAH: I know somebody who works at the County. I can put in a word.

MR. RAU: Oh, good to know, good to know.

MR. WESSEL: Can we go with the mic over this way?

MR. BARUAH: So, David, can I just quickly do two things on the two questions that were asked? So number one, this is not my organization’s official view, I'm just going to say this, around 1900 our society said a seventh grade education was no longer enough for the increasing complexity of our society. We have had this 12-year standard now for, well, 100 years plus. Is it time to really rethink, you know, is K-12 enough or do we need to make it K-14, that is kind of the standard now in terms of how complex is society. So I'll just put that out there because I think that goes to thank young man's point.

On the brain drain point, there's actually some data on that that we have. Michigan has now reached -- after being way below the national average, we are now at the national average for the net attraction and retention of high school talent. The reason we still hear the stories that you talked about is that -- obviously you're a high flyer, University of Michigan, London School of Economics. I've been to the bookstore at the London School of Economics. That's as close as I got to getting in there. (Laughter) But the University of Michigan obviously is an international institution, so we attract a lot of people from outside the region, outside the country into UofM and they scatter.

So since University of Michigan is such an outsized presence in our community, we have this greater view of how people are leaving, these high flyers are leaving. But nationally we we're now at average. The big problem we have is that during the Great Recession when so many people left Michigan, for some reason they took their children. And so we don't have their children (laughter) here in the state to retain them. And that's why we're struggling with that. So if they would have just left their children we would be in much better shape. (Laughter)

MS. NOLAND: Hi, my name is Kelly Noland. I'm a U.S. Congressional House candidate for district 10 and I just wanted to touch back on one of your previous subjects. About 100 years ago with the stock market crash in 1929, do you foresee such an equilibrium coming back to us 100 years later? Because the disparity in economics, obviously, 50 years -- well, actually over 100 years of disparity now. It's like back then with the Vanderbilts and the big oil guys. And now we have the disparity with Jeff Bezos and Amazon. So what kind of correction, besides the stock market -- because now we have a global market economy -- how severe do you think that I mean possibly could be?

MR. WESSEL: Okay. Is there another one over here?

QUESTIONER: I had a question. It's great when you talk about education and getting job training and increased wages for minimum wage, but there is a gap between and getting a job. What

I mean is that we've lost the tradition of having a job with benefits and we get instead -- and even people who are middle aged, not just the young, but people who are middle aged, when they lose their jobs and go back into the workforce, even though you get training, you're contracted, you have no benefits. And that's one of the reasons why people suffer. Companies need to be willing to hire people even without experience too, because when you don't have experience -- you've just got training and education, how can you get experience if a company is not willing to hire you.

MR. WESSEL: If you don't get hired. Right. Great.

QUESTIONER: So we've lost a lot of traditional values and it's really difficult for people because we do not have the benefits we used to have.

MR. WESSEL: Right, right.

QUESTIONER: Even with unions we struggle.

MR. WESSEL: Right, great. We got it.

QUESTIONER: With the corruption and so forth in the government. And it is high time that we get corruption out of our government and businesses because this country is about we the people. And we need to move forward in addressing that gap.

MR. WESSEL: Right. I got it.

QUESTIONER: Thank you.

MR. WESSEL: Is there one more over here? I want to hear from the trustee.

MR. CUSUMANO: Frank Cusumano, the trustee --

MR. WESSEL: Hold on, wait for the mic, Frank.

MR. CUSUMANO: Frank Cusumano, I'm the trustee and vice chair of the board.

Isn't it true that industrialization has been fueled by cheap fossil fuels and that the U.S. economy is run on cheap fossil fuels? And how does the carbon zero blend in with that? Or are we just basically -- and how are we going to tell China to slow the -- because they say it's great for you guys, you already industrialized, now we're looking to industrialize in India and we want to go forward with the same industrialization model based on fossil fuel that was in England, which is in the United States, which was all over the world.

So how do you blend that or reconcile that?

MR. WESSEL: So wasn't somebody assigned the easy question? I can go to that person. Who's the ringer?

MR. BARUAH: What happened to what's your favorite ice cream?

MR. WESSEL: Molly --

QUESTIONER: That's a Dr. Yellen question.

MR. WESSEL: Molly, why don't you take the one about -- the woman raised a good question that having a job -- if you lose a job with benefits and you get another job and you're contracted out or you're not getting benefits, you have job, but it's not the same. How big a problem is that and what's the solution?

MS. KINDER: So I think there is that problem, but I also heard this statement about the fissuring of the workplace, how work is becoming less and less stable and secure. You're contracted out as an independent contractor as opposed to an employee in house. Those jobs often have less benefits, there's less stability. So there's the issue of losing your job and not necessarily getting benefits, but I think there was a sense that over time benefits have been eroded, job stability, the fissuring of the workplace. This is absolutely true. I think the move toward less secure contracted out positions is a hugely problematic one. There is lots of evidence that over the decades that benefits, particularly for the lower end of the wage spectrum, have become harder and harder to get. I heard it even in the context of raise the minimum age, that sometimes wages are going up, but at the same time employers are making it harder to get the hours to qualify for the benefits.

So I think this is a really huge problem. And there is also a point about employers taking a chance on folks who don't have skills and given them that training.

So there is a question I think of what is the responsibility of business and I think it even gets -- this is why we're having a conversation, frankly, about capitalism and really what's expected. How do we make sure that the way employers are treating their workers allow for the things that people desperately want, which is stability and benefits and decent pay. And I think there is a bigger conversation about the role of business, how can we potentially regulate this, but really what is business' responsibility and how can we get out of this race to the bottom, low level equilibrium that's causing some of these very real concerns I think. Particularly for the lower end of the wage spectrum.

MR. WESSEL: Okay. So, Janet, there were two questions for you, each of which is worthy of a 40 minute answer, and we've got about 2 1/2 minutes left. (Laughter)

MS. YELLEN: Remind me.

MR. WESSEL: So, one, we had a lot of inequality in the '20s and that didn't end well. Are we going to relive that?

And, secondly, how do we tell China and India, sorry, we used up all the carbon, so you have to find some other solution to get rich?

MS. YELLEN: Well, I mean I do think we live in an age of increasing inequality and that's what all of this is about and what people are debating in the coming election. And it's taking huge toll on American society. There's also some evidence that business -- a larger share of the pie is going to business and less to workers overall and that the American economy has become less competitive.

And so I agree with you, I think we are going through many of exactly the same things. I'm not sure how it ends.

In terms of fossil fuels and societies and economies that are built on it, yes it was very important for American business, yes, we have -- one of the reasons this is so hard is that we have countries like China and India that have far lower incomes than we have in the United States, that burned much less fossil fuel and put less carbon dioxide, fewer greenhouse gases in the atmospheres. And we're not going to do anything about this problem. They absolutely can't understand why they should take steps that they need to develop also. But the consequence is that we're destroying the planet that we all need for our common survival.

And there has been a lot of technological change. I mean in terms of electricity generation, wind and solar have now developed at the point where for many purposes they can just about survive in the markets on their own. It's very expensive to tear down coal burning electric plants, and a sensible policy wouldn't do that. But when their lives are over, would make sure that they are replaced by something that emits much less greenhouse gases.

And I think what I'm in favor of -- and many people were worried about this problem -- is a tax on emissions of carbon dioxide. It would create the right incentives for businesses to make the switch to burn fuels that don't produce as much greenhouse gases.

MR. WESSEL: So I want to thank you all for coming out in the snow. It's really heartening and I was worried that it would be the four of us and three people from the college. (Laughter) So I appreciate you all coming.

Please join me in thanking the panel for a great discussion. (Applause)

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