The Economic Club of New York

444th Meeting
108th year

The Honorable Alice Rivlin
Award for Leadership Excellence

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Introduction

Chairman William C. Dudley

Good afternoon everybody. Welcome to the 444^{th} meeting of the Economic Club in our 108^{th} year. The Economic Club of New York is the nation's leading nonpartisan forum for economic policy speeches. More than 1,000 guest speakers have appeared before the Club over the last century and we've established a strong tradition of excellence. I want to recognize and thank the 225 members of our Centennial Society. These club members have made an extraordinary contribution to ensure the financial stability of the Club into its second century. Their names are in your program and on our website. Also, I'd like to welcome students from Rutgers Business School, The New School, Barnard, and Fairleigh Dickinson University. Thanks to trustees Abby Joseph Cohen, Glenn Hutchins, and Marie-Josee Kravis, who make their attendance possible today.

This is a special lunch. We're presenting our third Economic Club of New York Award for Leadership Excellence to Alice Rivlin. The prize is given every two years to an individual who has exhibited excellence in leadership in economic policy. Past awards have gone to George Shultz and Paul Volcker. The Prize Committee unanimously chose Alice Rivlin to receive its third award. The committee was made up of Abby Joseph Cohen, Roger Ferguson, Glenn Hubbard, and Henry Kaufman. The prize is made possible by a generous gift from Peter G. Peterson, former chair of the Economic Club of New York, and the founder of the Peter G.

Peterson Foundation. We thank Pete for his generosity. I'd also like to thank the co-chairs of the event, fellow members of the board, for their help in making this event possible and a success today.

And now to present the award we have Abby Joseph Cohen, chair of the Prize Committee, Roger Ferguson, and Glenn Hubbard. Abby. (Applause)

Abby Joseph Cohen: Good afternoon everyone. Today we are privileged to honor Alice Rivlin for her many contributions to the field of economics and to the economic well-being of our nation. The Economic Club of New York Leadership Award honors excellence in leadership in economic policy.

Alice Rivlin is the perfect choice as today's honoree. She is an economist whose work has had extraordinary impact on economic policy over the course of her varied and distinguished career. Alice Rivlin was the founding director of the Congressional Budget Office where she demonstrated the best in professional analysis and nonpartisan policy recommendations. She served as the director of the Office of Management and Budget in the Clinton Administration. Alice Rivlin has also served as Vice Chair of the Federal Reserve Board in Washington. She served on the Simpson-Bowles Commission and the related effort with Senator Domenici. She has co-edited several books which begin with the following title, "*Restoring Fiscal Sanity.*"

Alice Rivlin is currently engaged in the national debate on health and healthcare. She is the Director of the Center for Health Policy at the Brookings Institution. At Brookings, she is also a Senior Fellow in the Economic Studies Program which she previously directed. She has taught at Georgetown, Harvard, George Mason, and The New School Universities. She was President of the American Economic Association. Alice Rivlin received her bachelor's degree from Bryn Mawr College and her PhD in Economics from Radcliffe College, now Harvard University.

Dr. Rivlin, for your extensive body of work and your demonstration of the critical role of sound economic policies, we award you the Economic Prize for Leadership Excellence. And like the Academy Awards, there's an envelope involved. And thanks to Pete Peterson, the check is for $50,000. (Applause) You may notice the tentativeness with which we reach for the glass. It's easier to handle checks I assure you. So there's a beautiful piece of crystal here for Alice. And let me just say thank you for allowing us to acknowledge you in this meaningful way and, of course, hearty congratulations. (Applause)

Chairman William C. Dudley: So now the time has come, Alice, to sing for your lunch. Thank you.

The Honorable Alice Rivlin

Thank you very much. What a wonderful thing! An award that has been awarded to George

Shultz and then to Paul Volcker and is supported by my old friend and neighbor, Pete Peterson, is a marvelous award to win. And I think it's a lucky award – there must be a longevity component to this award.

And I'm deeply honored to receive this from the Economic Club of New York. This Club brings together the best minds of the economic and financial community of the world's preeminent financial center to discuss serious subjects – I mean stuff like the future of the world economy – with thought leaders from around the world. The list of speakers is a great list to be on.

Award ceremonies always make me cringe a bit, because they force the awardee to listen to her own obituary or so it sounds. But this one comes with a big benefit – in addition to the nice check. It creates the opportunity for me to say what I think, what I think Americans need to do to put our economy on a track to sustainable broadly shared prosperity and to say it to an audience with a lot of clout to make it happen. So I want to take maximum advantage of that opportunity.

My long career has given me a chance, as Abby noted, to participate in economic policymaking on Capitol Hill, in the White House, and at the Federal Reserve. That unusual privilege gives me, I hope, a bit of license to opine about monetary, fiscal, and regulatory policy and the intersections among them. All are extremely important to our economic future and there's a lot more to be said about each than we have time for over lunch.

So today I would like to say a brief word about the state of monetary policy and financial regulation and then try to focus your attention on budget policy and what we need to make it useful again. That emphasis reflects my view, not that budget policy is more important than monetary or fiscal policy, mainly that it is the most broken part of our economic kit of tools. It poses the most dangers for the future of shared prosperity and it could be most constructively influenced by the people in this room.

Now I know a lot of you spend time worrying about exactly when the Fed will raise interest rates and what the ECB might be up to. Now that's not surprising because monetary policy affects your bottom lines immediately and directly. But from a broader economic policy perspective, I think monetary policy should be far down our list of worries. Monetary authorities proved themselves remarkably competent in managing through the crisis once it happened and keeping recovery going despite fiscal austerity.

Given the current medium term outlook for the major developed countries, monetary policy is highly likely to remain quite accommodative for a good long time. Our own economy is growing moderately well, but there is still slack in the labor markets and other markets. Unemployment rates have come down to more tolerable levels, but the ratio of people with jobs to the working age population remains frustratingly and somewhat mystifyingly below par. The rest of the world is in far less robust shape than we are. Inflation is below target in all major developed countries, and unlikely to accelerate any time soon. So the consequence of this set of circumstances, it seems to me, is that low interest rates will be appropriate monetary policy for the foreseeable future. Now that doesn't mean the Fed won't raise rates at some point – and I haven't any idea when, neither does Bill Dudley – just that they won't, in my opinion, go back to anything like the old "normal" anytime soon. Central banks are going to be stuck with managing large balance sheets and preparing tools to downsize those balance sheets carefully, if and when we should be lucky enough to see the stronger growth and tight labor markets that could revive inflation as a future threat.

The prospect of sustained low interest rates makes financial regulatory policy even more crucial than it would otherwise be if that's possible. Indeed, the imperative of getting financial regulation right is hard to exaggerate. The most important objective of economic policy is to keep anything close from the catastrophe of 2008 from happening again. It's just too costly – not just to the people in this room, but much more importantly to economies all around the world.

Dodd-Frank has given us a much-needed set of new tools to enhance financial stability and resolve insolvent financial institutions in ways that contain contagion. But those new tools have not been refined or tested. Nor can we be sure that the authorities will have the political will to use them at the crucial moment. Moreover, Dodd-Frank did little to rationalize our cumbersome, fragmented regulatory structure, which is the next big challenge we need to tackle.

The Volcker Alliance's report, *Reshaping the Financial Regulatory System; Long Awaited, Now*

Critical, was released yesterday. I think it's a very good report. I'm on the board so I have to think that. It maps out a bold restructuring of the regulatory apparatus to get responsibilities clearer and reduce regulatory arbitrage. The report is aimed at starting serious conversation about how to make our financial regulatory system simpler and more effective.

So I don't think we should worry much about monetary policy. It's in competent hands at the Fed, at the ECB, at the Bank of England, and other central banks, and they seem to be getting it just about right. Unfortunately, monetary policy, without complementary fiscal policy, has never been a very effective tool for generating robust growth. And as for financial regulation, it's much more of a work in progress, but moving slowly in the right direction. Budget policy, however, is a total disaster in danger of getting worse.

It's a disaster because budget policy requires legislation – tax and spending laws. That means passing laws through the Congress and having them signed by the president, and that in our system requires compromise and civil discourse across party lines even when the Congress and the White House are in the hands of the same party, and at the moment they're not. So we have this really terrible situation, embarrassing I think, for Americans around the world, of polarization, gridlock, and worse than gridlock. Things like threatening to default on the national debt – how crazy is that for a country like us. So budget policy is in disarray.

To the extent that there's been anything that could be described as budget policy in Washington for the last three or four years, it's been counterproductive. The stimulus enacted in 2009 did help turn the economy's free fall into a slow but fairly steady recovery, reinforcing the automatic stabilizers in the budget and the aggressively easy monetary policy of the Federal Reserve. But once the stimulus was spent and the economy began to recover, deficits plummeted and fiscal policy turned restrictive. It's the change in that deficit, remember, that really matters. The Fed found itself struggling to keep the recovery going in the face of fiscal currents pushing in the opposite direction. It's testimony to the Fed's persistence and the inherent resilience of the American economy that the recovery has been as strong as it has.

Moreover, much of the budget austerity was mindless across-the-board cuts in so-called discretionary spending. That, as you know, is the annually appropriated part of the budget that keeps the essential wheels of government turning and funds investment in future growth – things like basic research, building skills, and modernizing infrastructure. Discretionary spending was not the part of the budget that was growing most rapidly before the austerity set in. Nor was it expected to grow much in the future. It was entitlement programs – especially Medicare and Medicaid, and to a lesser extent Social Security – that dominated projected federal spending. But it was just far easier to cut discretionary spending, because it could be done by lowering aggregate spending caps that didn't require revealing what specific spending was actually being reduced. It was politically relatively painless.

The sharp polarization of our politics and our ideology has turned debate about federal activities and their funding into vapid generalities and name-calling. Republicans generalize that federal spending is wasteful, it's harmful, it's too big, and should be cut. Democrats say the government isn't doing enough and any cuts will do incalculable harm, especially to low income people. Republicans decry all taxes. Democrats argue for higher taxes on the rich. Each side demonizes the other's motives and no constructive dialogue ensues. So nothing's happening.

I believe the New York financial community, with its huge stake in the performance and vibrancy of the American economy, can do a lot to change the conversation about the role of government. First, we need to break out of this ridiculous debate about whether the government spends too much or too little and focus on the specifics of what we want the government to do, how to do it well, and how to pay for it. With confidence in all institutions– public and private – at low ebb, there is no point in trying to restore confidence in government in general. A better tactic, I think, is to focus first on selected activities that almost everyone needs the government to do competently.

Here, the public, I believe, is less polarized than the politicians. The politicians know that because they don't want to close down the government. They know the public reacts badly to that. I don't think it would actually be hard to get agreement on a list of basic activities that most politicians and most citizens want done competently. We want to secure the borders. We want to make sure airplanes don't fall out of the sky. We want to get passports issued. We want to make going to a national park a safe, pleasant experience. We want to have competent and fair law enforcement, and so forth. Further down the list things get more controversial, but it would be a big advance to get these non-controversial activities adequately funded without so much drama. And I suspect the list of non-controversial activities may be quite long. Even people who would like lower taxes want the tax laws fairly enforced. What sense does it make to have the IRS too strapped to answer taxpayer questions or audit returns of likely tax cheats? Do we really want Medicare wasting money because it can't afford to prosecute fraud? I don't think so.

Second, with slow growth inhibiting shared prosperity, we need to make the case for shifting federal spending – at the margin and over time – toward productivity enhancing public investment and away from lower-priority consumption. But we won't sell this strategy to a skeptical public or a dysfunctional political system by arguing for more public investment, even more infrastructure, as a general principle. That just sounds too vague. Advocates will have to show what improving transportation in a particular place could do to commuting times and commercial costs or what training workers with special sets of skills could do to enhance productivity and competitiveness in specific industries.

And they also have to show that reducing low-priority consumption doesn't mean throwing granny off the cliff or starving poor children. Reducing consumption can mean gradually restructuring entitlement programs, such as Medicare and Social Security, so that the benefits go to the people who need them most and are less generous to those who need them less. This is especially true of entitlements in the tax code, like home mortgage deductions and untaxed employer benefits, that go primarily to people who don't need them very much. Converting the home mortgage deduction to a credit with an upper limit, for example, could help a lot more middle-income people with their mortgage payments – they don't get much help now because they don't itemize – although it would provide a less generous subsidy to high-end housing.

Third, we need to do this in a fiscally responsible way, which means gradually bringing the ratio of debt to GDP back to levels that will not inhibit constructive policies in the future. I proudly plead guilty to what Paul Krugman calls, "Simpson-Bowlesism," a new evil, although I prefer to think of it as "Domenici-Rivlinism," after the second of the two bipartisan debt commissions that I served on in 2010-2011. Domenici-Rivlinism does not mean austerity that endangers recovery – indeed, we proposed bigger stimulus at the time – or mindless budget balancing at the wrong moment. It does mean moving the budget onto a sustainable path over time and bringing the debt to GDP ratio down. I don't think there's any magic point at which our debt to GDP ratio becomes dangerous. But the fact that this ratio has doubled since just before the financial crisis should make us nervous, mostly because it will make it much harder to mount an effective fiscal response to another recession.

Now Domenici-Rivlinism doesn't mean any more discretionary spending cuts. We've gone too far in that direction already. It does mean reforming our tax code to broaden the base and lower the rates. This would give us a tax system that was more progressive, more conducive to growth, and raising more revenue. That's a good combination. It also means restraining future entitlement expenditures, including those tax expenditures, so that they help low income people more and upper income people less and don't grow faster than the revenues needed to support them.

Now many people in this room talk to candidates and give them money. So you're in a position to make clear that you expect them to stop mouthing off about government being too big in general or all cuts being unconscionable and start thinking sensibly about what we actually want government to do, how to do it well, and how to pay for it. You can tell them you expect them to stop posturing and work together to solve problems once they get elected.

Now just because I'm suggesting you urge candidates to be more discriminating in their attacking and defending government activities, doesn't imply that I applaud the way we finance campaigns or the way money influences politics. The judicial argument that political contributions are free speech seems far-fetched to me and I would love to see the notion disappear – by constitutional amendment if necessary – and be replaced by public funding. But that isn't going to happen anytime soon. And as long as you have this power, I hope you will use it to start more constructive conversation about how government can enhance our shared prosperity and how to pay the public bills responsibility. Thank you. (Applause)

QUESTION AND ANSWER PERIOD

CHAIRMAN WILLIAM C. DUDLEY: So three words come to mind – clear, thoughtful, sensible. Why don't you just run things for us? So today, we have two questioners. Glenn Hubbard of Columbia University School of Business and a former chair of the Club, and Roger Ferguson, also a former Club chair, and President and CEO of TIAA-CREF will ask the questions. If you have questions in the audience, though, you can email them to the Club's President, Jan Hopkins to questions@econclubny.org., questions@econclubny.org. So Glenn, you're the first questioner.

GLENN HUBBARD: Thanks Bill. I would note that Alice has said her next stop after this is Iowa, so I do wonder if she is actually running. Thanks for being here, Alice, and more importantly for your ideas and for your leadership. I wanted to take you more to the heart of the budget questions that you raised. It's absolutely true that the nation faces looming, very large deficits principally from entitlement programs, and those deficits threaten either or both very large tax increases or cuts in what we would consider public goods spending. But we're not making progress. So my specific question to you is, is this a question of a lack of policy creativity? Is it a question of leadership? Or is it a question of processes or rules that might force action? What are your thoughts?

THE HONORABLE ALICE RIVLIN: Well, that's a good set of options. I don't think it is a problem of creativity in the policy process. Indeed, as the two commissions I served on sat down to work across party lines – both were bipartisan – to try to solve the long range budget problem, we found ourselves without many options. Creativity sounds nice, but what you really have to do is figure out the best way to slow the growth of the entitlement programs and to make our tax code simpler, fairer, and more productive of revenues. And so we were driven to the same point, and so have other people who have tackled this problem. I don't see much room for creativity there except around the margins. Failure of leadership, yes. And I do fault our president, I don't know that he could have pulled it off, but we on Simpson-Bowles were very disappointed that he didn't try. He didn't pick up our sensible plan and say to the Congress – this is back in early 2011 – I appointed this commission, they did a good job, I want to work with you to get some of this done. What he says is that if he had been for it, the Republicans would have been against it, and there's some danger of that. But I think there was a failure of leadership on both sides. The Boehner-Obama talks almost got there. Rules to make us to do it, I don't think so. We've tried that. Remember the fiscal cliff and the super committee. I actually thought that might work. I don't think we need other rules that force, hope to force the Congress to do something, but we need sensible leadership on both sides.

ROGER FERGUSON: Alice, let me join others in congratulating you on, one, a stellar career, which obviously has much left to do, and secondly, congratulations on this award, and thank you for coming. You started by saying monetary policy, you thought, was in good hands. I would certainly agree with that. The one thing that I think many are thinking about, though, with respect with monetary policy is whether or not policy itself is either driving or has a role to play in dealing with incipient bubbles for example. You seem to think that it should be driven mainly by regulation to deal with financial imbalances. Is there no role for monetary policy in that space?

THE HONORABLE ALICE RIVLIN: I don't there's much of a role. My new colleague, Ben Bernanke – I say that with pride – colleague at the Brookings Institution, recently wrote a good blog on the subject, and I agree with him. I think the problem with using monetary policy to arrest a bubble is the collateral damage. You're very likely at that moment – I think late 90s was the dot-com bubble – you're very likely at that moment to have a monetary policy instrument which won't do a lot to stop the bubble because people are so determined that whatever the asset is, it's going to be worth more tomorrow. And we can do a lot of damage to the economy in the process. That's why didn't raise interest rates until the very end of the 90s.

GLENN HUBBARD: Your remarks mentioned financial regulation and Dodd-Frank in particular. A general question, are we safer today than before Dodd-Frank? If so, why? And if not, what should we be doing?

THE HONORABLE ALICE RIVLIN: Oh, I think we're a little safer because of Dodd-Frank and a little safer – maybe a lot safer – because people whose institutions are well represented here got burned and don't want to go through that again, and that helps. But I mean, try to get a mortgage refinanced even if you've got a pretty good income, it's very hard. But I think Dodd-Frank, as I said, is a work in progress. It has given us some tools, particularly the tools to resolve financial institutions in trouble, and we learned that the contagion didn't have to come from banks. It didn't have to come from commercial banks. That was a very useful lesson and we got some tools to deal with it. We haven't used them yet, so we don't know exactly how they work. But I think we're safer but not as safe as we could and should be and that's why the Volcker Report is important – what are the next steps in improving financial regulation.

ROGER FERGUSON: So Alice, on the theme of entitlement reform, you outlined a broad sense of fairness, perhaps more of what economists are calling means testing, I think I heard that. Could you talk a little bit more the broader context? In particular, healthcare, healthcare expenses, healthcare reform. Certainly that's got to be an important part of what's driving the Medicare budget overall.

THE HONORABLE ALICE RIVLIN: Yes, and actually there's some good news here. Back when we were doing Simpson-Bowles and Domenici-Rivlin, way back in 2010 - 2011, the forecast for the projections for the federal budget were truly scary. The spending side was likely to grow much faster than anybody thought GDP could grow, and taxes wouldn't, they go up with the GDP, so you had this widening wedge. And that was primarily driven by the very rapid assumed increase in healthcare costs. Now if you look at the same numbers from the CBO, it's true, as Glenn said a minute ago, that after, into the 2020s and beyond, we still have rising deficits projected, but it's not nearly as scary as it was. And that's for two reasons that may or may not be sustainable. The one I referred to, the excessive cutting in discretionary spending, and the other one was that to a lot of people's surprise, healthcare cost increases simply slowed. Now I think that is partly mysterious. It's partly the economy. But it's also partly that there are reforms in the way we pay doctors and for other providers that are beginning to take hold. They were featured in the Affordable Care Act, but they've also taken hold in the private sector, in the insurance industry particularly. I was surprised that it took so long. But the idea of using incentives to produce, not just more care, but better care and more efficiently delivered care is taking hold.

GLENN HUBBARD: We've talked about policy failures, but I want to try to think about success if that's possible, and ask you what's the most significant successful policy action, economic policy that is, over the course of your career? And what do you think were factors that made that possible? Are there any lessons for policymakers today?

THE HONORABLE ALICE RIVLIN: Well, I'd give very high grades to everybody who participated in the financial crisis remedy once it happened, which it shouldn't have, but I wasn't part of that. The one, I guess, I feel most proud of was economic policy in the Clinton Administration. We did get a budget which looked at the time we took over – I think early '93 – to be going out of, a deficit that appeared to be going out of control. We took that and turned it into a surplus by the end of the decade, much faster than we thought. And you may say that was partly the stock market bubble, and it was. But it was also restraint in government spending – we had these rules that had been passed in 1990 actually, that we inherited that said, that put caps on discretionary spending which the Congress observed and which limited new entitlements. It wasn't that the Clinton Administration, especially the president, didn't think of things you could do like prescription drugs and Medicare. It's just that we had rules that said if you do that you have to pay for it, and we couldn't figure out how to pay for it. So it didn't happen. And on the tax side, we raised taxes, and we raised them at just the right moment. We raised the top end rate a little bit and just at the moment when the people with very high incomes were making a lot of money and a lot of capital gains, and it brought in the revenues. And we did this very brave thing, we raised the gas tax 4.3 cents per gallon – the last time it was ever raised. You'd have thought the roof was going to fall in. You wouldn't notice it now.

ROGER FERGUSON: Alice, obviously monetary policy, fiscal policy, all exist in a backdrop of the overall economy. There's quite a bit of debate now about secular stagnation, some are driving in favor, some say no. I haven't heard much from you on this. Do you have a point of view?

THE HONORABLE ALICE RIVLIN: Well, I have a point of view that most of what Larry Summers says is right, that we are likely – we, the advanced countries of the world and maybe to some extent the developing world as well – in for a good long period of slow growth. The potential growth has been dropping in all countries and population growth has slowed – that's actually a good thing – in most places. But that sounds like I'm going to make a speech about Alvin Hansen, but Alvin Hansen was wrong. Maybe you aren't old enough to remember Alvin Hansen. I am. I was in his last class at Harvard University. He predicted secular stagnation at the, well, he predicted it during the Great Depression, but he predicted it would resume after World War II. Well, I just think secular anything is very hard to predict. Our economy is resilient and I don't believe that it's sensible to talk about being in a bad period forever.

GLENN HUBBARD: With the backdrop in mind and the budget and big policy, there's still another major issue we haven't talked about which is what can or should policy do about income inequality? Is it focus on opportunity? Is it outcomes? Is it both?

THE HONORABLE ALICE RIVLIN: Oh, I think it's both. I think we should focus very heavily on opportunity. And that means investing in skills of young people and it means going back to very young people. It means investing in children from an early time if they live in threatening and unsafe places and are not going to get the kind of nurturing and early childhood education that they would get in a more affluent neighborhood. I think we need to go for broke on that one. And we need to break up pockets of concentrated poverty. There are ways of doing this, and there's progress on some fronts. I would put most of the emphasis on opportunity. But as I said, we should think if we're reforming the entitlement system and trying to slow its growth, we don't want to slow it for the people who need it most. We want to slow it for the people who need it least. And we want to make our tax system more progressive at the same time which doesn't mean higher rates, by the way.

ROGER FERGUSON: Alice, you talked a few times about tax reform, and you seem to have taken a focus on individual taxes. Do you have points of view about corporate taxes, corporate tax rates?

THE HONORABLE ALICE RIVLIN: Oh, my view about the corporate tax rate is we should get it down. It's sort of the same view, broaden the base, reduce the rates. And then there's this thorny question of how do you treat multinational corporations? My two commissions split on that. Dave Cody, CEO of Honeywell, was on Simpson-Bowles. And he persuaded us all that we should go with territoriality. And our small business representative on Domenici-Rivlin was not very enthusiastic about that so we didn't go for it.

GLENN HUBBARD: I want to take you back to the Federal Reserve. You hinted today, and you said more in a recent speech you gave at the National Association of Business Economists, that the main job of the central bank is preventing another 2008. But given the regulatory changes we've talked about since the crisis, is the Fed really well positioned to do so? As you know, Dodd-Frank trimmed the Fed sails in some way. Is the Fed okay?

THE HONORABLE ALICE RIVLIN: Oh, I think the Fed is probably better positioned to monitor and ward off financial instability than it was, but we've got a long way to go. Our cumbersome and many faceted regulatory system encapsulated in the FSOC, government by committee, I think leaves a lot to be desired. And we need to rethink how we clarify who is responsible for what and make sure it happens.

ROGER FERGUSON: Alice, I think I have the privilege of asking the last question. And so this would be to encapsulate your entire career in one question. Is there a future for the economics profession given how many mistakes economists have made? (Laughter)

THE HONORABLE ALICE RIVLIN: Oh, I hope so. But economists – I teach in a public policy school, I couldn't get a job in an Economics Department (Laughter) – economists, I think, like many of the ones represented here, including yourself, have got to broaden the scope of their tools, pay attention to politics, and to human behavior, and to the sociology of groups, and to a whole lot of things that affect the economy and are not very well captured in our current models. (Applause)

CHAIRMAN WILLIAM C. DUDLEY: Well, I would give you a job any time, any place, anywhere, Alice. So I want to thank you, Alice, for your thoughtful remarks and for your long, distinguished career. I agree with almost everything you said so I feel like you were channeling me, channeling Paul Volcker, channeling a whole bunch of people, I think, in this room. I also want to thank Abby for presenting the prize and for chairing that committee, and our questioners, Roger and Glenn. Our next program is going to be May 19. Our guest is going to be Raghuram Rajan, the Governor of the Bank of India. Now I leave you to enjoy your lunch. Thank you. (Applause)