

Martin Neil Baily, Bio August 2014. Senior Fellow, Bernard L. Schwartz Chair in Economic Policy Development, Director of the Business and Public Policy Initiative, The Brookings Institution, Washington DC.

Baily re-joined Brookings in September 2007 to develop a program of research on business and the economy. He is studying financial regulation, growth, and how to speed the recovery. He is a Senior Advisor to the McKinsey Global Institute and to the Albright Stonebridge Group. He is the co-chair of the Financial Regulatory Reform Initiative of the Bipartisan Policy Center, and a member of the Squam Lake Group of financial economists. Dr. Baily is a Director of The Phoenix Companies of Hartford CT.

In August 1999 Dr. Baily was appointed as Chairman of the Council of Economic Advisers. As Chairman, Dr. Baily served as economic adviser to the President, was a member of the President's Cabinet and directed the staff of this White House agency. He completed his term as Chairman on January 19, 2001. Dr. Baily previously served as one of the three Members of the President's Council of Economic Advisers from October 1994 until August 1996.

Baily has served as a Senior Advisor to the McKinsey Global Institute for many years and was an adviser to the Congressional Budget Office from 2006-09. Dr. Baily was a Principal at McKinsey & Company at the Global Institute in Washington, D. C. from September 1996 to July 1999 and from 2001 to 2007 he was a Senior Fellow at the Peterson Institute where he published books on the European economy and on pension reform. Baily was the co-chair of the Taskforce on Financial Reform convened by the Pew Charitable Trusts..

Dr. Baily earned his Ph.D. in economics in 1972 at the Massachusetts Institute of Technology. After teaching at MIT and Yale, he became a Senior Fellow at the Brookings Institution in 1979 and a Professor of Economics at the University of Maryland in 1989. He is the author of many professional articles and books, testifies regularly to House and Senate committees and is often quoted in the press.

Other Positions:

Vice-Chairman, panel of the National Research Council/National Academy of Sciences convened to assess the contribution of information technology to performance in service activities, 1991-1993.

Member of a panel convened by the Office of Technology Assessment to evaluate pharmaceutical prices, 1991.

Member of the Brookings Panel on Macroeconomics and Senior Adviser to this panel since 1976.

Co-chair and was the co-chair of the Taskforce on Financial Reform convened by the Pew Charitable Trusts.

Research Support:

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

Consulting Activities:

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

Summary of Research Interests:

Developed a theory of implicit labor contracts, an analysis of why wage inflation responds so sluggishly to excess supply in the labor market. Evaluated the impact of unemployment insurance, policies to reduce structural unemployment and the role of monetary and fiscal policy in the stability of the U.S. economy. Since 1979 worked on productivity and innovation in the US and other countries. The impact of labor quality, energy and capital, measurement problems, innovation, the electronics revolution and management quality on U.S. economic performance have been assessed. Completed several studies of individual manufacturing plants. Participated as co-author and member of the leadership team of McKinsey Global Institute studies of service sector and manufacturing productivity and the employment performance and in a series of country studies. Participated in studies of the globalization of the capital market and of health care. Recent work assessed the revival of US productivity growth, the impact of the dollar on the US economy, and Social Security reforms around the world. Completed a book on European reform in September 2004 and on pension reform in 2009. Directing new research program on business and the economy, analyzing the impact of the financial crisis on the economy and the impact of the Great Recession. Studying the impact of small and private business on the economy.

Listing of Publications and Papers:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Productivity Dynamics in Manufacturing Plants," *Brookings Papers on Economic Activity, Micro: 1992* (with Charles Hulten and David Campbell); reprinted in *Innovation, Evolution of Industry and Economic Growth*, edited by D. Audretsch and S. Klepper; for the *Critical Writings in Economics* series.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“What Happened to the Great US Job Machine? The Role of Trade and Electronic Offshoring,” *Brookings Papers on Economic Activity 2004:4*, The Brookings Institution; with Robert Z. Lawrence.

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

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

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

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

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

“Competitiveness and the Assessment of Trade Performance,” in Michael Mussa ed. C. Fred Bergsten and the Global Economy, Peterson Institute for International Economics, 2007, with Robert Z. Lawrence.

“US Services Trade and Off-Shoring,” The Brookings Institution, November 16, 2007

“Productivity and Potential Growth in the US and Europe,” presented at the European Central Bank, revised version The Brookings Institution, February 8, 2008.

“Don’t Blame the War for the Economy,” New York Times, April 20, 2008.

The Great Credit Squeeze, The Brookings Institution, May 16, 2008, with Douglas Elmendorf and Robert Litan.

The Origins of the Financial Crisis, The Brookings Institution, November 1, 2008, with Robert Litan and Matthew Johnson.

“Let the Bank Bailout Work,” Washington Post, January 15, 2009, with Charles Schultze.

“Fixing the Financial System,” The Brookings Institution, February 2009, with Robert Litan.

US Pension Reform: Lessons from Other Countries, The Peterson Institute, February 2009, with Jacob Funk Kirkegaard.

“What Will it Take to Stabilize the Banks,” The Brookings Institution, March 17, 2009, with Douglas Elliott.

Moving Money, The Brookings Institution, 2009, edited with Robert Litan.

“The US Financial and Economic Crisis: Where Does it Stand and Where do We Go From Here?” The Brookings Institution, June 2009.

“Telling the Narrative of the Financial Crisis: Not Just a Housing Bubble,” The Brookings Institution, November 2009, with Douglas Elliott

“A Proposal For Financial Reform,” Taskforce on Financial Reform, Pew Charitable Trusts, December 2009.

“One Financial Standard to Protect Consumers,” Politico, December 2009, with Eugene Ludwig.

“Putting Americans Back to Work: Competing Visions for Job Creation,” Testimony to the Senate Democratic Policy Committee, December 2009.

“Should Central Banks Target Asset Prices,” *International Economy*, January 2010.

“The Status Report: Obama’s Effort to Restore Economic Confidence”, The Brookings Institution, January 2010, with Karen Dynan.

“Do We Need a Consumer Protection Agency,” PBS Newshour Online, February 2010.

“What is So Serious About our Debt Anyway,” The Brookings Institution, February 2010.

The Squam Lake Report: Fixing the Financial System, with Kenneth French et al., PUP, 2010.

“Can China Become the World’s Engine for Growth?” *International Economy*, Winter 2010.

“Commentary on Rationales and Mechanisms for Revitalizing US Manufacturing R&D Strategies,” *The Journal of Technology Transfer*, 35, 3, 2010.

“How Do Nations Adapt to the Division of Labor,” in *The Shape of the Division of Labor*, edited by Robert M. Solow and Jean-Philippe Touffut, Cournot Centre, 2010.

“Adjusting to China: A Challenge to the U.S. Manufacturing Sector,” Policy Brief No. 179, Brookings, January 2011.

“The Public Sector Productivity Imperative,” with Karen Crosson, Lenny Mendonca and Thomas Dohrmann, McKinsey Public Sector Practice, March 2011.

“The Negative Implications of Fiscal Consolidation on the U.S. Economy,” Brookings Up Front blog, May 26, 2011.

“Economic Repercussions of a Government Shutdown: Positives and Negatives,” Brookings Up Front blog, April 6, 2011.

“Building a Long-Term Strategy for Growth through Innovation,” Brookings, May 2011.

“The Limits to Discretion in the Architecture of Dodd-Frank,” Brookings, June 27, 2011.

“How Manufacturing Can Lead to Future Economic Prosperity,” Brookings Up Front blog, June 29, 2011.

“The Time to Deal with the Budget Deficit Is Now,” McKinsey and Company, July 18, 2011.

“Can Natural Disasters Help Stimulate the Economy?” *International Economy Magazine*, September 1, 2011.

“To Fix Housing, Fix Finance,” *The Wall Street Journal*, October 6, 2011.

“Can the U.S. Manufacturing Sector Generate More Jobs?” @Brookings Podcast, November 4, 2011.

“The U.S. Economy: Is it Finally Recovering?” The Brookings Institution, December 13, 2011.

“European Macroeconomic Policy,” in *Europe’s Economic Crisis: Transatlantic Perspectives*, edited by Robert M. Solow and Daniel S. Hamilton, Washington DC, 2011.

The Future of Housing Finance: Restructuring the U.S. Residential Mortgage Market, edited, Brookings, 2011.

“Can America Get It’s Entrepreneurial Groove Back? Private Capital at the Political Forefront,” The Brookings Institution, February 2012.

“The State of American Small Business,” House Committee on Small Business, February 1, 2012.

“Restoring Economic Growth,” Campaign Papers, Brookings, March 7, 2012.

“Threats to the U.S. Economic Recovery,” Brookings Up Front blog, March 12, 2012.

“Give the JOBS Act the Benefit of Any Doubts,” Brookings Up Front blog, March 29, 2012, with Robert E. Litan.

“U.S. Manufacturing Makes a Comeback,” *The Washington Post*, May 20, 2012.

“Amid Fiscal Uncertainty, Manufacturing Is Up,” Brookings and *The Washington Post*, May 20, 2013, with Bruce Katz.

“Could Cheap Gas Save the Economy?” CNNMoney, June 27, 2013, with Philip K. Verleger, Jr.

“Don’t Repeal Dodd-Frank, but Don’t Crush the Banks Either,” Yahoo! Finance, September 5, 2012.

“Europe’s So-Called ‘Expansionary Contraction’ Has Not Worked in Practice,” *International Economy*, Winter 2012.

“Is Manufacturing ‘Cool’ Again?” Project Syndicate, January 21, 2013, with James Manyika.

“It’s Time for Sensible Deregulation of Derivatives,” Yahoo! Finance, January 23, 2013, with Aaron Klein.

“U.S. Productivity Growth: An Optimistic Perspective,” *International Productivity Monitor*, March 29, 2013, with James Manyika and Shalabh Gupta

“Discussing the Global Investment in American Jobs Act of 2013,” Testimony before the U.S House of Representatives, Subcommittee on Commerce, Manufacturing, and Trade, Committee on Energy and Commerce, April 18, 2013.

“A Bipartisan Case for Chained CPI,” *The Hill*, May 9, 2013, with Glenn Hubbard.

“Why Isn’t Disruptive Technology Lifting Us Out of the Recession,” Yahoo! Finance, June 11, 2013, with James Manyika.

“Financial Services in the New Trade Negotiations with Europe,” *Real Clear Markets*, June 20, 2013, with Douglas J. Elliott.

“It’s Time for the U.S. and Europe to Cooperate on Financial Services Reform,” Yahoo! Finance, July 3, 2013, with Douglas J. Elliott.

“Derivatives Markets Rules and Regulations: A Global Problem Needs a Global Solution,” *Reuters*, July 10, 2013, with Aaron Klein.

“The Role of Finance in the Economy: Implications for Structural Reform of the Financial Sector,” Brookings, July 11, 2013, with Douglas J. Elliott.

“Five Years After Lehman, We’re Much Safer,” *Real Clear Markets*, September 9, 2013, with Douglas J. Elliott.

“The United States Economy: Why Such a Weak Recovery?” The Nomura’s Foundation’s Macro Economy Research Conference, Brookings, September 11, 2013, with Barry Bosworth.

“Towards a Better Volcker Rule,” Yahoo! Finance, October 28, 2013.

“A New Chapter Begins In ‘Too Big To Fail’,” Real Clear Markets, November 19, 2013, with Douglas J. Elliott.

Financial Restructuring to Sustain Recovery, edited with Richard J. Herring and Yuta Seki, Brookings, 2013.

“US Manufacturing: Understanding Its Past and Its Potential Future,” *Journal of Economic Perspectives*, Winter 2014, with Barry P. Bosworth.

“Taking Advantage of Innovation,” *The Journal of Policy Modeling, Special Issue in Honor of Lawrence Klein*, 2014

Across the Great Divide: New Perspectives on the Financial Crisis, co-edited with John B. Taylor, Hoover Institution Press, forthcoming 2014.

“How is the System Safer? What More is Needed?” with Douglas J. Elliott, forthcoming in Baily and Taylor, *Across the Great Divide, op cit.*

“What Have We Learned from the Crisis and What Remains to be Done?” remarks at the Economic Policy Institute’s Conference on Lessons Learned from the Transatlantic Economic Recovery, June 20, 2014.

“Breaking the Impasse on Dodd-Frank,” The Hill, July 24, 2014, with Phillip Swagel and Aaron Klein.

“Prospects for Growth: An Interview with Robert M. Solow, forthcoming, The McKinsey Quarterly, 2014.