

# REMI 36<sup>th</sup> Annual Users Conference

## Progress and Prosperity: Guiding Policy Through Uncharted Waters

Frederick Treyz, Ph.D.  
Chief Economist and CEO  
Regional Economic Models, Inc.

# What has changed following the COVID shock to the economy?

- More “footloose” connection of firms and workers to a specific workplace location
- Pivot away from Global to Domestic concerns
- Government policies have more direct impact on our day-to-day lives
- Large increase in inequality: wealth, income, racial, gender, educational
- Uncertainty

# Increasingly “footloose” firms and workers

- More “footloose” connection of firms and workers to a specific workplace location
- Mass adoption of technology and work culture represents an ongoing paradigm shift
- Commuting and migration shifts to lower-cost, lower-density locations
- Change in economic geography creates opportunities and challenges

# Pivot from Global to Domestic Concerns

- Widespread Border Restrictions
- Supply-chain issues have highlighted risks of a global system
- Biden maintaining restrictive trade and immigration policies from previous administration
- Political rivalry, especially U.S.-China

# Government Policy is Central

- Massive Government Intervention (monetary and fiscal)
- Record-short recession, rebound of financial markets
- COVID policies affect everyone and vary by jurisdiction
- Increase competition for footloose workers/residents/taxpayers

# Increase in Inequality

- Wealth Gap: Asset values increased across all classes: stocks, bonds, real estate.
- Jobs and Wage Gap: job losses concentrated in lower wage service sectors; higher paid 'remote' workers relatively unscathed
- Racial/ethnic inequality: black and Hispanic workers disproportionately affected
- Gender inequality: women leaving the labor force
- Educational inequality: increased premium for college and post-graduated education
- But...opportunity to narrow income inequality north/south, coastal cities and interior
- Inequality will likely dominate as a political issue (left and right) and can't be ignored.

# Uncertainty

- Political
- Financial
- New Normal or Old Normal?
- Technological change
- International relations, climate change, aging population, government finances

# Why are we here?

- Uncertainty: need for simulation modeling so we can understand outcomes in an uncertain world
- Responding to structural changes in the economy: evaluating policies for state and local governments competing in a more footloose economy
- Government policy: government policies have an outsized impact on people's lives
- Inequality and disparities: need for an analytical framework to ensure that government policies contribute to broad-based socioeconomic benefits