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Restoring Economic Growth

Levy Institute

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*A Conference of
The Jerome Levy
Economics Institute
of Bard College*

***RESTORING ECONOMIC GROWTH:
America's Challenges Ahead***

October 21, 1993

*National Press Club
Washington, D.C.*

The Jerome Levy Economics Institute of Bard College

RESTORING ECONOMIC GROWTH:

America's Challenges Ahead

PARTICIPANTS

Alan Blinder, *Member, Council of Economic Advisers*

The Honorable Robert Dole, *U.S. Senate*

David A. Levy, *Vice Chairman and Director of Forecasting,
The Jerome Levy Economics Institute*

Alicia Munnell, *Assistant Secretary for Economic Policy,
Department of the Treasury*

Rudolph Oswald, *Director of Economic Research, AFL-CIO*

Dimitri B. Papadimitriou, *Executive Director, The Jerome
Levy Economics Institute, and Executive Vice President,
Bard College*

Martin Regalia, *Vice President and Chief Economist,
U.S. Chamber of Commerce*

Edward V. Regan, *President, The Jerome Levy
Economics Institute*

The Honorable Paul Sarbanes, *U.S. Senate*

**RESTORING ECONOMIC GROWTH:
America's Challenges Ahead**

CONFERENCE PROGRAM

- | | | | |
|----------------|--|-------------------|--|
| 8:30-9:00 am | Registration and breakfast | 11:30 am-12:30 pm | ROUNDTABLE: "Creating Jobs in the New Global Economy" |
| 9:00-9:15 am | Opening Remarks by Dimitri B. Papadimitriou ,
Executive Director, The Jerome Levy Economics Institute,
and Executive Vice President, Bard College | | Moderator: Edward V. Regan , President, The Jerome Levy
Economics Institute |
| 9:15-10:00 am | The Honorable Robert Dole , U.S. Senate | | Alicia Munnell , Assistant Secretary for
Economic Policy, Department of the Treasury |
| 10:00-10:45 am | Alan Blinder , Member, Council of Economic Advisers | | Rudolph Oswald , Director of Economic Research, AFL-CIO |
| 10:45-11:30 am | David A. Levy , Vice Chairman and Director of Forecasting,
The Jerome Levy Economics Institute | 12:45-2:00 pm | LUNCHEON, First Amendment Room
Speaker: The Honorable Paul Sarbanes , U.S. Senate |

JEROME LEVY 1882–1967



"If you were unemployed and were willing to work and able to work and could find no work, what would you do?"

The question was directed to William Howard Taft, candidate for the presidency.

"God knows," Taft replied, "I don't." The United States was in the midst of the economic "panic" of 1908 and the future president had just completed a campaign speech.

Jerome Levy, the 26-year-old head of a small wholesale business, read about the incident in his newspaper. Levy, an erstwhile student of physics, mulled over Taft's candid admission and the problem of the unemployed.

That morning Jerome Levy became an economist. He believed that a man who is willing and able to work should have an opportunity to work.

As a businessman, he understood that his own decisions to employ workers were directly dependent on the profitability of his business. He thus approached the problem of unemployment by seeking to determine the sources of profits—not just for a single firm, but for the entire economy.

Levy dedicated his spare time between 1908 and 1914 to determining the sources of profits. He arrived at an equation for the sources of profits—a version more detailed but otherwise identical to the profit identity later rediscovered by the Polish economist Michal Kalecki and noted by John Maynard Keynes.

Jerome Levy saw the profit equation as the core of a powerful perspective on the operation of an economy as the best way to understand the dynamics of the system. His own experience strengthened his conviction. During the next decade and a half he was remarkably successful at forecasting economic conditions and managing his business accordingly. His analysis prompted him to liquidate his business and all stock market holdings in the spring of 1929.

Jerome Levy continued his studies and carried on extensive correspondence regarding economic issues with government officials and other influential individuals in the United States and abroad.

The Institute carries on in the spirit of Jerome Levy's efforts to conquer economic problems and improve the human condition.

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