Q&A...

with Kevin Curran, a Senior Economic Analyst here at the Philadelphia Fed.

Kevin Curran

Senior Economic Analyst Kevin Curran grew up in Valhalla, a small town just north of New York City. After graduating from the University of Maryland, he studied applied economics at Johns Hopkins University. He has worked for the U.S. Bureau of Economic Analysis and the Federal Deposit Insurance Corporation. Since joining the Philadelphia Fed in 2022, Kevin has contributed to our regional charts, Third District historical data, the Beige Book, the early benchmark program, the Manufacturing Business Outlook Survey, and the Nonmanufacturing Business Outlook Survey. Kevin wrote this issue's Regional Spotlight about wage inequality throughout the United States

How did you become interested in economics?

I first became interested in economics after taking a couple of introductory courses when I got to college. I enjoyed learning about how and why people make certain decisions, and how those individual decisions aggregate up to the economywide level. I was also very interested in the role that economic institutions play in shaping everything around us.

You got your master's in applied economics. What does that mean in practice?

Applied economics takes a step back from some of the most abstract theory that is in many traditional economics courses. It's about the things we see every day and more about how to use econometrics in a nonacademic setting.

What is the U.S. Bureau of Economic Analysis (BEA)? And what led you to work there?

The BEA is the government agency responsible for producing official gross domestic product and personal income statistics for the United States. I helped produce its estimates for monthly and quarterly personal income by preparing estimates of rental income and wages and salaries—components that go into that headline number the BEA releases every month.

What led you to the Philadelphia Fed?

One thing I really enjoyed about working for federal agencies, and specifically the Federal Deposit Insurance Corporation, was that the organizations' missions centered on benefiting the country and general public. The opportunity at the Philadelphia Fed to continue this type of work, but with a focus on and involvement in the community that I would be living in, really appealed to me.

What made you so interested in wage inequality?

I'm interested in all forms of inequality. And I think that wages—and wage growth in particular—are always interesting to look at. Even though fiscal policy decisions such as tax credits and low-income assistance programs play a huge role in income inequality, wages play a constant role. Tax credits and other transfers may come and go, but wages are the baseline that's always there. During COVID, there was this huge increase in fiscal spending and programs targeting lower-income individuals and families. But income inequality picked up again starting last year once many of those programs were phased out. When we look at wage inequality, we see the underlying trend.

You end your article for this issue with the following statement: "When shaping policy decisions, policymakers need to account for the magnitude of wage inequality and the regional differences associated with it. If they don't, the continuing divergence of economic outcomes will make it increasingly hard to implement policies that work for everyone." What are some specific public policies that would benefit from this knowledge?

This knowledge could be useful for federal or state and local officials. Knowing the wage distribution of the residents within your area, and how it compares to the national average, could help you target your assistance programs or tax policies. But I think it could also help us understand the impact of monetary policy. In the past couple of years, the interest rates set by the Federal Open Market Committee have made a very large difference for people who own their home and are locked into a 30-year fixed rate mortgage—and for those who are renting and attempting to buy a home, who are more likely to be in the lower half of the wage distribution.[1] It's important to know what a higher interest rate means for these groups of people. And that includes understanding differences across the country, like, how higher interest rates may affect people in the Northeast versus people in the Midwest based on how the wage distributions in those regions differ. So, this knowledge could help the Fed understand some of the downstream impacts of interest rate policy.

1 For more on this topic, see Ronel Elul's article, "When Mortgage Lock-in Locks Out Homebuyers," in this issue.