Q&A...

with Bryan Stuart, a senior economist here at the Philadelphia Fed.

Bryan Stuart

Bryan Stuart grew up in suburban Indianapolis. After graduating from Indiana University with dual degrees in business and math, he headed to the University of Michigan to pursue his doctorate in economics. Bryan is particularly interested in labor and urban economics, with an emphasis on how economic opportunity is shaped by recessions, migration, and government policy. This issue of Economic Insights features the first of his annual special reports on inequality and mobility.

How did you come to study business and math at Indiana University?

I spent the first two years of college studying to be a classical guitar major, but I developed an orthopedic issue with my elbow that could lead to arthritis in the future. I didn't want to take the risk of pursuing a career as a guitarist and losing fine motor control, so I had to figure out what to do next. There was a business economics and public policy major at IU that seemed pretty interesting, and some of my friends were in the business school, so I decided to go that route. After a few semesters, I decided I wanted to pursue a doctorate in economics, but I hadn't taken any of the math classes needed to get into graduate school, so I stayed at IU a little bit longer and tacked on the math degree.

What led you to specialize in labor economics at the University of Michigan?

In the first year of grad school, I sat in a lot of seminars, because they were more interesting than the coursework and they helped me figure out what kind of research I wanted to do. I was really excited by the questions that people were asking in labor economics and how they were trying to use rigorous empirical methods to answer those questions. I was lucky to be in a department where there were a lot of faculty and grad students focused on this field.

How has your experience growing up in the Midwest influenced your research?

When I was in grad school, the conventional wisdom at the time was that local areas recover pretty quickly from economic shocks, so if a bad thing happens to an area, people and employers adjust, such that there aren't that many lasting consequences for them. Growing up in Indiana and then going to grad school in Michigan, I found that view hard to square with what I saw. There are parts of Indiana and Michigan where you can see the scars of the deindustrialization of the 1980s. That was certainly on my mind as I was thinking about how the economy affected individuals' opportunities and how local areas responded to shocks.

Would you say that the conventional wisdom—namely, that local areas bounce back quickly from economic shocks—has fallen out of favor? What does that mean for policymakers?

I do think there is increasing awareness that people oftentimes have trouble changing their career or their place of residence when economic conditions shift. There's also increasing awareness that this incomplete adjustment has long-lasting consequences for places. One of the big questions that remains is what policymakers should do about these results. Should we provide financial incentives for people to move to areas with more jobs? That could be helpful if the main challenge people face is coming up with enough money to move to a new location. But people also care about access to affordable housing and social connections in the community, so people might rather stay put even if they have fewer employment opportunities. Then, should we just invest in these lagging areas to promote job creation? That kind of spending could help local areas and the people living there, but it also might lead to jobs being created in inefficient locations. There are real tradeoffs here, which is why I think this is such an interesting and important topic to study.

Tell us about your new yearly special report. Why is inequality and mobility so important to the Philadelphia Fed? What do you hope to accomplish with these reports?

Inequality and economic mobility are central economic issues today. Building up our research capabilities in this area can help the bank leadership, who regularly are asked to comment on inequality and mobility. Studying inequality and mobility also provides a valuable lens for understanding the state of the economy, which I see as a longstanding objective of the bank. For example, if you see that the unemployment rate of Black individuals is rising, that might tell you something about where the economy is heading.
I think it's also valuable to understand whether monetary policy has different effects on different groups of individuals. EI