

THE AMERICAN PROSPECT

Thank You, Larry Mishel

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Let's take a moment to salute our friend Larry Mishel, who is stepping down as president of the Economic Policy Institute, after having served as research director since EPI's founding in 1986, then as vice president, and as president since co-founder Jeff Faux's retirement in 2003.

Larry, who has led EPI for nearly half of its life, has built it into a major national presence. He will be succeeded by Thea Lea, of whom more in a moment, and will continue as a senior staff economist.

It is no exaggeration to say that EPI has been an indispensable institution in the firmament of progressive think tanks, and much of that success reflects Larry's leadership. I take some personal pride in EPI's role, having been one of its founders in 1986, along with Faux, former Labor Secretary Ray Marshall, future Labor Secretary Bob Reich, and economists Barry Bluestone and Lester Thurow.

Our observation was that the absence of a robust, progressive, and scrupulously trustworthy economic research institute was pushing economics, politics, and the understanding of economics in the popular press to the right. The centrist Brookings Institution was invariably mislabeled a liberal think tank; and Brookings today, flush with corporate funding, is better described as center-right.

While the Koch Brothers, other billionaires on the far right, and organized business have thrown long-term funding at kindred think tanks such as Cato, Heritage, American Enterprise Institute, Manhattan Institute, et al, in the hundreds of millions, EPI invariably struggles to meet its roughly six million dollar annual budget, because liberal billionaires are, not surprisingly, too few, and too many liberal foundations are either skittish or tend to fall for the new flavor of the month.

Unlike so many right-wing counterparts, which anticipated Donald Trump by just making things up when that proved convenient, EPI simply does not make mistakes. It is famous for not having to issue corrections.

Larry, who has a doctorate in economics from the University of Wisconsin at Madison, has set a very high research standard for his colleagues. EPI has consistently been ahead of the curve in debunking conventional free-market wisdom, and has often had the satisfaction of watching mainstream economics come around to its point of view.

Out of scores of dozens of research and policy questions where EPI used solid data and analysis to challenge the orthodoxy, consider these:

- Pay disparities in the workforce were not in fact the result of divergent skills, but of divergent power to make the rules. This was once an outlier position, and is increasingly the prevailing view. And if this is the case, it follows that skills training may be helpful, but it is far from sufficient to repair inequality.
- Raising productivity is not, by itself, the cure for wage stagnation unless we also establish policies to reconnect wage growth to productivity growth.
- Teach to the test, which once enjoyed wide bipartisan support, actually worsened student outcomes. And low performing schools are the result of poverty, not of teachers unions.
- “Free” trade was a myth—all trade is subject to rules—and as the trade rules increasingly were written by and for corporations and banks, the result was not general improvement but a shift in who benefited.
- America’s trade imbalance is the product of many factors, not just divergent rates of savings, which was the orthodox view. If we want to retain industry, it might help to have industrial policies.
- Supply-side economics has failed, again and again, to produce its advertised benefits in the form of enhanced economic growth or even increased tax revenues.
- Worker earnings have not in fact remained stable if you count health and pension benefits. They have declined precipitously relative to executive pay and capital income.
- Unions not only defend worker earnings; they promote worker voice and enhance productivity.
- Reducing the way we index Social Security for inflation because of supposed shifts in the prices of products that older people buy has the facts backwards, and is nothing but a hidden cut in benefits.
- Broadly shared prosperity, besides being a social good, is itself a tonic for the economy.

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Journalists like me can and do argue these points, but EPI’s work *proves* them with rigorous research findings. Its encyclopedia publication, *The State of Working America*, directed by Larry, has become the bible for work on the income distribution. To the extent that major editorial pages are more skeptical of economic orthodoxy nowadays, EPI can claim a good deal of the credit.

The best test of a think tank’s influence is impact. EPI has not only educated journalists, but has rallied Democrats (and the occasional Republican) not to cave in to bad arguments and even

worse proposed policies. During the two most recent Democratic administrations, which too often gave in to fiscal hawks, privatizers, and deregulators, EPI was a lodestar for progressives.

The Democratic Party, and the nation, would be far better off if our leaders had spent more time listening to the wisdom of EPI and less effort chasing the self-interested ideas of Wall Street, attendant neoliberal policies, and hirelings.

Larry and his colleagues have also mentored a generation of progressive economists, who have gone on to work in government, for other research groups, for unions, and at the state and local level, where EPI has spearheaded the EARN network of progressive economic researchers.

I would say that Larry will be missed, except that he will still be at EPI, with more time to do the research that he loves, having relinquished the heavy responsibilities of management and fundraising.

His successor as EPI president is the immensely talented Thea Lee, former deputy chief of staff at the AFL-CIO. Thea began her career at EPI, where she served as international trade economist from 1991 to 1997. Thea was the unanimous choice of the EPI board. She will be a worthy successor.

Well done.