

**“What with war,** drought, racial violence and terrorism haunting the news,” writes battle-fatigued correspondent JG from Passadumkeag, Maine, why can’t you lighten up a bit?” Well, we’ve been wondering that ourselves, JG. We were considering shifting media this issue so we could share our favorite cute animal videos from YouTube, but guilt kicked in. (BTW: Don’t miss the duckling and kitten sleeping together, or the manatee drinking water from a hose...)

And anyway, along with the usual bad news bears, we’re offering pretty good tidings re: inequality, technology and the government safety net.

- **Jason Furman**, chair of President Obama’s

Council of Economic Advisers, argues that rising inequality could be reversed without sacrificing productivity or growth. “Modern economics has long been in the thrall of the view that virtually any interference with free



## EDITOR'S NOTE

market incentives with the goal of a more progressive distribution of income – policies ranging from higher taxes on high-income earners to minimum wage increases to subsidized medical care for the poor – would exact a price in economic efficiency,” he writes. In fact, “there is just no compelling reason to believe well-designed policies to narrow this widening gap would meaningfully reduce growth, and every reason to believe they could provide a meaningful boost to working families.”

- **Dani Rodrik**, an economist at the Institute for Advanced Study in Princeton, offers a reality check on the new optimism about Africa’s economic prospects. “While the region’s fundamentals have improved, the payoffs to macroeconomic stability and improved governance are mainly to foster resilience and to lay the groundwork for growth, rather than to ignite and sustain it,” he warns. “The traditional engines behind rapid growth and convergence – structural change and industrialization – are operating at less than full power.”

- “Optimists can make a case that the safety net works – that tens of millions of Americans who suffered during the recession were buffered against the worst of it,” writes **Robert Moffitt**, an economist at Johns Hopkins. “But there is also a case to be made that this glass is half empty: Washington has no plans for helping those permanently injured by this recession, the millions of long-term unemployed who are not likely to work again either because their skills are marginal or their résumés have been tainted by years of joblessness.”

- State franchise laws have long served to protect incumbent businesses from the winds of change, concludes **Larry Fisher**, a former *New York Times* reporter. “But this sleeping dog may not snooze indefinitely,” he writes. “A light has been shown on these hitherto ob-

scure laws, thanks in part to Tesla Motors’ high-profile effort to sell its electric cars through company-owned stores – much as Apple sells iMacs and iPhones.”

- Puerto Rico’s economy is poised on the edge of the abyss, warns **Bob Looney**, an economist at the Naval Postgraduate School in California. “With the public utilities immobilized by debt and island businesses forced to pay wages unjustified by productivity gains, there is little hope that operating costs can be controlled,” Looney writes. “There is, however, a modest source of hope” in the form of business-friendly local government initiatives and the commonwealth’s remaining tax advantages.

- Cars that drive themselves are poised to disrupt business as usual, acknowledges **Rob Atkinson**, the president of the Information Technology and Innovation Foundation. But “the direct productivity gains are likely to be modest,” he writes. “The bulk of the gains will come from reducing the costs associated with accidents and traffic congestion.”

- Genetically engineered crops may spook the technophobic, argues **Jayson Lusk**, an economist at Oklahoma State University. “But given the confluence of tightening water supplies, climate change, rising demand for meat in emerging-market countries like India and China, and a growing world population, genetic engineering will be necessary if we are to feed future generations at reasonable cost.”

- South Korea’s unique *Joense* system for financing housing served as a secret weapon in that country’s dramatic rise to prosperity, writes **Matt Phillips**, a former reporter for the *Wall Street Journal*. But as Korea faces the stresses of affluence “the dynamic has changed,” he explains, undermining households’ incentives to save and putting the economy in peril of a major housing bust.

Happy perusing. — *Peter Passell*