

EconoFact Chats: Making Sense of Economic Cross Currents

Binyamin Appelbaum, the New York Times; Larry Edelman, the Boston Globe; Scott Horsley, NPR; Claire Jones, the Financial Times

Published on June 21, 2026

Michael Klein

I'm Michael Klein, executive editor of EconoFact, a nonpartisan web-based publication of the Fletcher School at Tufts University. At EconoFact, we bring key facts and incisive analysis to the national debate on economic and social policies, publishing work from leading economists across the country. You can learn more about us and see our work at www.econofact.org.

Michael Klein

Our last journalist panel was in early March, soon after the war with Iran had begun, and the Supreme Court and the Court of International Trade struck down the President's global tariffs. We're recording this podcast on Tuesday, June 16th. Yesterday, there was an announcement of a ceasefire between the United States and Iran. But, among other points, Iran has only agreed to 60 days of unfettered and uncharged passage through the Strait of Hormuz. Oil prices have declined, but they're still above their pre-war levels. Inflation has increased over each of the past three months, reaching its highest level since 2023. The Federal Reserve has a new chairman and meets for the first time today under his leadership. Additionally, the federal debt has become larger than national income. The trustees of the Social Security system have just warned that it is expected to run out of money in less than seven years unless changes are undertaken. Food insecurity affects more families now than at the height of the COVID pandemic. And at the same time, the Dow Jones Index is up about 13%, and the S&P Index is up about 17% since the end of March. And Elon Musk has become the first trillionaire with the IPO of SpaceX. To discuss these events, I welcome back to EconoFact Chats our panel of leading economic journalists, Binyamin Appelbaum of *The New York Times*, Larry Edelman of *The Boston Globe*, Scott Horsley of *NPR*, and Claire Jones of *the Financial Times*. Thanks to each of you for joining me once again on EconoFact Chats.

Binyamin Appelbaum

Good to be here.

Scott Horsley

Good to be here.

Claire Jones

Great to be here.

Larry Edelman

Good to be here, Michael.

Michael Klein

So, let's start off by discussing the rising rate of inflation. The May inflation rate was 4.2%, which is the highest since April 2023. Feeding into this was an increase in overall energy prices of over 23%, and that included gas prices rising by over 40%. The affordability issue has been a top political concern. It hurt President Biden, and now it's contributing to the dissatisfaction with President Trump's management of the economy. Are we likely to see a reduction in inflation, and what are the political implications if this does or does not happen? Larry, you want to start off?

Larry Edelman

Sure thing, Michael. Clearly the oil prices are the big factor currently in the rate of inflation. So, the question is whether that has entwined itself into the economy such that other goods and services are going

to go up in price. We don't know that yet. So, we'll have to see if the impact is transitory. It'll take a while, like you said, for the prices to come down. The bigger issue, I think, both for the Fed and for the Trump administration is the level, the absolute level of prices. Things are just really expensive. And even if we started deflating prices immediately, people would still be squeezed. So that's not going away, and it's not going away anytime soon.

Michael Klein

Claire?

Claire Jones

I think people shouldn't jump to the conclusion that just because oil has been the big driver, and we've now got this Iran war deal on the table, that inflation is going to stop being a problem. If we look at where oil prices were back before the conflict started compared with where they are now, even though they've fallen quite a lot, they're still well above levels where they were at the start of the year. The other aspect of this is that the US's issues with inflation have been quite prolonged. We're entering the sixth year in which the inflation goal that the Fed targets...it's going to probably end the year above its 2% target. And if we look at core inflation, which strips out food prices, which strips out energy prices, that's still coming at 3.3%, which is way higher than where central bankers would like it to be. So even though having this deal in place and oil prices falling makes the outlook a little bit better or at least a little less scary, it's still not exactly good.

Michael Klein

Binyamin?

Binyamin Appelbaum

So, I think there's some good news, which is that so far this oil price shock has behaved like a classic supply shock in the sense that producers appear to be absorbing most of it. The producer price index, which measures how much companies pay for inputs, has increased significantly more than the consumer price index, which shows how much consumers are paying for goods. That's a pattern we often see when companies think that there is short-term price pressure. They don't want to raise prices. They absorb the temporary pressure in the form of lower profits and do not pass it on at least fully to consumers. If that persists, if the oil shock begins to fade, which of course will take time, it's possible that this passes through the system, and that we don't continue to see upward pressure on inflation. The bad side of the story, or the scary side of the story is what Claire just talked about, which is that the Fed didn't get back to its inflation target before this latest shock. It is now again in the position of dealing with a new surge in inflation. It's been half a decade since it last had a clear view of its inflation target. And at some point, that is going to begin to tell on public confidence in the Fed's ability to control inflation. Particularly because the new Fed chair and his boss at the White House don't seem especially concerned about controlling inflation. And that, I think, is a story to keep your eyes on.

Michael Klein

We'll come back to that in a moment. But before we do, Larry mentioned that prices are higher. And Scott, you had a piece about wages. So, if all prices, including the cost of labor and labor services were higher, then it's kind of a wash. But you point out that that's not the case, what economists call the real wage has fallen, the wages have not kept up with inflation. Is that right?

Scott Horsley

That's right. And that's a turnaround. For most of the last three years, average wages were rising faster than prices. And so people's paychecks were stretching a little bit further. They were beginning to regain some of the ground they lost during the inflationary spike of 2021, 2022. But in the last three months, average wage gains have fallen behind price increases. So, people feel like, and are, losing ground on

average. And that's really weighing on the President's economic approval rating, and it should. We always say that presidents get too much credit and blame for the economy, but in this case, it's a pretty short, straight line between President Trump's policy decisions – whether it's tariffs or the war with Iran – and the higher prices that people are paying for a cup of coffee or a gallon of gas.

Michael Klein

That brings us to the issue of consumer sentiment. Larry, you have a recent column about consumer sentiment. What did you report there and where do you see it headed?

Larry Edelman

Right now, consumer sentiment is in the cellar. I don't know if it can get much worse. It's lower than it was at any time since the Michigan Sentiment Survey has been tracking it. People are not feeling good. And this is, as you noted in the intro, at the same time that stock prices continue to set new records. So, there is a disconnect going on. The investor class sees a reason to be optimistic. While in polling, and in consumer sentiment surveys, we are seeing people feeling very negative and unsure about the future.

Michael Klein

Well, one of the issues of affordability is food prices, and this is important, especially for low-income families. The report I mentioned at the beginning about the rise in food insecurity comes from the Federal Reserve Bank of New York, and that report, as I mentioned, said that food insecurity is the highest since COVID. Do you think that lower-income Americans are bearing the brunt of the affordability crisis? Scott?

Scott Horsley

Yeah, I think the New York Fed actually found that food insecurity is even higher now than it was during the depths of the COVID recession, which is remarkable until you remember that, of course, in 2020, we were pumping all kinds of relief into the system. So there were supplemental unemployment benefits. There were government stimulus checks. So even though we saw grocery prices start to rise pretty early on in the pandemic, people had a lot of extra help from the government to meet those. All of those supplemental unemployment benefits, all the extra money that people socked away during the pandemic when they couldn't go out to restaurants and whatnot, that's mostly been spent now. And they're just having to deal with these elevated grocery prices with wages that aren't keeping pace. And so, yeah, it's...one in ten families told the New York Fed that they have skipped meals because of food insecurity. And for families under \$50,000 in income, it's one in five. I talked to Amy Brightman, who runs a food bank down in Augusta, Georgia. She told me about food giveaways where they have a two and three mile line of cars, people sleeping in their cars, waiting to get food assistance from the food bank. So yeah, it's a real challenge right now.

Michael Klein

Binyamin?

Binyamin Appelbaum

I just want to note that there's – in addition to the fact that this always hits lower income people harder, they spend more of their money...a larger share of their income on consumption – there are two reasons to really worry about food prices going forward. One is that food prices depend on oil in the form of fertilizer. And we are expecting huge fertilizer shortages in the coming growing seasons. And that is going to stress production capacity, and drive-up prices for food that can be produced. And the other, which hasn't gotten perhaps as much attention as it deserves, is there's a slow-motion train wreck out west where the states that grow most of our winter crops are about to run out of water. Lake Mead, the Great Western Reservoir, is at the lowest level in its modern history. If it drops just a little lower, Arizona and California, which are the states where everything grows, aren't going to be able to grow. And that is a

catastrophe that I just don't think people are paying attention to yet, that also looms over food prices. So while in some respects, I think there's reason to think inflation could get better, food is an area where we could see significant price pressure over the next year.

Michael Klein

Claire?

Claire Jones

I think food inflation was something that we saw have a very aggressive impact in the wave of inflation that hit after the pandemic. However, what I think is different now compared with then is at that point post pandemic, we were seeing quite high wage increases, for the lowest income workers. That trend has now also been reversed. And when you look at the Atlanta Fed's excellent wage tracker, you're seeing workers in the lowest quintile, seeing the least pay growth, which really exacerbates the tensions the others have been reporting about.

Michael Klein

So, this discussion offers a segue into the next thing I'd like to talk about. The U.S. Department of Agriculture had for 30 years issued the Household Food Security Reports. And last September, the USDA announced the termination of these reports, claiming that they were, in their words, 'redundant, costly, politicized, and extraneous studies that do nothing more than fear monger.' And the USDA also said they failed to present anything more than subjective liberal fodder. Binyamin, you've written about what you call 'Trump math.' We've had several podcasts on the politicization of government statistics. As reporters, how do you view the narrow issue of the termination of the food security report, and the broader issue of the politicization of government statistics? Binyamin, you want to start off with that?

Binyamin Appelbaum

Sure. I think the way to frame this is that basically the Trump administration, the President himself, went before the American public and said, listen, there are several million Americans who are currently on food stamps who do not need them. And we are going to remove them from the program because they do not need those benefits. And then he went out and separately killed the statistical report that would tell us whether or not those millions of Americans needed food stamps. And so, what he's basically doing is saying, you can't check my work. You cannot evaluate the legitimacy of my policy decision. I'm going to prevent you from arriving independently at a conclusion about how bad or good this was. And that's part of a broader pattern. The President has, in a number of areas, taken away the data that would allow Americans to evaluate the performance of their government, to allow Americans to oversee the performance of their government, and to allow the government to do the work that it needs to do. And that's debilitating for a state. States rely on statistics. And this president has shown a real contempt for that work, and for making that data available.

Michael Klein

Scott?

Scott Horsley

Yeah, I mean, it's the same attitude that says if you don't launch enough weather balloons, then no one will notice that it's getting warmer. You can take a sharpie, and you can redraw the hurricane map, but it doesn't change the shape of the storm. This president fired the head of the BLS when he didn't like the jobs report last summer. He tried to install a partisan hack in that position. Luckily, that move was blocked. It looks like we're going to get a new, solid, data savvy apolitical Commissioner of the Bureau of Labor Statistics who tracks the jobs numbers and the unemployment rate. But time and again this administration has tried to cope with uncomfortable facts by firing the messenger. or doing away with the bean counters.

Michael Klein

What does this mean to you as reporters?

Scott Horsley

Well, I think one thing it means is we just have to work harder to make sure that we find other objective ways to track reality. If we can't depend on the USDA to measure food insecurity, we'll have to find other people who do it. Luckily, there's plenty of other truth tellers out there who we can fall back on. But it's not a replacement for objective government data.

Michael Klein

Larry?

Larry Edelman

I think you see a similar thing happening at the Pentagon, where they've cut off access for a lot of reporters. And again, just trying to control the message. Interestingly, even the new media types who have come in, including Trump friendly podcasters and substackers are getting frustrated because they just can't get the answers to the questions that they want. So with respect to the USDA, it's all part of the same picture...just clamp down on information, and operate in secrecy.

Michael Klein

Claire?

Claire Jones

I think we had a quite good experiment in flaws of relying too much on private data providers during the shutdown. We did get a lot of steers on the jobs market, but they weren't all always necessarily the right ones when they were backed up by the gold standard of the official data. And even then, when it came to...there's been lots of ideas like the billion price projects and so on and so forth. But the sense I've got from speaking to policymakers is really that, even though they may be flawed, there's just no replacement really for those official measures such as PCE and CPI inflation that are produced by government statistical agencies.

Michael Klein

Yeah, that was a point Erica Groschen, the former Commissioner of the Bureau of Labor Statistics made in the interview that I had with her some time ago, and then made again when she was on with Michael Strain of the American Enterprise Institute more recently. Binyamin?

Binyamin Appelbaum

Yeah, I just want to agree that I don't think this is a question of working harder, or finding other sources. Some of this information is irreplaceable. If the federal government is not doing its job, then we cannot do ours as well. And our readers will not have the same quality of information as a consequence.

Michael Klein

Well, one of the pieces of information, of course, is on inflation. And there is a concern right now because of inflation being so high, as I mentioned in the introduction. And also, as I mentioned in the introduction, today is the first meeting of the Federal Reserve under the chairmanship of Kevin Warsh. The dual mandate of the Federal Reserve is stable prices and unemployment. Warsh was, of course, nominated by President Trump, who repeatedly excoriated Jerome Powell for not lowering interest rates. And as a result, there are concerns that Warsh will be the president's 'sock puppet,' a term used by Senator Elizabeth Warren, as well as by Senator John Kennedy, a Republican from Louisiana during Warsh's confirmation hearing. Scott, what's a sock puppet? And why are there concerns that Warsh might be one?

Scott Horsley

I guess the sock puppet, I thought that went out with pets.com. But yeah, that was the term that Elizabeth Warren used. I think Kevin Warsh during his confirmation hearing argued pretty persuasively that he will not simply be a tool of the White House at the Federal Reserve. Lots of longtime Fed observers who remember Warsh's first go around as a Fed governor in the Bush and Obama administrations think he has the backbone to stand up to the President. So sock puppet is, I think, probably an overstatement. That said, he did campaign for this job with the argument that he thought there was room for lower interest rates thanks to the productivity gains he expects us to see from artificial intelligence. If that was ever on the table, I think it's been pushed to the back burner, at least for now, because of the wartime spike in energy prices.

Michael Klein

Claire, I think you had an article where you also referred to a sock puppet. Scott didn't really describe what a sock puppet is. I think it's an American term, not a British one. But can you tell us what a sock puppet is, and whether or not Kevin Warsh is one?

Claire Jones

I mean, as the only non-American on the panel, obviously, that might be a little bit unfair. But I think my interpretation of it from an outsider's perspective was that it reflects the concerns that Donald Trump has been insistent that he wants lower interest rates. He's taken some historically unprecedented actions against the Fed, criminal investigations into Jay Powell, threats to fire, not only Powell, but actually, a concrete attempt to dismiss Lisa Cook and I think in that environment, the concern that is hanging over Warsh is that he's just going to be a 'yes man' and merely do what Trump says, which, Scott implied is to cut interest rates. But I think Scott's right. I mean, judging on what he said in the testimony, the sense was that Warsh, is in his root, an inflation hawk. He said in that testimony, inflation is a choice and for now, indeed, all those arguments about AI and productivity, they've fallen by the wayside because of what's happened to energy prices given the Iran war.

Michael Klein

Okay, I would just caution against what people say in their confirmation hearings thinking about the Supreme Court. Binyamin?

Binyamin Appelbaum

Yeah, I guess I disagree with my colleagues here. I've watched Kevin Warsh for several years now, abase himself publicly, making absurd arguments in favor of the President's preferred outcomes at the Federal Reserve. He appears to be a man who wanted this job and was willing to say anything that it took in order to obtain it. I don't know why anybody would have confidence that he's going to behave with integrity now that he's there. I hope he does. I hope he proves me wrong. But I don't understand the basis for confidence that he will do so. And I guess I would add to that that I have watched now for, it's almost six years of President Trump's tenure in Washington, as people with good reputations go into these positions and are vouched for by their colleagues, and by nonpartisan observers who say things like, 'no, this guy is going to stand up to him. This guy has principles. This guy is going to behave with integrity.' And then they all turn out to be clowns. I just so vividly recall Kevin Hassett's backers and defenders telling us how well he was going to do in that job, and how much integrity he had. And I mean, it's impossible now to take Kevin Hassett seriously. So, for me, Kevin Warsh has a burden to prove that he'll behave with integrity. I don't know why the American people should give him the benefit of the doubt.

Michael Klein

Claire?

Claire Jones

I agree that there's a burden to prove, but I think, does Powell not slightly disprove your argument in the sense that for his role as chair, he was an appointment during Trump's first term and he proved to be quite a decent steward, I think everyone would agree, of the Fed's independence. And there seems to be, confidence, warranted or not, we shall see – but that the institution can change people. And, when Greenspan came in after Volcker, the assumption was that he was a ‘yes man’ too, but he proved to be very much his own man. And the sense is because the Fed is just not one man either...it's a committee of rate setters in the US...and that and the climate just seems to have an impact in removing people from the pressures of the executive branch.

Michael Klein

Well, I'll just note that nobody defined sock puppet. So, a sock puppet is you take a presumably white sock, you paint eyes and a mouth on it, and you put your hand in the sock and pretend it's a puppet. So the idea here is you know whose hand is in the sock? And I'll leave that to our listeners to figure out. So, one of the issues with the Federal Reserve is that if there isn't faith that Kevin Warsh will act in a way that is being a good steward, that interest rates will rise not because of the Fed raising interest rates, but because of expectations of inflation. Claire, you've been interviewed for the Financial Times about British what are called ‘bond vigilantes.’ So, continuing with our metaphor, what's a bond vigilante, and could we have those in the United States as well as having them across the pond?

Claire Jones

Oh, good question. I mean, I'd see a bond vigilante as a disciplined force on profligate government spending. So I think the idea is that if governments seem to be raising spending without coming up with a logic as to how they'd raise tax revenue too, or if they just look dodgy for some other means that there will be this disciplining force in the bond market that will lead to the government's cost to borrowing rising quite rapidly, and that the bond market will therefore keep government's behaviors in check. I think the most vivid example of this recently was Liz Truss, where under her tenure as prime minister, she announced a budget which was quite aggressively ‘pro-spend,’ and didn't highlight how the tax revenue would be raised. And, the market certainly disciplined her, and her tenure as prime minister didn't last very long. I think she was outlasted by lettuce, if memory serves.

Michael Klein

Very famously, a head of lettuce spoiled more slowly than Liz's tenure there. Scott?

Scott Horsley

Yeah, but I would just say, I think there can absolutely be bond vigilantes in the US. Their pitchforks are maybe a little duller than in the UK because we have the benefit of having a reserve currency, and the global demand for dollars. But we've certainly seen the bond market respond, for example, during the Iran war. And our government has certainly behaved profligately, and we are paying a price for that, not only because we now have this very large mountain of accumulated government debt, but because the rates the government is having to pay to roll over that debt are higher now than they've been for most of the last decade. And that's why we've got a more than a trillion dollar a year interest payment we've got to float these days. So, yeah, I think there are absolutely bond vigilantes in the U.S., even if they have been becalmed for a long time. I don't think they have been vanquished.

Binyamin Appelbaum

Yeah, I'll just note that the last time that we got serious about reducing the federal debt, which was in the 1990s, it was very much because of a concern about the bond markets. James Carville, one of President Clinton's political advisors, famously remarked at the time that he wanted to come back in his next life as the bond market because he could scare everybody. So, we've seen it before and we could certainly see it again.

Scott Horsley

And we also saw the benefits in that era of getting the budget into some kind of semblance of order. I mean, it paid long term dividends. We had a long period of prosperity, despite the threats that higher taxes, and more responsible spending would cripple the economy somehow.

Michael Klein

So to close the circle here a little bit, I noted at the beginning that the federal debt is now bigger than GNP, something that we had not seen since the end of World War II, actually...the federal debt held by the public, to be a little bit more careful about its definition. And the concern with Kevin Warsh in particular, which is monetary, not fiscal policy, is that Warsh could try to lower interest rates in order to make it easier to pay off the federal debt, but also to stimulate the economy. But of course, this might not work because if people think inflation is going to be higher while the Fed controls the federal funds rate, the 10-year Treasury bond, which is the key rate in the economy, that rate could go up if people worry that there would be an erosion of the value of the money that they receive eventually, because inflation is higher. So that's my little economics lesson for today. So, moving on from monetary policy to housing, there is a link because when mortgage rates go up, housing becomes less affordable. And Binyamin, you've been writing a lot about the cost of housing. And the segue is the mortgage rates, but really, you've been focusing on longer term issues on the supply of housing and the constraints on the supply. And in your writing, you argue that at least in part, this is kind of a 'NIMBY' issue, right? Not in my backyard. And also, an issue of zoning. Can you talk about that a little bit?

Binyamin Appelbaum

Sure. Yeah. I mean, I think this is a great example of a public policy issue where the economics are reasonably straightforward, and the politics are impossibly complicated. We have a housing crisis in this country because we haven't built enough housing. In particular since the financial crisis in 2008, housing production has never recovered to pre-crisis levels. And the accumulated shortfall, depends who you ask, but is somewhere between three and seven million units that we need to get up out of the ground in order to get back to some kind of equilibrium. The consequences are that prices have gone up across the country. We've had acute crises in our big coastal cities for a long time. We now have them in small cities across the country as well. And I get a lot of people who say to me things like, not everybody should have the right to live in New York or San Francisco or Los Angeles. Well and good. There's certainly no right to live in any particular place. But I think what people need to grapple with are the consequences of this housing shortage. We are pushing people away from the places where the best jobs are located. We're pushing people out of the cities that have long been places of intense creative energy. That has a real economic cost for our economy. Some economists have tried to put a figure on it and it's fairly massive. So, what we are doing by making these choices is changing the trajectory of our economy, limiting our collective prospects as well as the opportunities for individuals and undermining our future growth.

Scott Horsley

Yeah, I was meeting this week actually with a bunch of realtors from Nashville, which is not New York. It's not San Francisco, but it is a city that has...it's been a popular city. It's had a lot of in-migration and they've seen an enormous appreciation in their home prices to the point now where they're really worried that working musicians, or aspiring musicians in Music City won't be able to afford to stay in Music City. And I do think the land use planning that is associated with NIMBY is absolutely a big part of it. But that does start to change at some point when older families realize that their kids are never going to be able to live within 150 miles of them unless they make some concessions. And we started to see that in places like California, where you start to see some movement to loosen up these restrictive land use laws. But it's absolutely, it's very much a local issue. And then on top of that, you layer on the mortgage rates, which are around six and a half percent right now. They did inch down just below six percent right before the war. And then the war sent them climbing again with the 10-year treasury.

Michael Klein

So, we've been talking about a lot of things that would raise concerns. And in the face of all this, the stock market is booming. There's, of course, the mantra, the stock market is not the economy. But still, how do we reconcile this strong performance with all the adverse things we've been discussing? And are we just being doom peddling Cassandras? But I would note that Cassandra ended up being right about the destruction of Troy.

Larry Edelman

Well, Michael, I would say that the market is smoking crack. That's what's going on right now. There is just this fear of missing out on the AI boom. And money is just plowing into AI stocks. Look at SpaceX. It's been up 20% yesterday, 19% the day before. I think it's up double-digits again today...it's peak AI I think we're looking at, and at some point, the air is going to come out. The question is does it leak out slowly, so that people don't get wiped out, or does it go all at once? I don't know about that, but at some point, reality is going to have to set in.

Michael Klein

Okay, I was trying to be very high-minded with a reference to the Iliad. And Larry, you just talked about smoking crack, so...

Larry Edelman

Well, that's what you get from being an English major.

Michael Klein

Anybody else have any other good metaphors?

Scott Horsley

There was a pretty famous market bubble back in the 90s, and we had a sock puppet that made an appearance during that period. And I think you can buy a pets.com puppet for about 40 bucks on eBay these days.

Larry Edelman

Yeah.

Binyamin Appelbaum

Is it really \$40?

Scott Horsley

Which is actually kind of a lot for a sock puppet.

Claire Jones

Really is. Inflation again.

Michael Klein

People, I was saying before that we weren't talking enough about a sock puppet. I think we've talked far enough about a sock puppet now. What about the stock market?

Binyamin Appelbaum

I mean, there's a good version of this story, right, which is that the stock market is a prediction about the future. And there is an exciting new technology that is emerging that a lot of people believe will be economically transformative and hugely profitable. And so, they're plowing their money into the shares of any company that has anything to do with it, or has a ticker symbol that looks like a company that has

anything to do with it...and hoping to make a lot of money as the future arrives. That's the good version. The scarier version, of course, is what Larry just said, that we're in the middle of a bubble and those dreams are going to burst and we'll all get to pick up the pieces. But the other thing, of course, that's going on in the background here is that we have what's often called a K-shaped economy, although I don't love that term. I keep waiting for someone to come up with a better one. But a situation in which a relatively small number of people who hold the capital are profiting immensely, and a lot of workers are struggling, as we've talked about a lot already on this show. That truism that the stock market is not the economy is becoming more true. And what you're seeing are these huge returns if you happen to hold shares and, struggles if you don't. So that's part of the story as well.

Michael Klein

Claire?

Claire Jones

I mean, I think Binyamin's totally right. I mean, the optimistic story is that this is a technological revolution, and there seems to be a lot of grounds for that. But it's unlike other technological revolutions in the investment sense, in the sense that, there was a bubble when it came to the railways, but that investment, certainly in the UK, you're still traveling on some of the same railway lines that were there since the mid-19th century, like the kind of basic infrastructure is still the same. Whereas if you look at the concentration of what's happening in, say, semiconductors, well, we don't know if the semiconductors that people are making today are going to be the ones that people are going to use in five times now. So there's that added risk factor that, there's uncertainties as to whether or not the infrastructure that's leading to the boom or the bubble or whatever is going to be the one that is going to match the innovation, which is in this case, I think, generative AI.

Michael Klein

Larry?

Larry Edelman

Somebody is going to make money on AI because I do believe that AI is a transformational technology. But the enthusiasm that we're seeing now is spread across so many companies. And if we've seen anything in the last generation is that in the end, it comes down to a couple of companies that seem to dominate these new technology fields when they do become mainstream. So, the question is then, for the people on the downward leg of that K economy Binyamin, is it going to be unhappier and unhappier. Because I think the rich people will be just fine. They're cashing out now, at least some of them by lightening up on their SpaceX, and then, and they'll be able to do the same with some other investments. And I just see it becoming more and more of an "us versus them" situation in the economy. And I think that the more the stock market disconnects from the reality of people, the more tension there's going to be. And I don't think politically that's a good thing.

Michael Klein

Well, of course, all of this is perspective, but more so than in many of our quarterly journalist panels, a lot of what we're talking about today is perspective because we don't know the contours of the agreement between the United States and Iran. We don't have information yet as of today, though when this airs, we'll have information about what the Fed deserves. Nonetheless, these insights are really helpful in shaping our thinking about these things. No matter how it turns out, it's giving us frameworks for thinking

these things through. So, once again, thank you all very much for joining me on this EconoFact Chats. I always enjoy our journalist panels among the most of any of the chats that I do.

Claire Jones

Thanks so much.

Binyamin Appelbaum

Thank you.

Larry Edelman

Thanks for having me.

Scott Horsley

Great to be with you.

Michael Klein

This has been a EconoFact Chats, to learn more about EconoFact and to see the work on our site, you can log into www.econofact.org. EconoFact is a publication of the Fletcher School at Tufts University. Thanks for listening.