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EDUCATION

George Washington University, Washington, DC

Ph.D. in Economics
M.A. in Economics

Expected August 2009
January 2007

Boston College, Chestnut Hill, MA

B. S., Majors: Economics, Finance and Philosophy
Magna Cum Laude

May 2000

DISSERTATION

Title: Essays on Unemployment Insurance and the Business Cycle

Committee: Donald Parsons (chair), Roberto Samaniego, Tara Sinclair

FIELDS OF SPECIALIZATION

Primary: Labor Economics, Macroeconomics, Time Series Econometrics

Secondary: Applied Microeconomics, Urban and Regional Economics

MANUSCRIPT CURRENTLY UNDER REVIEW

“Unemployment Insurance and the Business Cycle: What Adjustments are Needed?”

WORKS IN PROGRESS

“A New Approach to Triggering the U.S. Standby Extended Unemployment Insurance Benefit Program: Identifying and Forecasting Poor Labor Market Conditions with Markov Switching Models.”

“The Disincentive Effects of the Federal-State Extended Unemployment Compensation Program during Recessions.”

“Income Inequality, Trade, Capital and Education: A Long Run Relationship.” with Frederick Joutz (George Washington University)

“Industry and Labor Institution Rents’ Impact on the Wage Structure and Unemployment from 1992 – 2005.”

“On the Impact of Concentration in the Market for Audit Services: Evidence using the Workhorse Audit Fee Model and Panel Data Techniques.” with Lawrance Evans (General Accountability Office)

SELECTED GOVERNMENT REPORTS

U.S. Government Accountability Office (2008). “PBGC Assets: Implementation of New Investment Policy Will Need Stronger Board Oversight.” GAO-08-667.

_____ (2008). “State and Local Government Retiree Benefits: Current Funded Status of Pension and Health Benefits.” GAO-08-223.

_____ (2007). “State and Local Governments: Persistent Fiscal Challenges Will Likely Emerge Within the Next Decade.” GAO-07-1080SP.

_____ (2006). “Sarbanes-Oxley Act: Consideration of Key Principles Needed in Addressing Implementation for Smaller Companies.” GAO-06-361.

AWARDS

Graduate Assistantship, George Washington University 2004 – 2008

John Kendrick Fellowship, George Washington University 2004 – 2007

Results through Teamwork Award, Government Accountability Office 2007

Stephen Shea Award, Boston College 2000

CONFERENCE ACTIVITIES

| | |
|---|----------------|
| Presenter, Upcoming Southern Economics Association | November 2008 |
| Discussant, Upcoming Southern Economics Association | November 2008 |
| Presenter, George Washington University Microeconomics Seminar | October 2008 |
| Presenter, George Washington University Microeconomics Seminar | March 2008 |
| Presenter, Eastern Economics Association | February 2008 |
| Presenter, Eastern Economics Association | February 2007 |
| Presenter, Government Accountability Office Brown Bag Seminar | October 2007 |
| Co-author/Participant, Bureau of Economic Analysis Users Conference | September 2006 |

TEACHING EXPERIENCE

Instructor, Mary Washington University, Fredericksburg, VA
Principles of Macroeconomics Spring 2008

Substitute Lecturer, George Washington University, Washington, DC
Urban and Regional Economics Fall 2008
Principles of Macroeconomics Spring 2007

Teaching Assistant, George Washington University, Washington DC
Graduate Microeconomic Theory I and II Fall 2007 – Spring 2008
Principles of Macroeconomics Spring Semesters 2005 – 2007
Principles of Microeconomics Fall Semesters 2004 – 2008

Economics Discussion Leader, Institute of Brazilian Issues, George Washington University
Minerva Program Spring 2005

PROFESSIONAL EXPERIENCE

| | | |
|--------------------------|---|----------------|
| Economist Intern | Center for Economics, U.S. Government Accountability Office Washington, DC | 2005 – Present |
| Treasury Analyst | Treasury Department, The Phoenix Companies Hartford, CT | 2002 – 2004 |
| Financial Analyst | Planning and Analysis Department, Ames Department Stores Rocky Hill, CT | 2000 – 2002 |

PROFESSIONAL AFFILIATIONS

American Economics Association
Southern Economics Association
Eastern Economics Association
Golden Key Honor Society
Beta Gamma Sigma Honor Society
Omicron Delta Epsilon Honor Society

REFERENCES

| | | |
|--|---|---|
| Donald Parsons The George Washington University Department of Economics Office: Monroe 368 2115 G Street, NW Washington, DC 20052 (202) 994-3954 dopars@gwu.edu | Tara Sinclair The George Washington University Department of Economics Office: Monroe 314 2115 G Street, NW Washington, DC 20052 (202) 994-7988 tsinc@gwu.edu | Roberto Samaniego The George Washington University Department of Economics Office: Monroe 318 2115 G Street, NW Washington, DC 20052 (202) 994-6153 roberto@gwu.edu |
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DISSERTATION ABSTRACT

TITLE: ESSAYS ON UNEMPLOYMENT INSURANCE AND THE BUSINESS CYCLE

The purpose of this dissertation is to analyze the interaction between unemployment insurance (UI) in the United States and the business cycle. In my first essay I develop a search model to determine the optimal adjustment of UI benefits over the business cycle. The model strongly supports the notion that unemployment insurance should become more generous for the long-term unemployed during recessions. While in this essay I assume that the state of the economy is observable, the government in fact has only imperfect information regarding current labor market conditions. As a result, my second essay focuses on using non-linear time series models to identify when unemployment insurance benefit extensions should occur. UI benefit extension programs may have disincentive effects on the amount of effort exerted to find a job, which is the focus of my final essay. In this essay, I use a difference-in-differences approach to identify the effects of increasing UI generosity during recessions.

Essay 1: Unemployment Insurance and the Business Cycle: What Adjustments are Needed? (Job Market Paper)

While the U.S. has a long history of increasing the generosity of unemployment insurance (UI) during recessions, the literature has yet to fully consider the question of whether these adjustments are optimal. In addition, the large differences in the magnitude of these changes, and the poor design of the U.S. automatic extension program, have resulted in an active policy debate on what revisions to UI benefit extension programs are needed. To address these issues I use a traditional labor search model to explore four areas the government should consider when adjusting benefits: (1) insuring the unemployed; (2) incentives to search for work; (3) UI's impact on wages; and (4) its influence on job creation. Numerical exercises, with a flexible benefit system, support the notion that more generous benefits should be provided to the long-term unemployed when jobs become harder to find. The finding is robust across three different wage setting mechanisms. In addition, a system that only adjusts the number of months UI is available during recessions, as is currently done in the U.S., implies an optimum extension of three months. However, policymakers could increase welfare considerably by adjusting benefit levels as well.

Essay 2: A New Approach to Triggering the U.S. Standby Extended Unemployment Insurance Benefit Program: Identifying and Forecasting Poor Labor Market Conditions with Markov Switching Models

In 1970, the U.S. Congress established a program to automatically extend the number of months unemployment insurance (UI) benefits are available during periods of high unemployment. However, because the mechanism for triggering these extensions is poorly designed, the program has ceased to be relevant and proposals to revive this program are being debated. This essay analyzes the ability of Markov Switching (MS) models to identify cyclical downturns in the labor market that would indicate the need for UI benefit extensions. Extending benefits during these downturns more closely aligns benefit extensions to periods of low job finding and high exhaustion rates than the current program, as well as other alternatives. Further, allowing for time-varying transition probabilities improves the ability to forecast such periods so that the decision to extend benefits can be made in a timely basis.

Essay 3: The Disincentive Effects of the Federal-State Extended Unemployment Compensation Program during Recessions

The United States is one of just two OECD countries that routinely adjust the maximum potential duration of unemployment insurance (UI) benefits with macro-labor market conditions. The purpose of this essay is to estimate the effect of these benefit extensions during recessions. Using non-public data from the National Longitudinal Survey of Youth 1979 (NLSY79), I exploit state differences when potential duration is extended. Using these differences, I identify how workers' job search effort responds to changes in UI benefits during periods of high unemployment. Workers' behavior may not only be influenced once potential duration has increased, but may also change as workers anticipate when an extension is going to occur. This essay tests to see if the unemployed form expectations of a change in benefits by examining periods directly preceding the actual benefit extension.