

## Minutes of the Spring 2026 Economic Advisory Panel Meeting

Present: **Chair:** John Williams. **External Panelists:** Paula Campbell Roberts, Mark Gertler, Sebnem Kalemli-Ozcan, Karin Kimbrough, Aysegul Sahin, Linda Tesar, Mark Zandi. **New York Fed staff:** Jaison Abel, Ozge Akinci, Mary Amiti, Richard Audoly, Hunter Clark, Jeff Dawson, Richard Deitz, Julian Di Giovanni, Dianne Dobbeck, Keshav Dogra, Michael Fleming, Linda Goldberg, Sebastian Heise, Todd Keister, Tom Klitgaard, Gizem Kosar, Donggyu Lee, Simone Lenzu, Rachel Lu, Jonathan McCarthy, Davide Melcangi, Timothy C. Nash, Jr., Jeremy Pearce, Paolo Pesenti, Maxim Pinkovskiy, Asani Sarkar, Joelle Scally, Rachel Schuh, Or Shachar, Sushmita Shukla, Giorgio Topa, Wilbert van der Klaauw.

Timothy C. Nash, Jr., counsel for the New York Fed, provided a reminder to the panelists that their discussions are subject to the Antitrust Guidelines for Members of the Federal Reserve Bank of New York's Advisory and Sponsored Groups.

Following introductory remarks by John Williams, the first presentation was given by Paula Campbell Roberts on "[Recent Trends in Productivity Growth](#)". She discussed which factors are currently supporting labor productivity growth, which has recently been higher than experienced after the global financial crisis. In her assessment, the core drivers of this modest increase in productivity growth are significant increases in capital expenditure (due to both industrial policy and AI spending) and modest increases in total factor productivity. Changes in labor quality are, if anything, holding back productivity growth for various reasons: skills misalignment, the health and opioid crisis, early retirement of experienced workers (in part due to Covid), and a decline in firm-sponsored training. She argued that the impact of AI on aggregate productivity growth has been limited so far, although it may have widened the productivity gap between larger and

smaller companies. However, she noted that general purpose technologies like AI generally take time to increase measured productivity as they require substantial organization redesign early on. More generally, she noted that true TFP growth may be higher than measured, especially in service sectors, discussing a recent study which posits that healthcare productivity gains may be higher than official measurements suggest given declines in quality-adjusted cost and improvements in post-treatment length and quality of life.

The [second presentation](#) was given by Karin Kimbrough. In her assessment, the impact of AI on the labor market has so far been limited – it has contributed to some job creation but has not significantly affected job destruction. The recent increase in labor productivity growth reflects a decline in the growth rate of hours worked since mid-2022, before the release of ChatGPT. So far, most sectors do not employ much true “AI talent”; the largest employers are in the tech sector and media, followed by financial services. Turning to the broader macro picture, she described the labor market as very soft but stable and argued that the recent labor market is consistent with a late cycle slowdown, rather than reflecting AI-induced disruption. While hiring has slowed more in AI-exposed sectors, this differential slowdown predates the release of ChatGPT, and has moderated recently. She closed by noting that there has been a significant increase in LinkedIn participants calling themselves “founders”, some of whom are starting firms with only a few employees by relying on AI.

The final presentation was given by Mark Zandi on [Artificial Intelligence, Productivity Growth, and the Economic Outlook](#). He argued that what we are experiencing is best described as a normalization in productivity growth: productivity growth is still below its highs during the post-WWII boom and the 1995-2005 period, but above its level during the 1970s and the post-global financial crisis economy. One possible explanation of this normalization is that the share of older

workers, who are less willing to adopt new technologies, is declining as the baby boom generation retires (in contrast to the 2010s, when the share of the workforce over 65 was increasing and productivity growth was low). Another explanation could be that lower net migration provides a short-term productivity boost due to selection effects: in the cross section, states with less immigration experienced higher productivity growth in 2025. Turning to the topic of U.S. productivity leadership, Zandi argued that the U.S. has historically experienced higher productivity growth than other countries due to a higher propensity for risk taking. However, several points that made the U.S. more productive in the past – immigration, a mobile population, and free trade – may now be in decline. Finally, he argued that while there is a consensus that AI will ultimately increase productivity growth, there are many barriers to adoption and utilization of this technology – it may take a recession for productivity improvements to fully materialize. Indeed, much of the productivity growth during 1995-2005 only happened after the 2001 recession.

In the following discussion, panelists expressed a range of views about productivity growth, AI, and the economic outlook. There was general agreement that the full effects of AI on productivity growth are yet to be felt, although one panelist observed that it is already affecting demand, via investment and stock market valuations. Another panelist argued that advances in measurement and modeling are necessary to understand the effects of this technology on productivity at a disaggregated level, similar to the work that has been done on the effects of tariffs. Panelists discussed ways in which the disruptive effects of AI may be different than those of skill-biased technical change: even if more educated, high-skill workers are the most substitutable with AI, they are also more adaptable and do jobs with multiple competencies and skills, so it will be easier for them to reallocate. Panelists also discussed the potential

distributional consequences of AI, emphasizing the importance of retraining workers and the importance of investments in human capital for potential reallocation. They also discussed the need for regulation on AI in the labor market, in the financial sector, and to protect the personal information shared with generative AI tools.

One panelist expressed skepticism about the likely magnitude of the disruptive effects of AI, noting that it took 50 years and several external shocks to reduce manufacturing employment from a third of the population to a tenth, and that the most AI-exposed sectors (such as tech) only make up a small share of the work force, so there is less room for substitution to reduce aggregate employment. Panelists also agreed that in addition to substituting for human labor in some tasks, AI will also make other human competencies, such as critical thinking and systems thinking, even more important. One challenge for organizations will be how to change entry-level roles: in a few years, entry-level employees will not be doing routine tasks like making charts and writing summaries, but will be doing something else, and this change in entry-level jobs may fundamentally alter learning-by-doing on the job. One panelist disagreed with the notion that adoption of AI would have to wait until a recession, arguing that innovation is easier in a boom. Another panelist observed that the period with strongest productivity growth in recent years was the peak of globalization; current moves towards deglobalization could therefore provide a headwind to productivity growth.