

Welcome to What Happens Next

My name is Larry Bernstein.

What Happens Next offers listeners an in-depth analysis of the most pressing issues of the day. Our experts are given just SIX minutes to present. This is followed by a Q&A period for deeper engagement.

I think you will find this discussion to be both informative and provocative.

This program is moderated to be politically neutral. Our speakers will give their opinions and then we encourage you to make up your own mind.

This week's topics include artificial intelligence, the history of the penitentiary and the role of religion in the rise of capitalism.

We have three speakers today on AI and I am also joined by my Penn classmate Mitch Feinman who will be my co-host and will introduce the AI panel in a moment.

Our three panelists include Michael Littman who is a machine learning and computer scientist at Brown. He will define artificial intelligence and give examples of how to apply this nascent technology. One use will be with driverless cars that need to distinguish between a plastic bag and a human being for safety reasons.

Charles Isbell is the Dean of Computing at Georgia Tech who will explain how the combination of computers and humans work better together by taking advantage of computers vast computational power and humans' superb intuition.

Computers excel when the objectives are known and defined but do poorly when the objectives are dynamic. For example, if you want to go from Midtown to Wall Street as fast as possible, WAZE is amazing. However, if there is a terrorist attack in progress, the rider will likely wish to head in the opposite direction and WAZE will be unawares, but a human can change a plan on a dime.

Our third speaker is Seyed Sajjadi, an entrepreneur who hopes to profit by employing AI for search and gaming. I hope to learn more from Seyed about the likely business applications for AI.

What Happens Next then moves in a completely different direction. Our next speaker is Lawrence Friedman who is Professor of Law at Stanford whose research intersects legal history and sociology. Lawrence Friedman will discuss his book Crime and Punishment in American History and the birth of the penitentiary.

I hope to learn about the old days when we used a whip and stockade to punish criminal behavior. And how imprisoning bad actors was meant to be more humane.

Our final speaker today is Ben Friedman who is an economics professor at Harvard and the former chair of the department. Ben has a new book released this past month entitled Religion and the Rise of Capitalism. Ben argues in his book that 18<sup>th</sup> century religious ideas encouraged hard work, creativity, and individual liberty that then influenced Adam Smith and generations of economists. This long-standing religious influence still affects how Americans think about economic questions

All right that is today's session.

Every month since the beginning of COVID, I have discussed the Bureau of Labor Statistics monthly employment report because it is our best indicator of current economic conditions.

This month was no exception. Job growth in January was pretty much flat. There was a trivial increase in jobs of just 49,000, which came exclusively from Professional and Business services. Nearly all other industries were basically flat. Private sector hiring has collapsed after a very strong fall. I suspect that the government mandated shutdown has reduced the desire for hiring.

I also suspect that the slow vaccine distribution has delayed a return to normalcy. And as we discussed on last week's session, the South African COVID variant is heading our way causing further trouble and delays.

President Biden in response to Friday's employment report said that using this month's employment growth rate, "it's going to take ten years to get back to full employment. That's not hyperbole, that's a fact."

I am much more optimistic than the President as I believe that the labor market will explode after the vaccine is distributed and people are more comfortable going back to work, traveling, and returning to normal life.

I think we should all be pleased that the unemployment rate is now only 6.3% despite the massive COVID shock. The labor market has proven to be surprisingly resilient as workers move between industries.

Last week, Steve Alloy who runs a major homebuilder, mentioned on our call that he has successfully hired workers from the transportation and restaurant industry because low skilled workers can readily adapt to changes in economic conditions. So, I remain optimistic about our labor market.

Moving on, I want to plug next week's What Happens Next program. The show will cover both Anti-Trust as well as the recent craziness in GameStop stock. I want to make an appeal for parents to encourage their young adults to listen to next week's GameStop discussion. Surprisingly, the topic of squeezing short sellers and taking it to the man is of incredible interest to our younger generation.

I am now going to hand the call off to my co-host Mitch Feinman.