CHAPTER 1: ASSESSING THE ECONOMIC RECOVERY

- The *2017 Economic Report of the President* claims "great strides that the Nation has made in building a stronger foundation for future prosperity."[i]
- However, after a slow, still incomplete economic recovery after seven-and-one-half years, the Obama Administration's own growth projections fall short of historical standards.
- The *Report* fails to acknowledge
  - Any problems with Obama Administration policies;
  - The severity of challenges left behind to reconstitute economic growth potential, contain escalating mandatory spending, and manage an enormous Federal debt.
- A radical change in economic policy is required to return liberty and bountiful opportunity to America.

A LACKLUSTER, UNEVEN, AND SLOW RECOVERY

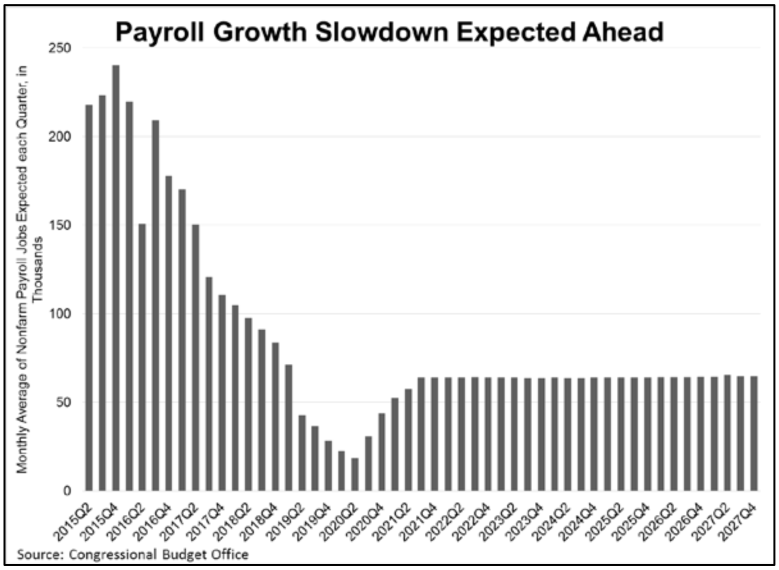
Over the last eight years, the United States experienced a lackluster economic recovery from a severe recession. For all of the emphasis that the *2017 Economic Report of the President and the Annual Report of the Council of Economic Advisers* (CEA) (ERP, or *Report*) places upon the Obama Administration's efforts to combat the effects of the recession, much less economic progress occurred than the *Report* claims.

Slow Recovery

The *Report* notes that, as of the third quarter of 2016, “the U.S. economy was 11.5 percent larger than at its peak before the crisis,”[ii] however, that represents only a meager average annual growth of 1.25 percent, less than half the 3.4 percent average annual real GDP growth during the prior 50 years.[iii] While recovery periods have lengthened over the last half century, the last recovery—still not complete after more than seven years—is so long that the Committee Majority views the cumulative Federal fiscal and regulatory policies of the Obama Administration as the main cause. As discussed in the following chapters of this *Response*, there are strong indications the economy could grow faster.

In its January 2017 *Budget and Economic Outlook*, CBO projected that nonfarm payroll growth will continue to slow over the 2022-2027 period, adding only 65,000 jobs per month on average (see Figure 1-1),[iv] which is down significantly from CBO’s January 2016 projection of approximately 75,000 jobs added per month over the 2021-2026 period.

Figure 1-1



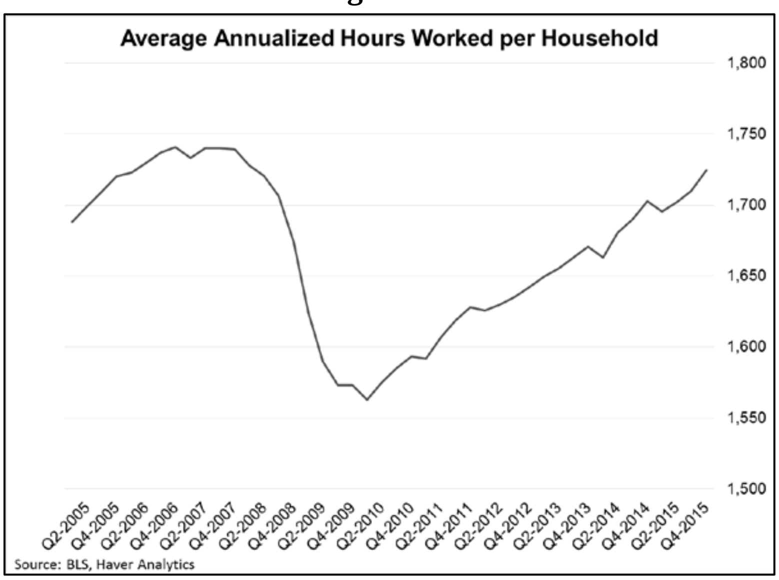
While related to slower population growth, the United States actually has a relatively more favorable population trajectory than other developed economies due in part to anticipated growth in immigration.[v] While population increases and the labor force participation rate have been slowing, growth-oriented policies can still brighten the economic outlook for the United States.

Since the beginning of the recovery, real after-tax income per person grew only 1.4 percent annually on average, and real median household income only began growing again in 2015 after years of decline and stagnation following its previous 2007 peak. It still remains below the 2007 level and the previous record peak in 1999.[vi] A 2016 study from Pew Charitable Trusts found that the overall U.S. growth rate in inflation-adjusted personal income from the final quarter of 2007 through the final quarter of 2015 is 1.6 percent, with rather uneven growth when looking at each state. Growth ranged from 5.1 percent in North Dakota and 3.0 percent in Texas to 0.2 percent in Nevada and 0.6 percent in Illinois.[vii]

The *Report* prefers to highlight hourly wage growth over previous recoveries in its Figure 1-3 to demonstrate the relatively strong growth in hourly wages over the current recovery. Real wage growth picked up in pace, including real median household income growth setting a record pace from 2014 to 2015.[viii] However, the quicker pace late in the recovery obscures an unusually sluggish growth period in the aftermath of the 2007-09 recession. As discussed in detail in Chapter 2 of this *Response*, average income growth in this recovery is about half the rate of other post-1960 recoveries.

Moreover, focusing on growth in hourly wages can obscure other factors that affect household income, including reduced weekly hours worked or involuntary part-time employment. As shown in Figure 1-2 below, as a rudimentary measure of total hours worked adjusted for growth in the number of households, the average household is working less hours on an annual basis than before the recession.

Figure 1-2



As discussed in greater length in Chapter 2 of this *Response*, other measures show sluggish, and at times, divergent negative trends compared to the data that the *Report* prefers to highlight, particularly when compared with previous recovery periods. The *Report* even acknowledges that the U-6 alternative unemployment measure, which comprises a broader definition of unemployment, remains elevated, nearly eight years after the recession.[ix]

Uneven Recovery

The *Report* glosses over the relative unevenness of the recovery, whether geographically or generationally measured. In geographic measures, a 2016 study from the Economic Innovation Group found that over 50.4 million Americans live in "distressed communities," which are zip codes where, on average, over 55 percent of the population is not working and more than a quarter are in poverty.[x]

From a generational perspective, recent evidence shows that the recovery has been uneven between millennials and baby boomers as well. While millennials age 16-to-24 years old and 25-to-34 years old have not seen their employment as a share of their population rise very much since its recent nadir shortly after the recession, baby boomers age 55-to-64 years old have seen their employment-to-population ratio rise close to their previous record peak of 62.8 percent in March 2008, which occurred in the middle of the recession.[xi] Part of these trends can be explained by millennials attaining more education and launching their careers later, as well as by baby boomers delaying retirement in favor of work or because they are unable to retire comfortably in today's current low interest rate environment. Beneath the national aggregate numbers other factors that impede employment expansion and reentry into the workforce at the local level may also contribute to these trends.

Why the Recovery was Slow and Uneven

The Committee Majority's view is that Obama Administration policies failed to engage effectively with the market economy. The prevailing philosophy was that markets often fail and that the government must actively correct market failures once they occur and impose market controls to prevent new ones from occurring. The policies built on this philosophy ignore decades of countervailing economic research prompted by the strong belief in government's ability to correct market imperfections in the years after World War II. Dismal productivity increases and stagflation in the 1970s resulted from the economic regulation of individual industries and efforts to "fine tune" the macroeconomy. The Carter Administration was actually the first to deregulate several industries. The Reagan Administration subsequently relieved more of the economy of government controls leading to a long period of strong economic performance and muted business cycles called the "Great Moderation."

The CEA shows no introspection in this regard. There is no "lessons learned" section in the *Report* that could be useful to policymakers. Instead, the *Repor*t repeats claims of success for major policies designed by the last Administration and the Democratic Congress early in President Obama's first term without acknowledging how controversial their impacts have been: The *American Recovery and Reinvestment Act* (ARRA); the *Affordable Care Act* (ACA, or Obamacare); the Administration-supported *Wall Street Reform and Consumer Protection Act* (Dodd-Frank), climate and environmental policy that had a false start with the failed *American Clean Energy and Security Act of 2009* (ACES, or Waxman-Markey) bill but was advanced by regulatory fiat, and student loan policy.

While no one expects the CEA to be critical of the Administration that employs it, *Economic Reports of the President* issued by the Obama Administration have tended toward the genre of infomercials—full of praise for Administration policies without comparative evaluation of alternative policy approaches or consideration of costs.

For example, the *Report* repeats the claims that ARRA "saved or created 6 million job-years through 2012 and raised the level of

GDP by between 2 and 2.5 percent in FY 2010 and part of FY 2011,"[xii] even though one cannot know whether a given job would have been "saved" or "created" without ARRA. The same models used to predict ARRA's beneficial effects were later used to support estimates of what would have been forgone without it. This point had been made long ago, including by the JEC at ARRA's five-year anniversary in 2014:

> *It is important to remember that the CBO's estimates of jobs saved or created are exactly that—estimates, not actual data. Accurately measuring jobs saved as a result of ARRA, let alone created, is quite difficult if not impossible. So the same general mathematical models with spending multipliers are applied to ARRA spending to date in order to estimate ARRA's effects on output and employment for the quarterly reports to determine the estimates.*[xiii]

ARRA failed to deliver the reductions in unemployment promised initially and obviously did not stimulate a vigorous recovery, but it did add substantially to the Federal debt.

Similarly, the ACA has been covered in controversy and undeniably produced results much different from what the Obama Administration promised, as enumerated in Chapter 4 of the *Response*. But plain facts and widespread dissatisfaction notwithstanding, the *Report* concedes nothing. It devotes a more than 100-page chapter to praising Obama Administration health care policy.

The *Report* discusses at length the 2008 financial crisis and measures taken to mitigate it, but fails to address the Federal Government's large role in the financial sector and in setting monetary conditions. Before the crisis, the Federal Government already oversaw the financial industry in myriad ways through multiple agencies, and it is heavily involved in housing finance.

Yet there is no discussion of how oversight agencies missed problems and why they would not miss them again, of government policy that promotes homeownership and bank lending to lower income groups, or of the government-sponsored enterprises Fannie Mae and Freddie Mac. Neither is there any discussion of the exceedingly low interest rates kept in place by the Federal Reserve for a long time prior to the crisis. It is as though the CEA wrote the *Report* in a bubble insulated from the debates that have been raging for years over these issues.

The *Response* makes the case that instead of ending "too big to fail," Dodd-Frank imposed greater regulations on the U.S. financial system without regard for constitutionality or analysis of the law's regulatory impact on the economy. This regulatory burden has fallen heavily on smaller financial institutions, while leaving government-sponsored enterprises virtually untouched.

The *Report's* treatment of higher education finance is similarly detached from the problems on many people's mind. How does easy credit from the government affect college tuitions, how are students going to pay off large debts, and does the sheer size of student debt in the aggregate, which is approaching $2 trillion, threaten the stability of the financial system? What is the risk of a public debt crisis if the Federal Government resorts to largescale bailouts again?

On the subject of climate change the CEA's *Reports* for years have ventured far into the subject of climate science, as does the 2017 *Report*, even though that is neither the CEA's mission nor its expertise, while the costs of the last Administration's chosen policies and the relative merits of different approaches to climate change received next to no attention. Economics is all about tradeoffs and choosing the best ones. Here is another intensely debated subject with major implications for the economy that the CEA treated as though only its preferred perspective were relevant. The related subject of energy sources received similar treatment. In the current *Report* nuclear energy is not discussed at all even though it accounts for 20 percent of power generation in the United States and emits no greenhouse gases whatsoever. If the last Administration disfavored nuclear energy, the CEA should at least have explained why if it was going to take up the subject of energy supply in the *Report*.

Taxes should collect enough revenue to fund core government functions with the least disruption to taxpayers and the economy. In reality, the government also uses taxes to redistribute income as well and the debate over whether and to what extent it should use the tax system for this purpose likely will continue indefinitely. A good focus for the CEA would have been to identify aspects of the tax structure that could be reformed to reduce or eliminate the most disruptive effects on the economy with the smallest loss of revenue to the government in the near term (faster economic growth will increase revenue in the long term) and the least effect on the last Administration's redistributive objectives. Instead, the CEA touts Obama Administration efforts to mitigate income inequality and goes as far as to suggest that raising taxes on high-income earners is desirable in itself.

In its 2014 *Report*, the CEA included a chapter entitled "Evaluation as a Tool for Improving Federal Programs."[xiv] If the CEA had abided by the principles laid out in that chapter, its *Reports* would have been far more useful. Ironically, it even failed to do so for its discussion of the ACA in the very same 2014 *Report*.[xv]

FOUR CONTINUED STRUCTURAL CHALLENGES: PRODUCTIVITY, INEQUALITY, PARTICIPATION, AND SUSTAINABILITY

Chapter 1 of the *Report* has a separate section with the above title[xvi] and discusses each challenge in the order shown. The *Response* will briefly address these challenges but in a different order.

Fiscal Sustainability

The *Report* discusses the importance of "economic sustainability" in the context of shoring up automatic stabilizers like unemployment insurance, and also in terms of climate change.[xvii] But an important component of economic sustainability is fiscal sustainability for which the Obama Administration showed little concern. For eight years the White House put forth little effort to reduce the rising level of Federal debt. Apart from tables listed in the appendices, the term "Federal debt" is only mentioned twice in the *Report*, and only within the context of the statutory limit and student debt, rather than with a focus on fiscal sustainability.

The *Report* argues, "it is possible to combine short-run fiscal expansion with medium- and long-run fiscal consolidation to maintain fiscal discipline" as demonstrated by the Obama Administration.[xviii] Given the enormous growth in debt over the last eight years, this is a rather remarkable claim.

As in previous years, the *Report* points out that, as a share of GDP, the Federal budget deficit fell by two-thirds since 2009, and that in fiscal year 2016, the Federal budget deficit matched its average of the last four decades.[xix] However, this ignores the fact that gross Federal debt roughly doubled over the course of the Obama Administration, from $10.6 trillion to nearly $20 trillion,[xx] in part due to the Federal Government's response to the recession. In 2009, deficits rose as high as 9.8 percent of GDP, or $1.4 trillion, before falling to an estimated 3.3 percent in 2016.[xxi] Furthermore, in leaving the Federal Government's massive spending trajectory unaddressed, CBO—in the wake of the Obama Administration's departure—has projected debt held by the public will rise above 91 percent of GDP just outside of the ten-year budget window and surpass the World War II-era record of 106 percent by 2035. Gross Federal debt, which includes intragovernmental transfers, is projected to remain elevated at 106 percent of GDP over most of the 2017-2027 budget window. CBO remarks in its Long-Term Budget Outlook that the timing of policy changes to maintain the current level of publicly held debt as a share of GDP, or to reduce it to its 50-year average, significantly affects the size of policy changes necessary to achieve fiscal sustainability:

> *In deciding how quickly to implement policies to put Federal debt on a sustainable path—regardless of the chosen goal for Federal debt—lawmakers face trade-offs. Reducing the deficit sooner would have several benefits—less accumulated debt, smaller policy changes required to achieve long-term outcomes, and less uncertainty about what policies lawmakers would adopt. ...waiting several years to reduce Federal spending or increase taxes would mean more accumulated debt over the long run, which would slow long-term growth in output and income.*[xxii]

Some economists have argued over the past year that the United States is facing a secular stagnation problem,[xxiii] in which excessive savings acts as a drag on demand, and that overcoming it requires fiscal stimulus akin to the kind initially levied against the worst effects of the recession. However, as CBO noted in its analysis of ARRA, the law's long-term costs are projected to reduce GDP by 0.2 percent after 2016 as a result of increased government debt, as each dollar of additional debt crowds out approximately one-third of a dollar in private domestic capital.[xxiv] When questioned on the ability to strike a balance between economic growth initiatives and deficit spending in the context of the longer-term fiscal outlook, Federal Reserve Chair Janet Yellen noted in her testimony before the Committee:

> *The CBO's assessment, as you know, is that there are longer term fiscal challenges, that the debt-to-GDP ratio at this point looks likely to rise as the Baby Boomers retire and population aging occurs. And that longer run deficit problem needs to be kept in mind. In addition, with the debt-to-GDP ratio at around 77 percent, there is not a lot of*

> *fiscal space should a shock to the economy occur, an adverse shock that did require fiscal stimulus.*[xxv]

Labor Force Participation

The *Report* discusses labor force participation only briefly. The CEA recommends strengthening the "connective tissue" in U.S. labor markets, suggesting improvements in unemployment insurance, tax credits for low-income workers, workplace flexibility, and raising the minimum wage (of all things).[xxvi]

The decades-long low in U.S. labor force participation is a major problem holding back economic growth and it relates to weak post-recession business investment, which actually declined in 2016. Chapter 2 of the *Response* provides an analysis of the untapped growth potential that could be realized if policy constraints on the use of capital and labor were lifted. Unfortunately, pro-growth tax and regulatory reforms were no more a focus of the *Report* than controlling mandatory spending programs and containing the Federal debt.

Inequality

Much in line with last year's *Report*, the 2017 *Report* argues that the United States has the highest levels of income inequality, and has seen the fastest increase in that metric among the G-7 economies. However, as stated in the *Response* last year, this omits the effect of allowing passthrough businesses to file under the individual income tax code:

> *The reason, known perfectly well by the Administration, is largely due to the Tax Reform Act of 1986 which, among other changes, lowered the top individual tax rate from 50 percent to 28 percent. This created an incentive for small businesses to file under the individual tax code since the top marginal corporate income tax rate was much higher. In fact, the data show a growing*

> *share of U.S. business income has been taxed on a passthrough basis... meaning that a firm's business income is attributed to the owner(s) and taxed as individual income, which has further complicated the process of teasing out income inequality from existing data.*[xxvii]

This is discussed in further detail in Chapter 3 of this *Response*.

Further, the *Report* suggests that a "more progressive fiscal system" which redistributes to low- and moderate-income households and particularly children, can improve future earning and education outcomes.[xxviii] However, the United States has one of the most progressive tax systems in the world, suggesting that at least on the tax side of the fiscal system, the United States is highly progressive compared to other systems.[xxix] Yet does that redistribution lead to better education and earnings outcomes for lower income households? It appears unlikely based on 2006 data, which was analyzed by CBO in 2013. On the spending side of the U.S. fiscal system, in yet another revelation of the heavy emphasis in Federal spending placed on mandatory retirement and health care programs, elderly childless homes received 57 percent of transfer payments despite making up only 15 percent of the U.S. population.[xxx] Rather than focus on the real problem—"growth in spending for programs focused on the elderly population (such as Social Security and Medicare), in which benefits are not limited to low-income households"[xxxi]—the *Report* wants to further burden already overburdened American taxpayers with policies that will further decrease productivity.

Given the ongoing, unaddressed trajectories of these mandatory programs since the 2013 CBO analysis, even if one were to accept the Obama Administration's suspect premise that Federal redistribution to low-income households leads to better earnings and education outcomes, it is unlikely that the Obama Administration achieved virtually any gains along those lines through fiscal progressivity, simply because lower income households are largely not the focus of redistribution. Furthermore, some redistributive efforts, like minimum wage increases, are often poorly targeted as well, as most minimum wage earners are not among the working poor.[xxxii] Redistributive programs in the United States intended to alleviate poverty and broader inequality, are increasingly poorly targeted, expensive relative to the intended outcome, and can often create ceilings as well as floors for recipients looking to improve their well-being.

While it can be argued that redistributive spending programs do indeed ameliorate some of the hardships of living in poverty or near-poverty, the connection to better education and earnings outcomes is less clear and dependent upon the program. The research cited in the *Report* focuses on early childhood education, Earned Income Tax Credit (EITC), food stamp programs, Moving to Opportunity programs, Medicaid, and Temporary Assistance for Needy Families (TANF); but despite claiming "[t]hese six examples show that programs have large and real long-term benefits,"[xxxiii] not all redistributive spending programs can boast success.[xxxiv] Chapter 3 of this *Response* shows there is plenty of room for reform of these kinds of programs to align program and beneficiary incentives, correctly measure the desired outcomes of moving families sustainably off these programs, and target programs only to the most vulnerable populations.

Generally, there is another element in inequality discussions and redistributive efforts that would lead the casual reader to believe that, absent a government mandate, most Americans do not share their hard-earned resources with one another. As Jeffrey Miron noted in his discussion of rethinking redistribution:

> *Moreover, anti-poverty programs lend credence to the claim that most people will not share their resources unless government compels them to. The evidence of daily life in America, however, shows that assumption to be false. Private efforts to alleviate poverty are enormous: Religious*

> *institutions operate soup kitchens; the Boy Scouts organize food drives; the Salvation Army raises money for the poor; Habitat for Humanity builds homes; and doctors' associations provide free health care. In 2009, Americans gave more than $300 billion to charity, a figure made all the more striking by the deep recession. More than 60 million people volunteered, donating some 8 billion hours of work — much of it in efforts aimed at helping the poor.*[xxxv]

According to the Bureau of Labor Statistics (BLS), from September 2014 to September 2015 (the latest data available), nearly one-quarter of the civilian noninstitutional population age 16 and older, or about 62.6 million people, volunteered through or for an organization, and spent a median 52 hours on volunteering.[xxxvi] As noted in the JEC Majority staff analysis, “The Reward of Work, Incentives, and Upward Mobility”:

> *Ultimately, the capabilities of the government, at the Federal level and to certain extents at the state and local levels, are relatively rigid, immobile, and uniform in the handling of every case. While that consistency proves useful in many government functions, it fails to provide the best and most effective means to move individuals out of poverty and into opportunity to improve economic well-being for their families.*[xxxvii]

Productivity

The *Report* mixes productivity factors, including skill-biased technological change, a slowdown in higher educational attainment, and globalization, with greater inequality. It also claims that “economic rents” (profits resulting from limited market competition) can exacerbate inequality if they are increasingly captured by capital or high earners.[xxxviii] The previous 2016 *Report* argued that policymakers should reduce the ability of people or corporations to seek rents through the influence of regulatory lobbying. However, Nobel laureate economist Milton Friedman described the problem as an “iron triangle” connecting interest groups, bureaucracies, and politicians that is by no means one directional and virtually always fails consumers. Ultimately, any reform to reduce rent-seeking behavior must limit the entity with the power to confer rents, namely the government. Last year’s *Response* discussed this subject in greater depth.[xxxix]

The factors identified here certainly are relevant to economic productivity overall and of different groups which affects their relative earnings power and thus income inequality among them. But a much clearer way of approaching the subject of productivity is, first, to focus on private investment particularly in equipment as that affects workers’ ability to produce more directly. The U.S. economy is not receiving enough of this kind of investment. Next, the question is how to accelerate technological progress to combine labor and capital in ways that are more productive. That takes longer and is a less pressing matter, though ultimately more important. One should approach the question of increasing technology capabilities as well from the perspective of relative returns on alternative investments. The *Report* neither focuses on the immediate challenge of encouraging more capital investment nor of what makes for the most important ways of raising long-term productivity.

CONCLUSION

The *Report* claims, “promoting inclusive, sustainable growth will remain the key objective in the years ahead...by acting decisively and by choosing the right policies.”[xl] However, rather than being an agent of change, the decisive actions taken by the Obama Administration were firmly in the well-worn, status quo direction of government expansion. The policies chosen more often proved to be the wrong ones, based on the presumption that government knows best, be it in providing health care, in redistributing hard-earned resources, in attempting to protect consumers from businesses, and in picking winners and losers. Furthermore, over the last eight years, divisiveness often thwarted even the policies that most policymakers could agree upon, and exacerbated tensions in times of severe disagreement. The Obama Administration departed amidst rising polarization across geographical and political lines among the American people. Today, the stakes for America, and the promise it holds for its citizens to achieve their own versions of the American Dream, could not be higher. The Obama Administration depicted a hopeful, inclusive, strong and sustainable future. However, that appears to be a vast departure from the experience of the past eight years, which were fraught with expanding government initiatives and post-crisis reactionary policies that reduce bold innovation and entrepreneurial risk-taking in the name of safety and stability at all costs.

Many Americans still feel that they have not witnessed improvement in their material well-being. Now, many are beginning to wonder if their children will surpass their own parents' standard of living, as previous generations have. Nearly eight years since the beginning of one of the most lackluster recoveries in modern history, the median American family has foregone tens of thousands of dollars of income relative to the average post-1960 recovery because of slow growth.[xli] Millions of prime-age Americans are out of the workforce or underemployed. Broader unemployment measures remain elevated compared to historical levels, reflecting the remaining scars from the recession. Healthcare premiums have risen steeply this year.[xlii] Effective tax rates remain among the most burdensome in the developed world, and regulations have grown at a record pace.[xliii] The Obama Administration tied for second place for record debt-to-GDP increases on an annual basis with the FDR and Truman Administrations during the World War II period, behind only the Lincoln Administration due to expenditures on the Civil War.[xliv]

The massive stimulus spending programs that the Administration ushered in since 2008 have largely failed to deliver the boost that was once promised. Instead, we have been left with a larger base of Federal spending obligations in a slow-growth economic environment. The growth of the Federal Government in size and scope, accumulating over previous decades as well as over the course of the current recovery, with a crushing upward debt trajectory in the coming decades, is oppressing private enterprise and innovation with an ever broadening scope of government functions, misaligned incentives, and burdensome and byzantine regulations. Without long-term fiscal sustainability and a Federal Government tasked only with functions exclusive and appropriate for its purview, the slow growth economic environment would likely persist.[xlv]

Recommendations

The Committee Majority hopes that in the 115th Congress it will have a willing partner in the Trump Administration to bring about the changes necessary to ensure America remains a place of unquestionable liberty and bountiful opportunity:

- Provide comprehensive tax reform with a streamlined, pro-growth tax code;
- Cut unnecessary regulatory costs imposed on businesses and entrepreneurs;
- Improve patient-centered and affordable health care efforts by repealing and replacing Obamacare;
- Support free trade and enforce trade laws in a timely, transparent way; and
- Return power to the states by reducing Federal intrusions in higher education and state-specific infrastructure projects.

[i] "Economic Report of the President (ERP) 2017," Council of Economic Advisers, p. 43, January 2017. https://obamawhitehouse.archives.gov/administration/eop/cea/economic-report-of-the-President/2017

[ii] ERP 2017, p. 21.

[iii] "Weekly Economic Update: January 30 – February 3, 2017," Joint Economic Committee Republicans, January 30, 2017. https://www.jec.senate.gov/public/index.cfm/republicans/analysis?ID=0AE4B15B-23E6-4534-AD9A-3B381E4BF246

[iv] "The Budget and Economic Outlook: 2017 to 2027", Congressional Budget Office, January 24, 2017. https://www.cbo.gov/publication/52370

[v] Ip, Greg, "How Demographics Rule the Global Economy," *The Wall Street Journal*, November 22, 2015. https://www.wsj.com/articles/how-demographics-rule-the-global-economy-1448203724

[vi] Proctor, Bernadette D. et al., "Income and Poverty in the United States: 2015", U.S. Census Bureau, p. 7, September 2016. http://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf

[vii] Boucher, Alex et al., "Growth in Personal Income Shows Uneven U.S. Recovery," The Pew Charitable Trusts, April 19, 2016. http://www.pewtrusts.org/en/research-and-analysis/analysis/2016/04/19/growth-in-personal-income-shows-uneven-us-recovery

[viii] ERP 2017, p. 21.

[ix] ERP 2017, p.25.

[x] "The 2016 Distressed Communities Index," Economic Innovation Group, p. 9, February 2016. http://eig.org/wp-content/uploads/2016/02/2016-Distressed-Communities-Index-Report.pdf

[xi] Russolillo, Steven, "Baby Boomers vs. Millennials: The Uneven Jobs Recovery," *The Wall Street Journal*, December 1, 2016. http://www.wsj.com/articles/baby-boomers-vs-millennials-the-uneven-jobs-recovery-1480624537

[xii] ERP 2017, p. 41.

[xiii] "ARRA's Five Year Anniversary," Republican Staff Analysis, Joint Economic Committee, February 18, 2014. http://www.jec.senate.gov/public/_cache/files/14f6cd86-8235-4999-bd59-1f22cf08f05d/stimulus-5-year-anniversary.pdf; see also: "Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output from October 2012 Through December 2012," Congressional Budget Office, February 2013. https://www.cbo.gov/sites/default/files/cbofiles/attachments/43945-ARRA.pdf

[xiv] "Economic Report of the President 2014," Council of Economic Advisers, p. 269-298, March 2014. https://obamawhitehouse.archives.gov/sites/default/files/docs/full_2014_economic_report_of_the_president.pdf

[xv] The CEA did not apply "process evaluation" to the newly introduced ACA (Chapter 4). See, "Box 7-1: Impact Evaluations, Process Evaluations, and Performance Measurement" ERP 2014, p. 270.

[xvi] ERP 2017, p. 57.

[xvii] ERP 2017, p. 63.

[xviii] ERP 2017, p. 63.

[xix] ERP 2017, p. 21, 28.

[xx] "The Daily History of the Debt Results," TreasuryDirect, U.S. Department of the Treasury, January 20, 2009 – January 20, 2017. https://www.treasurydirect.gov/NP/debt/search?startMonth=01&startDay=20&startYear=2009&endMonth=01&endDay=20&endYear=2017

[xxi] "Historical Tables," Office of Management and Budget, Table 1-2. https://obamawhitehouse.archives.gov/omb/budget/Historicals

[xxii] "The 2016 Long-Term Budget Outlook", Congressional Budget Office (CBO), p. 14, July 2016. https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51580-LTBO.pdf

[xxiii] Summers, Lawrence H., "Demand Side Secular Stagnation," American Economic Review, 105(5): p. 60-65, May 2015. https://www.aeaweb.org/articles?id=10.1257/aer.p20151103

[xxiv] "Is the 'Full Employment' Glass Half Full?" Joint Economic Committee Republicans, p. 4, February 10, 2016. http://www.jec.senate.gov/public/_cache/files/b0aba7c1-5a2d-4470-abb8-b1fc0222f260/2-10-full-employment-brief.pdf; see also: "Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output in December 2013," Congressional Budget Office, p. 8, February 2014. http://www.cbo.gov/sites/default/files/cbofiles/attachments/45122-ARRA.pdf

[xxv] "Hearing on: The Economic Outlook," Joint Economic Committee, November 17, 2016. http://www.jec.senate.gov/public/index.cfm/hearings-calendar?ID=6C0739C1-5C9D-4EDD-BA4F-4DD1274F4B99

[xxvi] ERP 2017, p. 61.

[xxvii] "Joint Economic Report 2016," Joint Economic Committee, p. 13, March 1, 2016. https://www.jec.senate.gov/public/_cache/files/0db793da-5e90-4f9d-ad9e-487f28652c7a/3-2-2016-joint-economic-report-w-minority-views-final.pdf

[xxviii] ERP 2017, p. 60.

[xxix] Matthews, Dylan, "America's Taxes are the Most Progressive in the World. Its Government is Among the Least.," *The Washington Post*, April 5, 2013. https://www.washingtonpost.com/news/wonk/wp/2013/04/05/americas-taxes-are-the-most-progressive-in-the-world-its-government-is-among-the-least/?utm_term=.c6801861d7e4

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