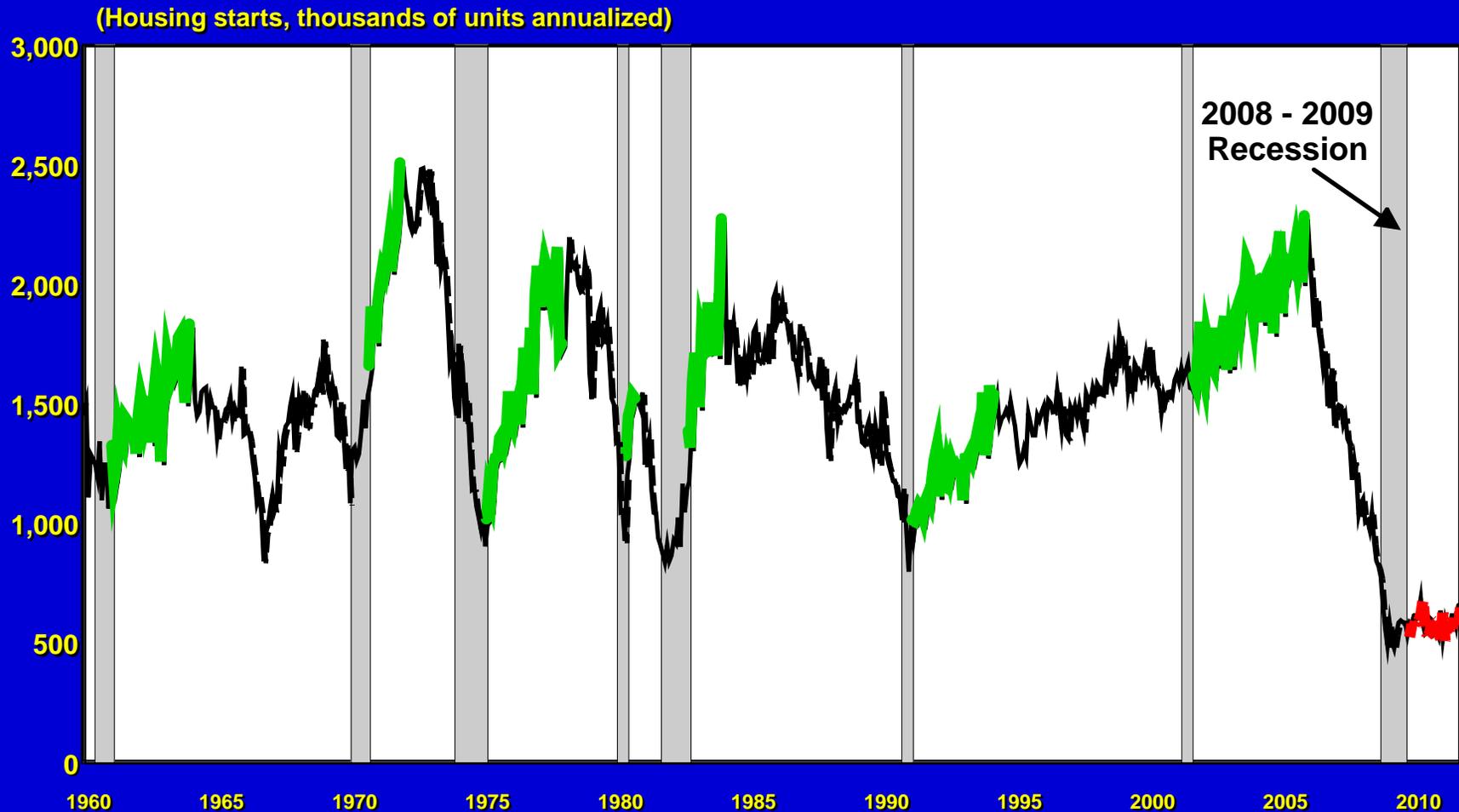


# **What's Holding Back the Economy**

- **Unemployment remains far too high**
- **Housing crisis continues**
- **Weak consumer confidence and demand**
- **Personal debt still near record levels**
- **Tightened borrowing standards for businesses and consumers**
- **State and local budget cutbacks**

# Housing Was Driving Force Behind Previous Recoveries, But Not This One



Source: Census Bureau, U.S. Department of Housing  
Note: Grey shaded areas represent recessions.

# Following Severe Financial Crises, Economic Recoveries Are Shallower and Take Much Longer

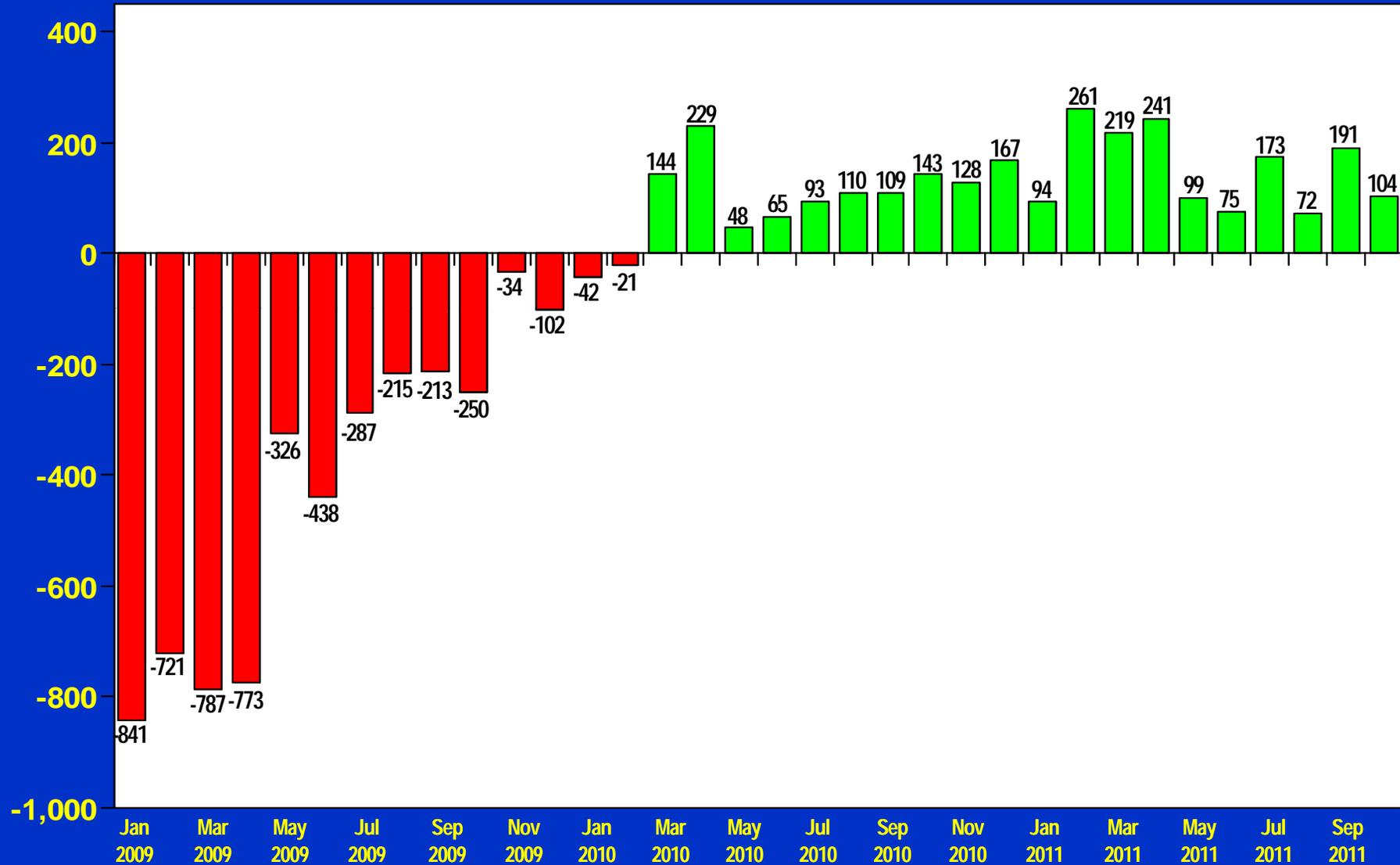
“Real per capita GDP growth rates are significantly lower during the decade following severe financial crises.... In the ten-year window following severe financial crises, unemployment rates are significantly higher than in the decade that preceded the crisis....

“[T]he decade of relative prosperity prior to the fall was importantly fueled by an expansion in credit and rising leverage that spans about 10 years; it is followed by a lengthy period of retrenchment that most often only begins after the crisis and lasts almost as long as the credit surge.”

– Dr. Carmen M. Reinhart, Peter G. Peterson Institute for International Economics, and Dr. Vincent R. Reinhart, American Enterprise Institute (AEI) National Bureau of Economic Research (NBER) Working Paper, *After the Fall* September 2010

# Private-Sector Jobs Picture

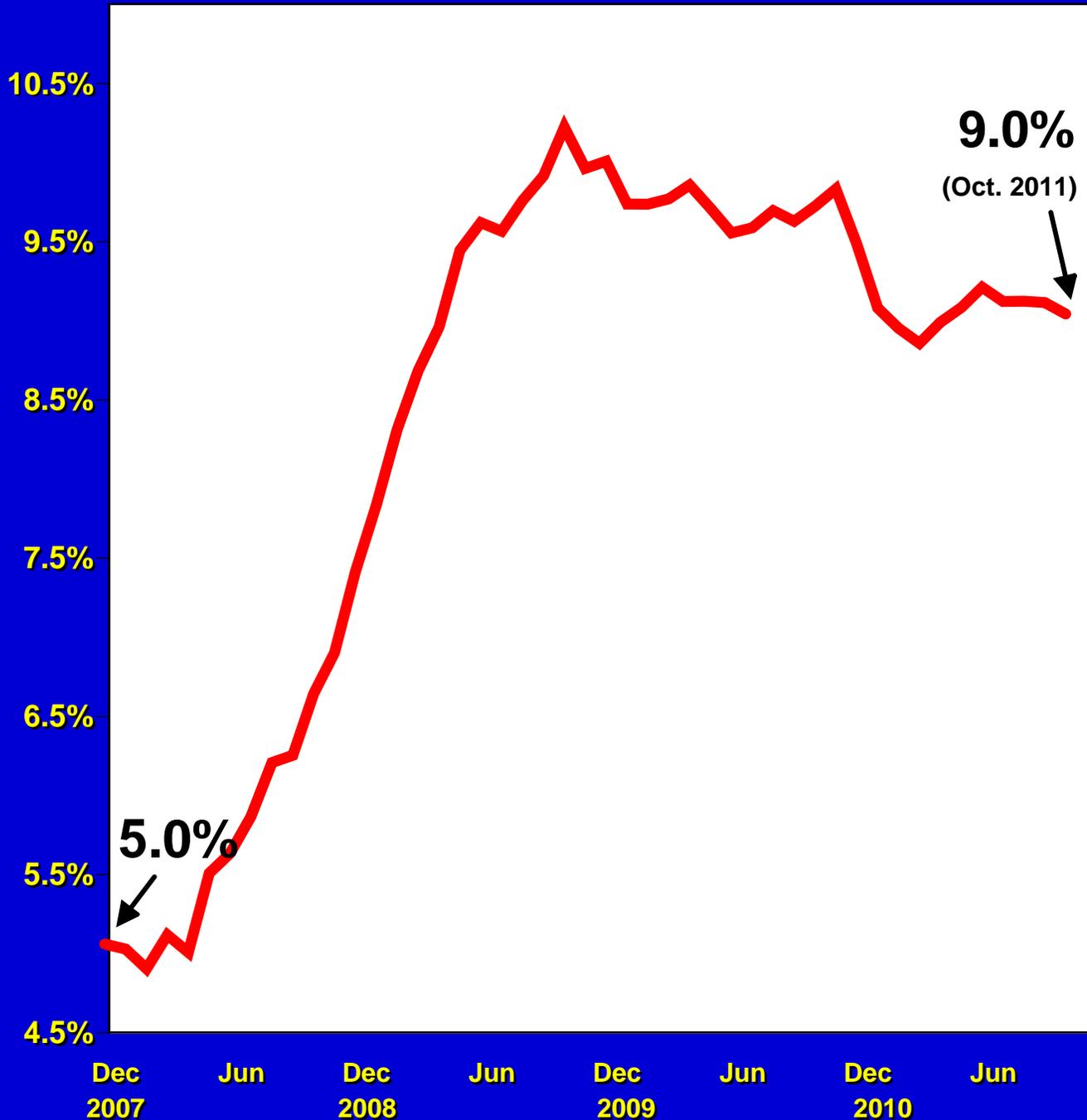
(Monthly change, in thousands of jobs, through October 2011)



Sources: Bureau of Labor Statistics, U.S. Department of Labor

# Unemployment Rate Remains High

(Monthly data through October 2011)



Sources: Bureau of Labor Statistics, U.S. Department of Labor

Note: Percent of civilian labor force

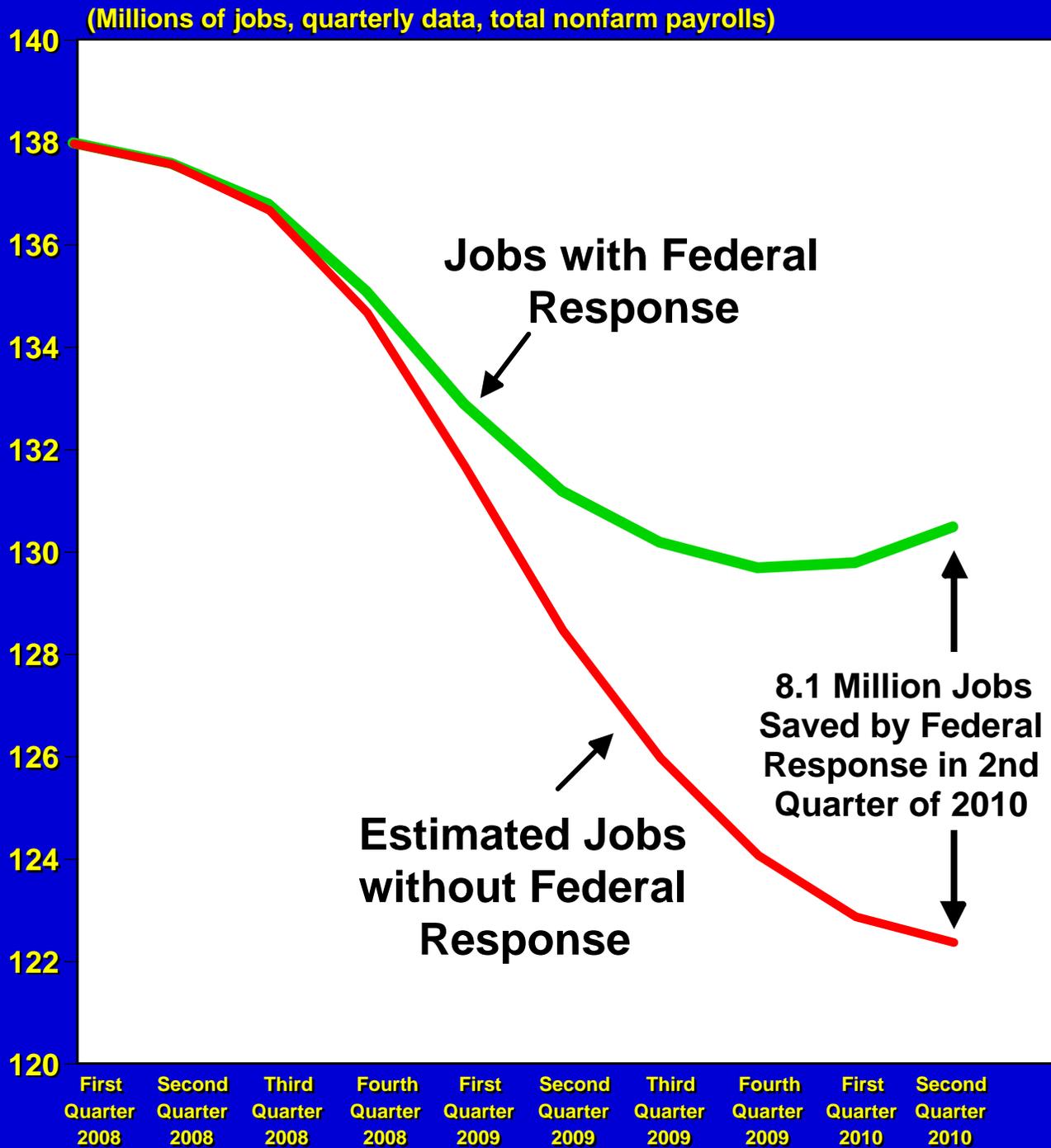
# **Economists Blinder and Zandi on Federal Government Response to Financial Crisis and Recession**

**“We find that its effects on real GDP, jobs, and inflation are huge, and probably averted what could have been called Great Depression 2.0.**

**“...When all is said and done, the financial and fiscal policies will have cost taxpayers a substantial sum, but not nearly as much as most had feared and not nearly as much as if policymakers had not acted at all. If the comprehensive policy responses saved the economy from another depression, as we estimate, they were well worth their cost.”**

**– Alan S. Blinder and Mark Zandi  
*How the Great Recession Was Brought to an End*  
July 27, 2010**

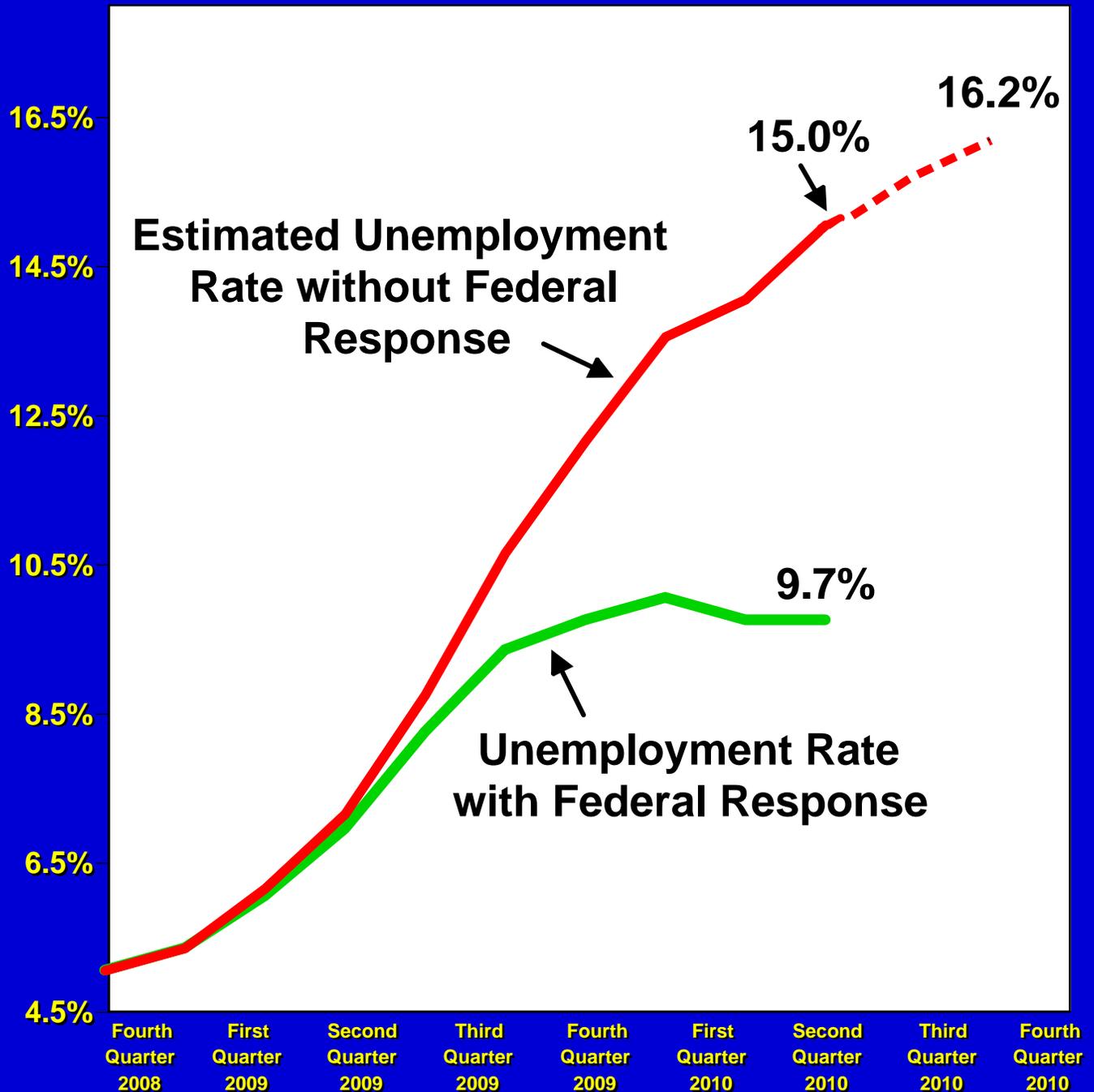
# Jobs Picture: With and Without Federal Response to Financial Crisis and Recession



Sources: U.S. Department of Labor; Alan S. Blinder and Mark Zandi, *How the Great Recession Was Brought to an End*, July 27, 2010

# Unemployment Rate: With and Without Federal Response to Financial Crisis and Recession

(Unemployment rate; quarterly data)



Sources: Bureau of Labor Statistics, U.S. Department of Labor; Alan S. Blinder and Mark Zandi, "How the Great Recession Was Brought to an End," July 27, 2010  
Note: Percent of civilian labor force.

# CBO “Bang for the Buck” Rankings

*Higher Impact  
on GDP*



Unemployment Insurance

Employer Payroll Tax Cut

Subsidizing Interest Rates  
on Refinanced Mortgages

Business Expensing for  
Investment Costs

Aid to States

Extending Tax Cuts

Repatriation Tax Holiday

*Lower Impact  
on GDP*

Note: Rankings based on cumulative effects on GDP for 2012-2013.