

The United States Economy: Why Such a Weak Recovery?

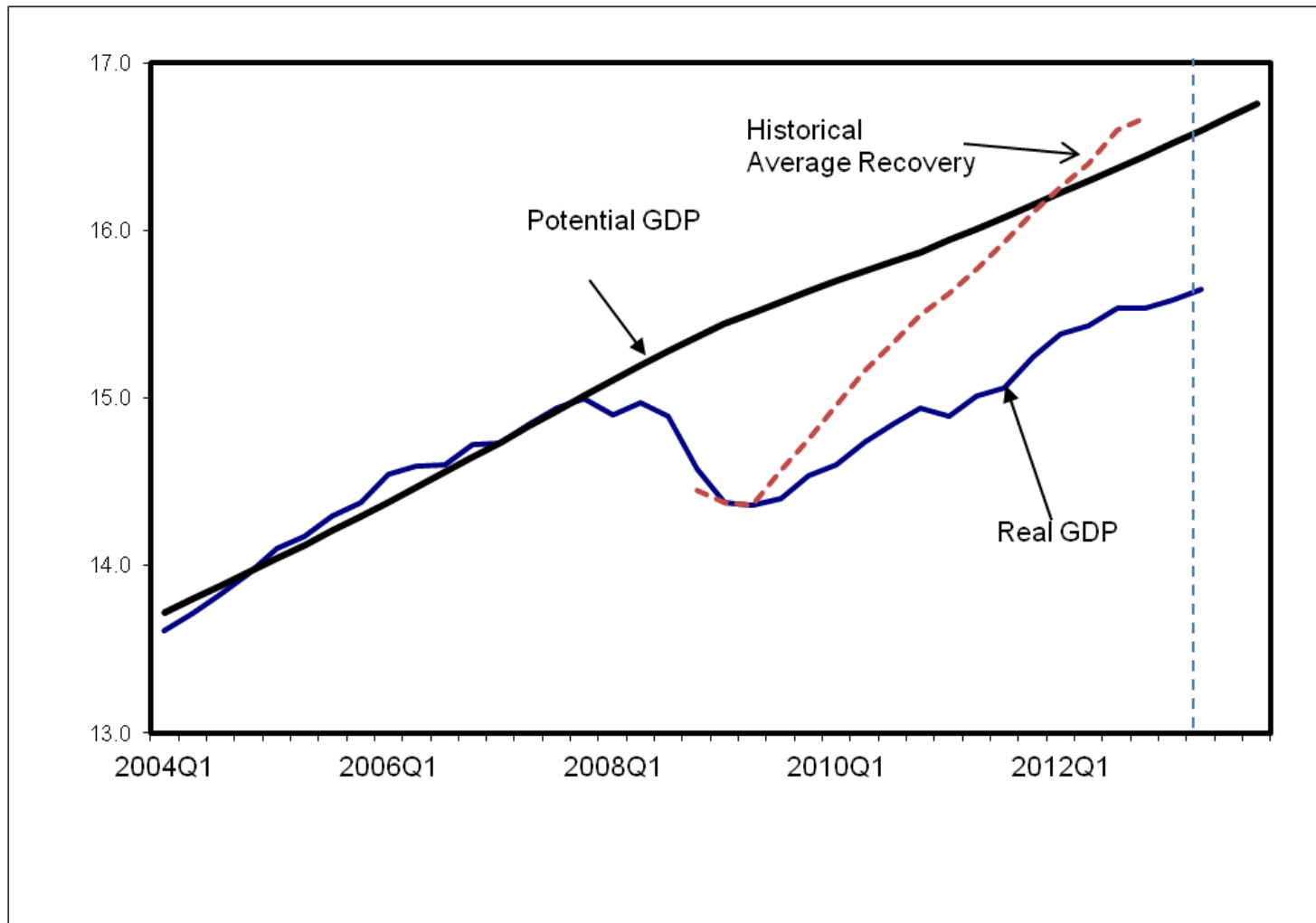
Martin Neil Baily and Barry Bosworth
The Brookings Institution

Paper prepared for the Nomura Foundation's Macro Economy Research Conference
Prospects for Growth in the World's Four Major Economies

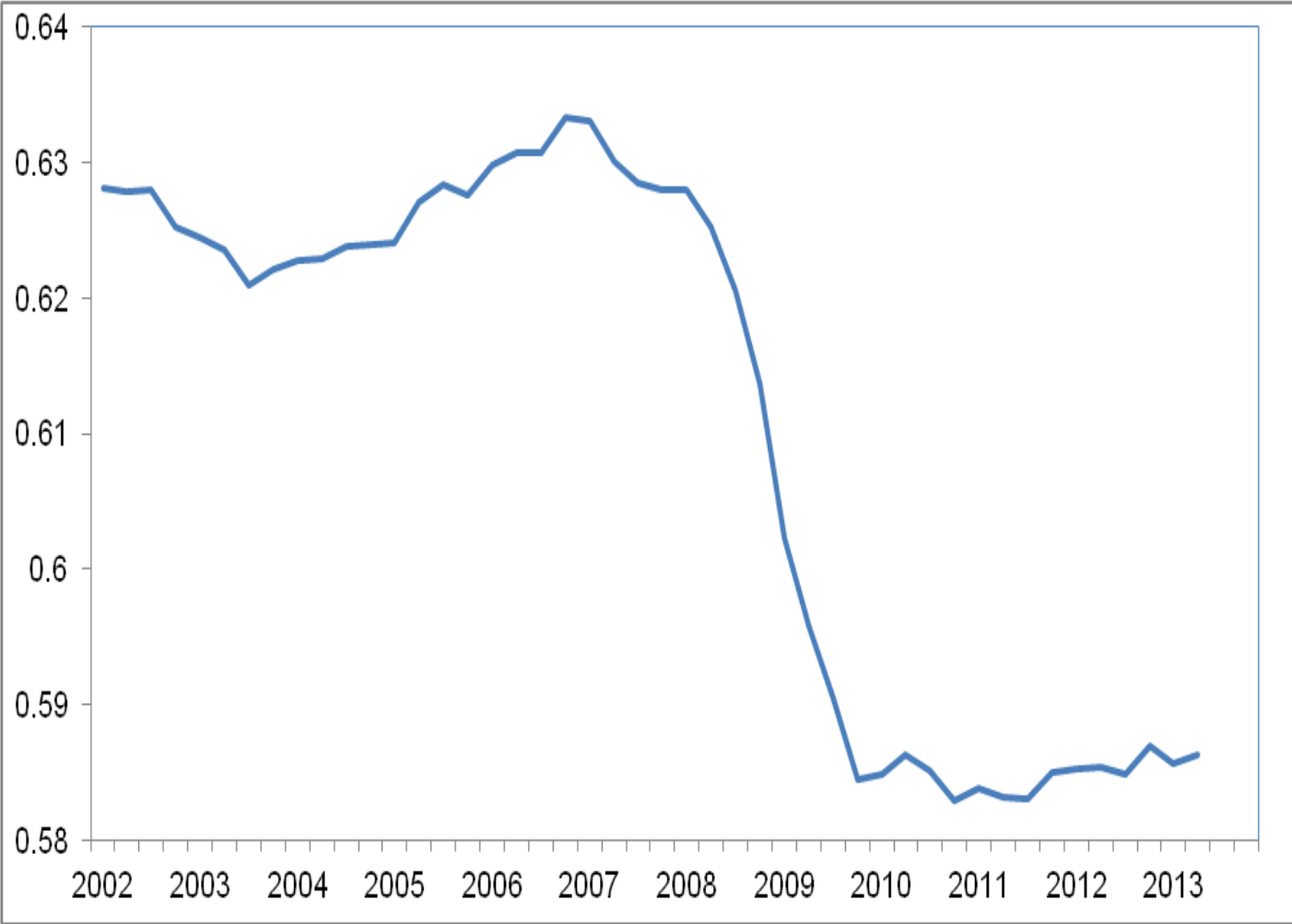
September 11, 2013
The Brookings Institution
Washington D.C.

Actual and Potential GDP, 2004-2013

trillions of 2009 dollars



Civilian Employment to Population Ratio, Age 16 and Over

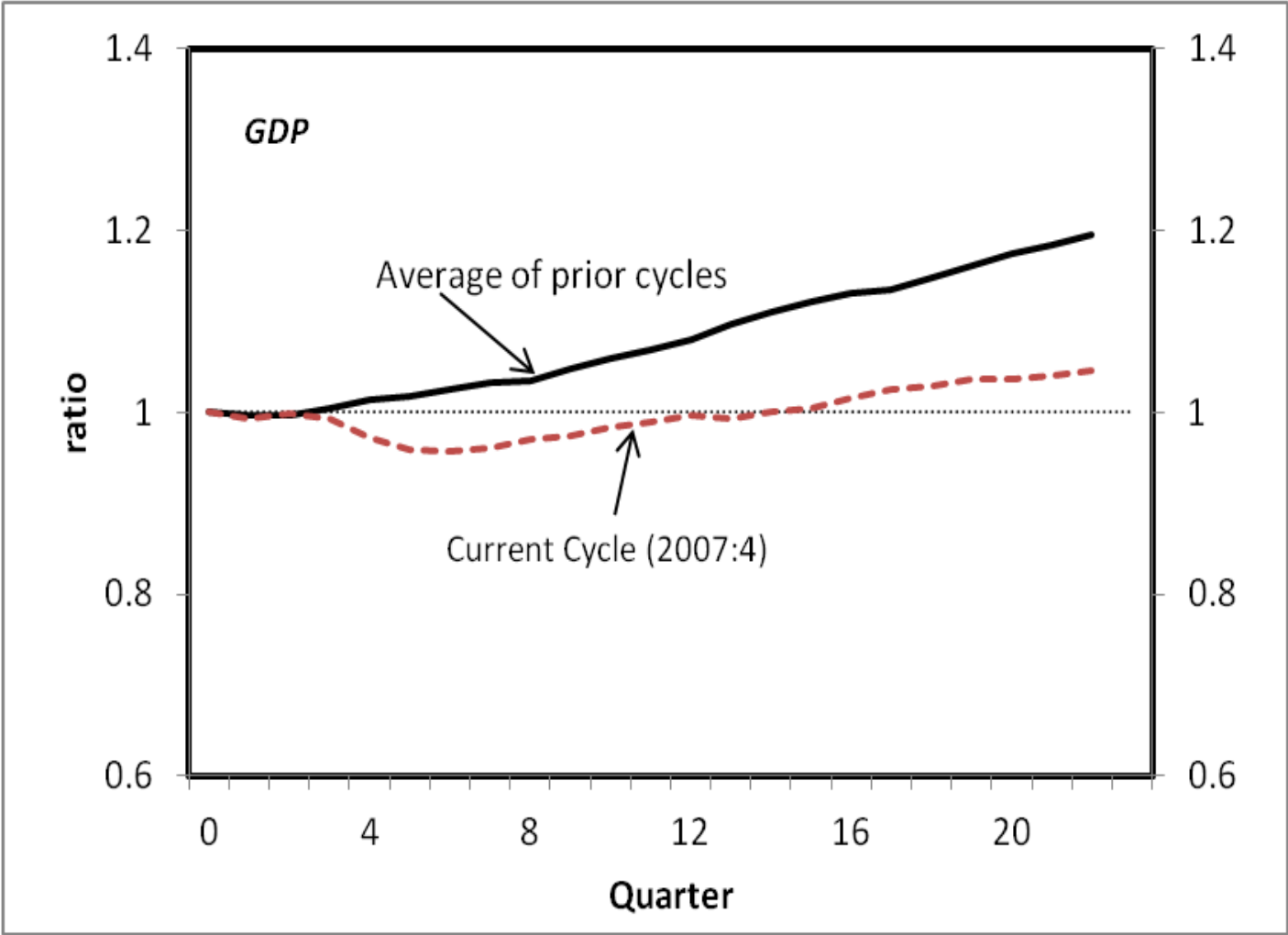


Composition of the Gap Between Actual and Potential GDP

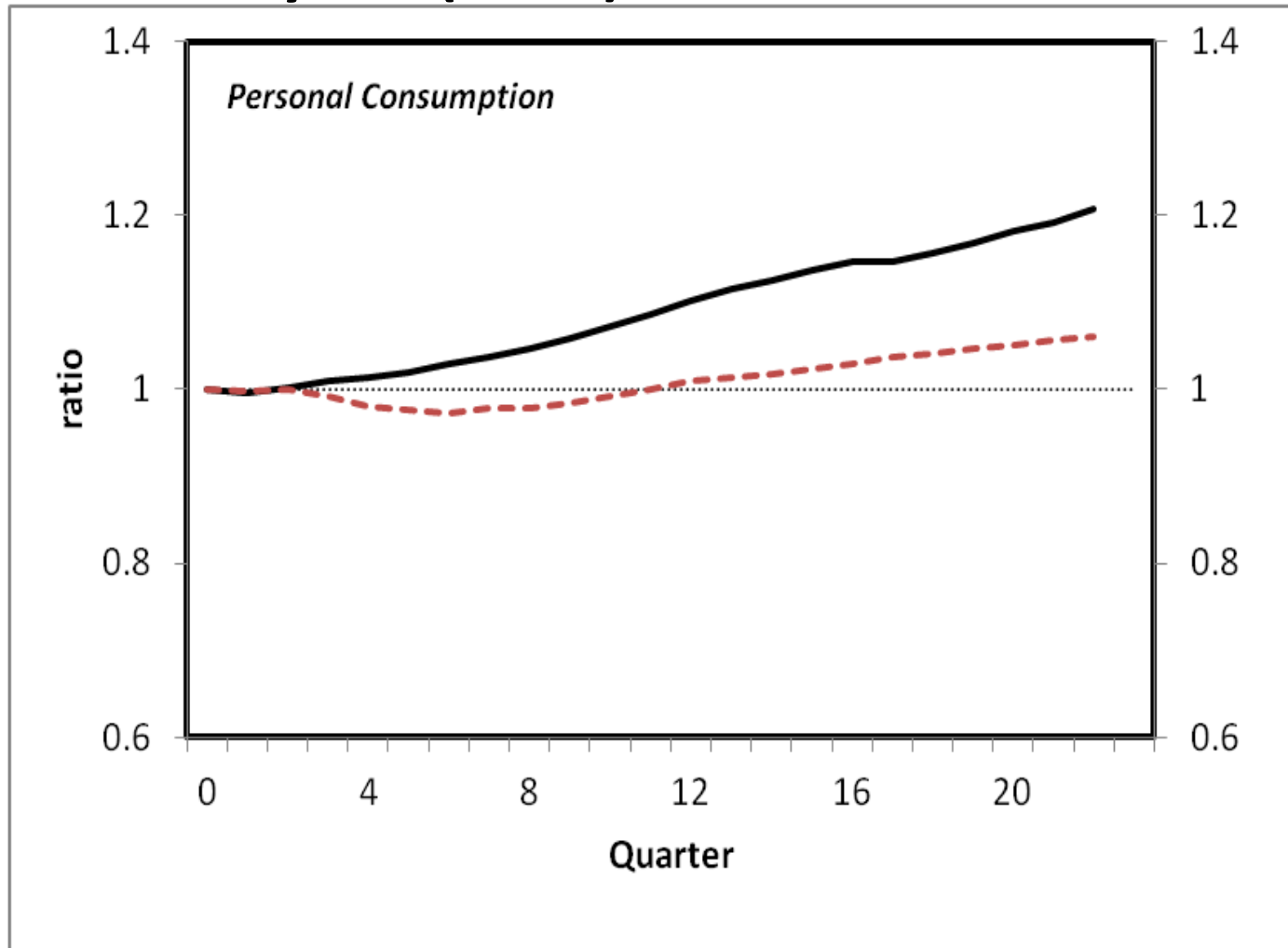
Deviation from full employment shares, percent of potential GDP

Category	Base	Difference from Base		
	Period	Period		
	2006-2007	2009: 2	2012: 2	2013:2
Total GDP	100.0	-7.4	-5.3	-5.7
Personal Consumption	67.3	-4.1	-2.9	-2.9
Non-residential Investment	13.2	-3.9	-1.0	-1.0
Residential Investment	5.0	-2.5	-2.4	-2.0
Net Exports	-5.1	2.7	2.4	2.3
Federal Gov't	7.3	0.6	0.2	-0.2
State and Local Gov't	12.4	-0.3	-1.7	-1.9

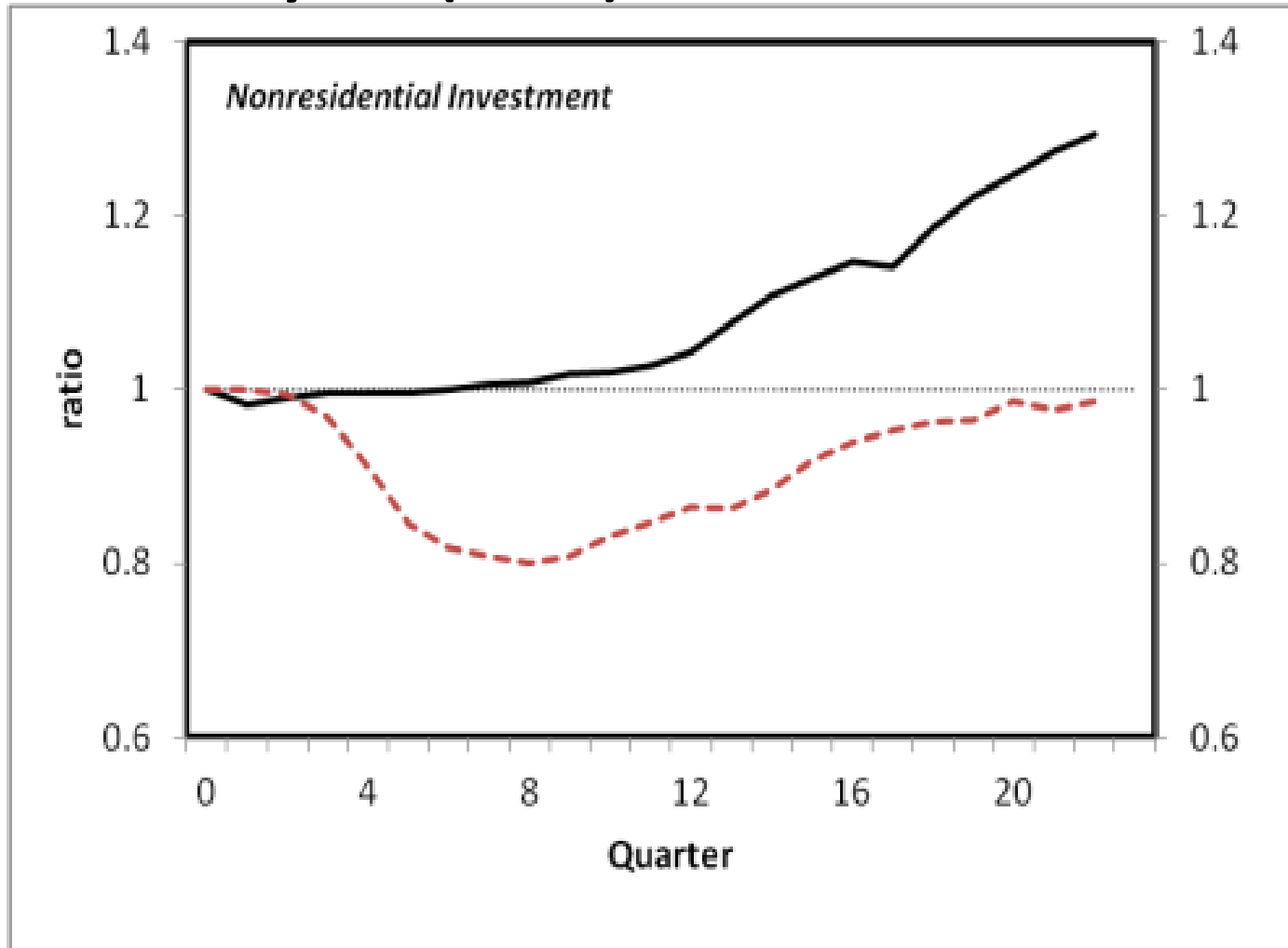
Indexes of Change Since Business Cycle Peaks, The Current Cycle Compared With the Average of Prior Cycles



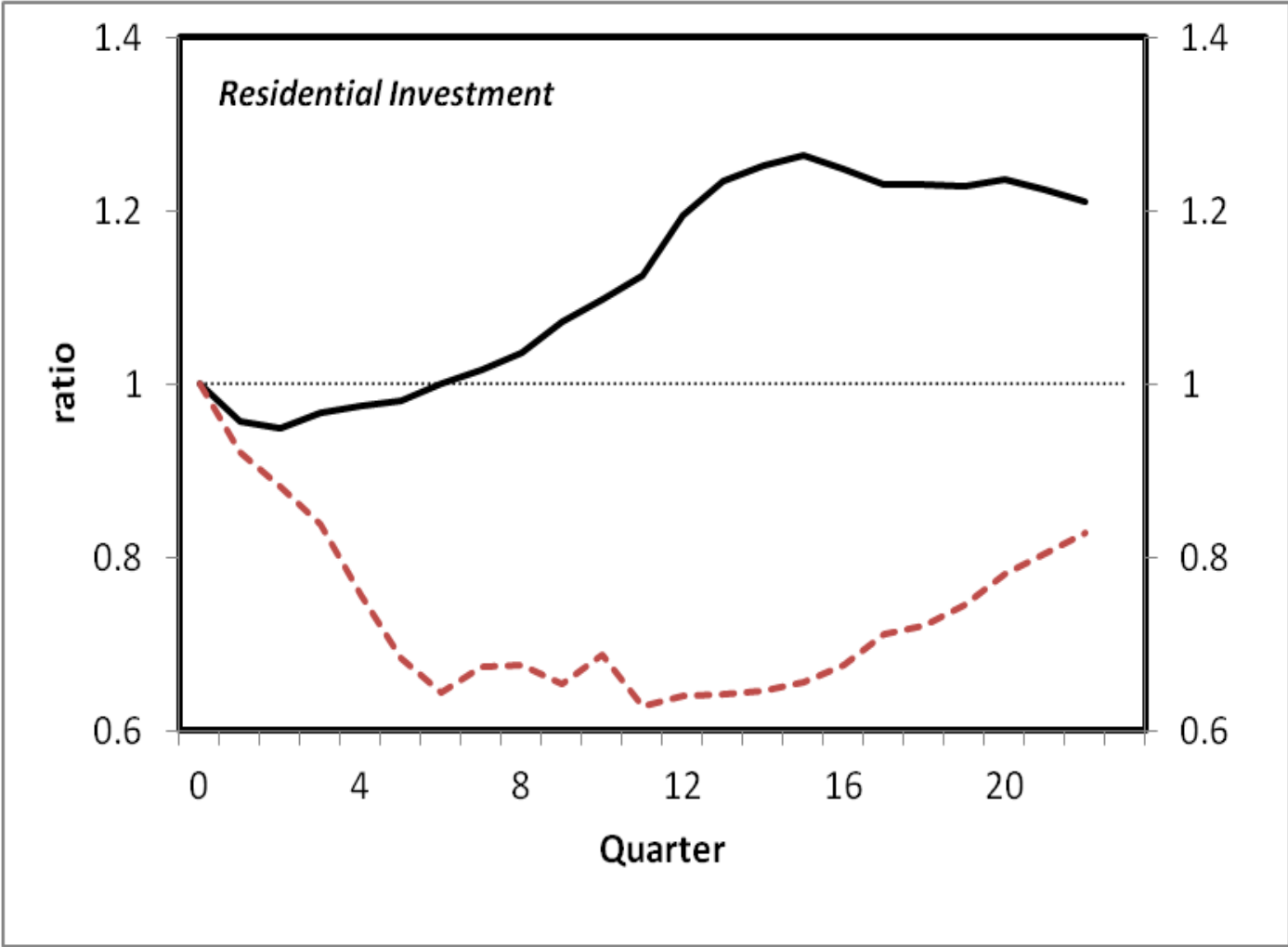
Indexes of Change Since Business Cycle Peaks, The Current Cycle Compared With the Average of Prior Cycles (cont.)



Indexes of Change Since Business Cycle Peaks, The Current Cycle Compared With the Average of Prior Cycles (cont.)



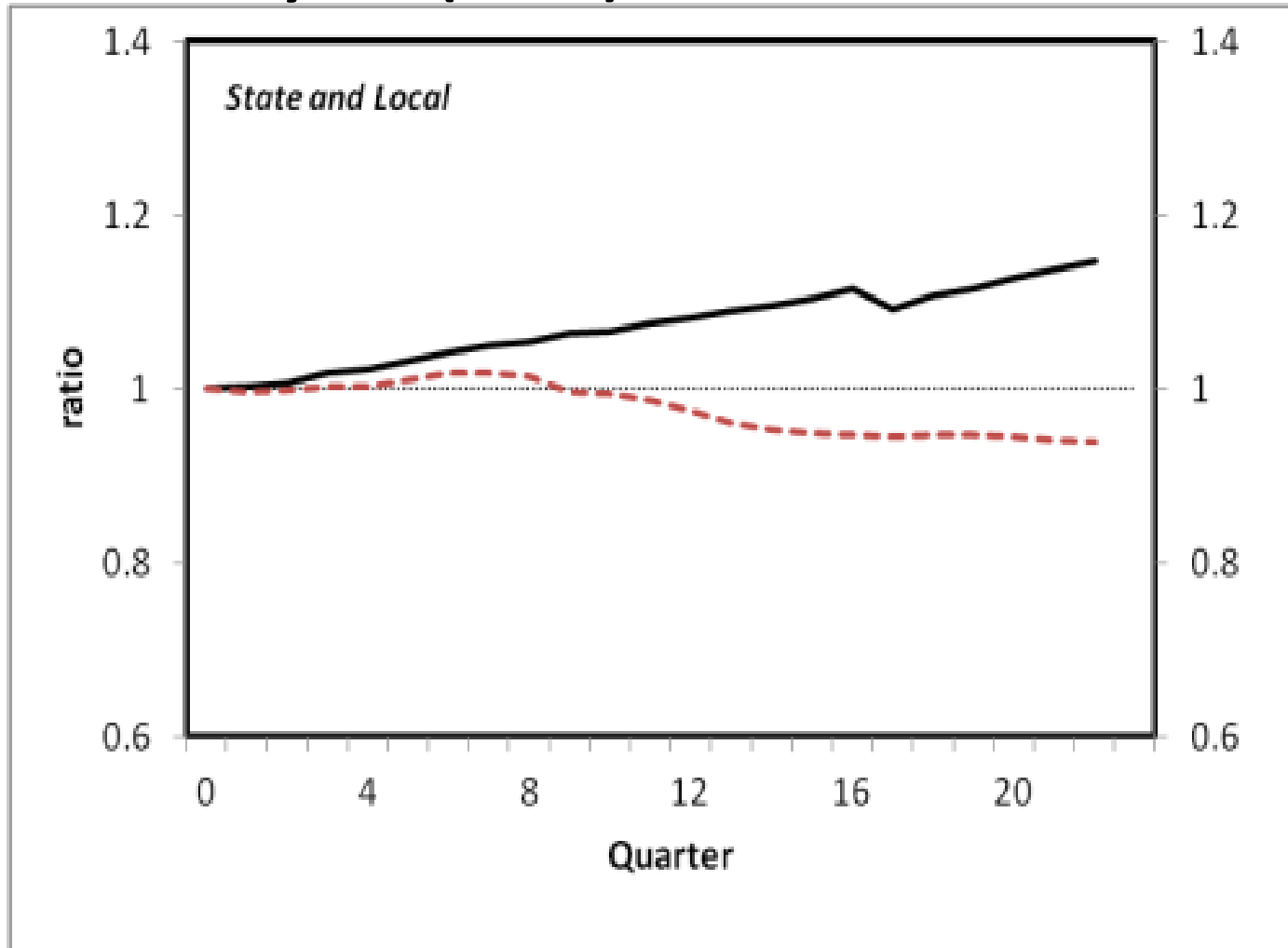
Indexes of Change Since Business Cycle Peaks, The Current Cycle Compared With the Average of Prior Cycles (cont.)



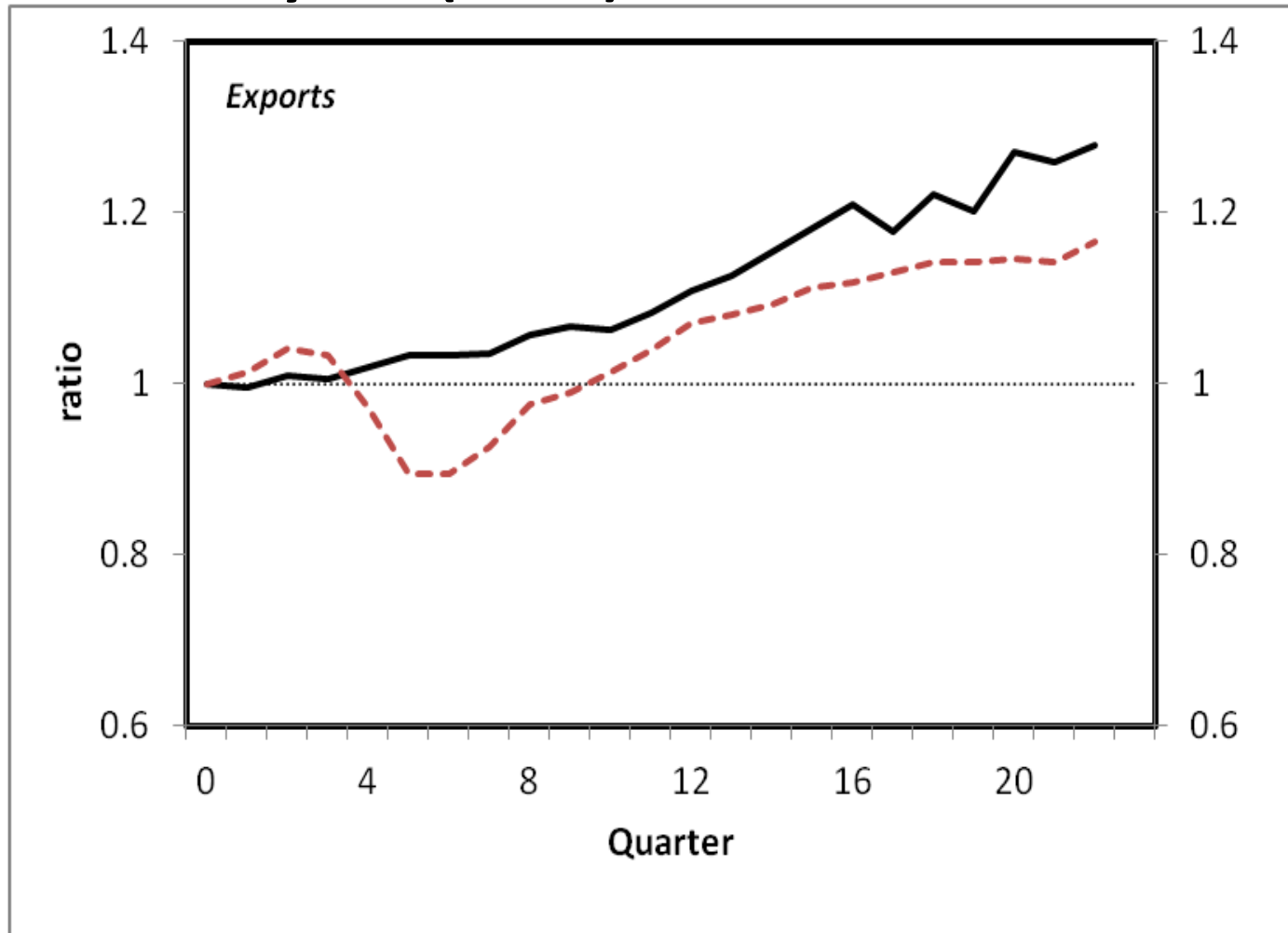
Indexes of Change Since Business Cycle Peaks, The Current Cycle Compared With the Average of Prior Cycles (cont.)



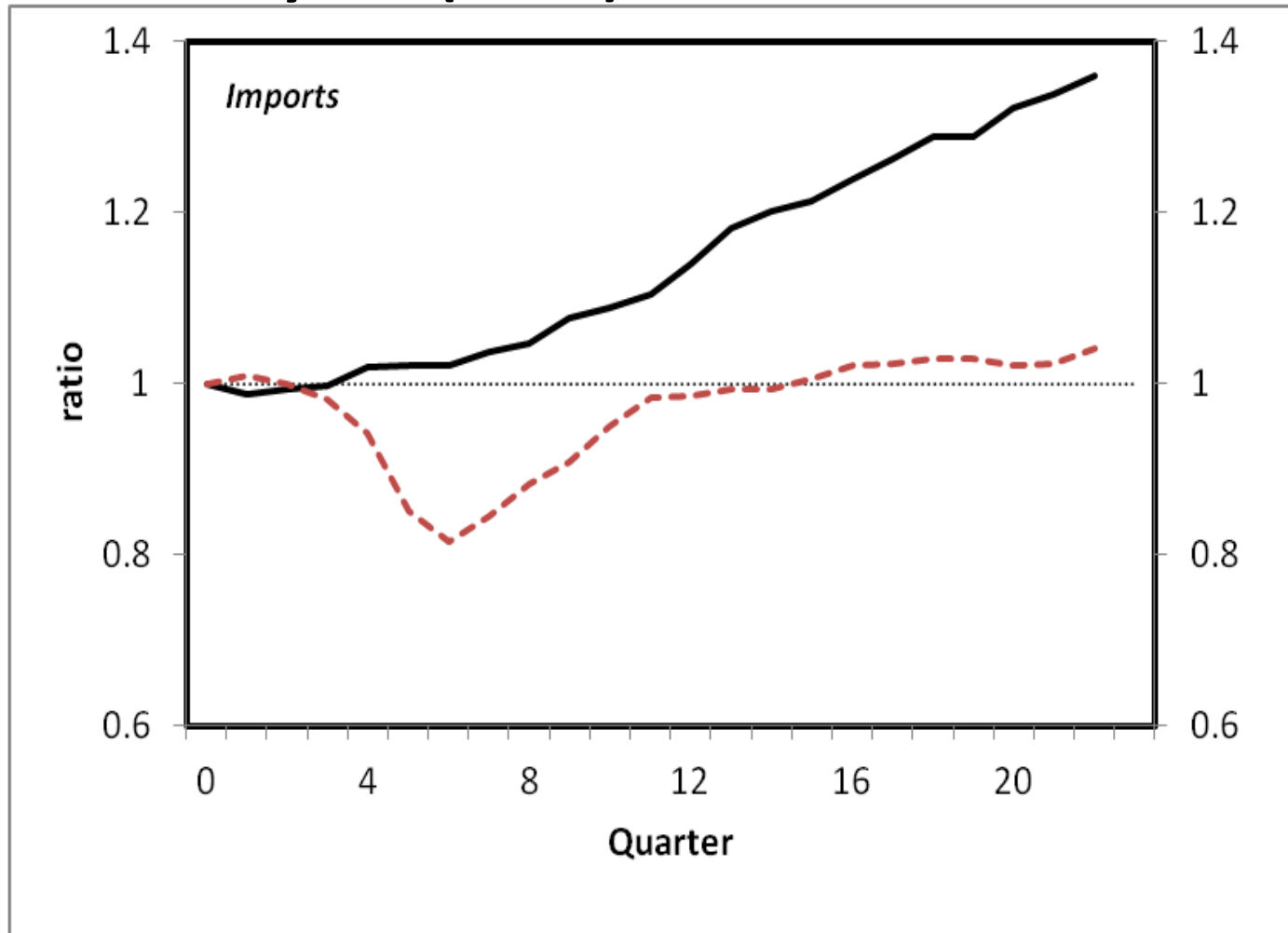
Indexes of Change Since Business Cycle Peaks, The Current Cycle Compared With the Average of Prior Cycles (cont.)



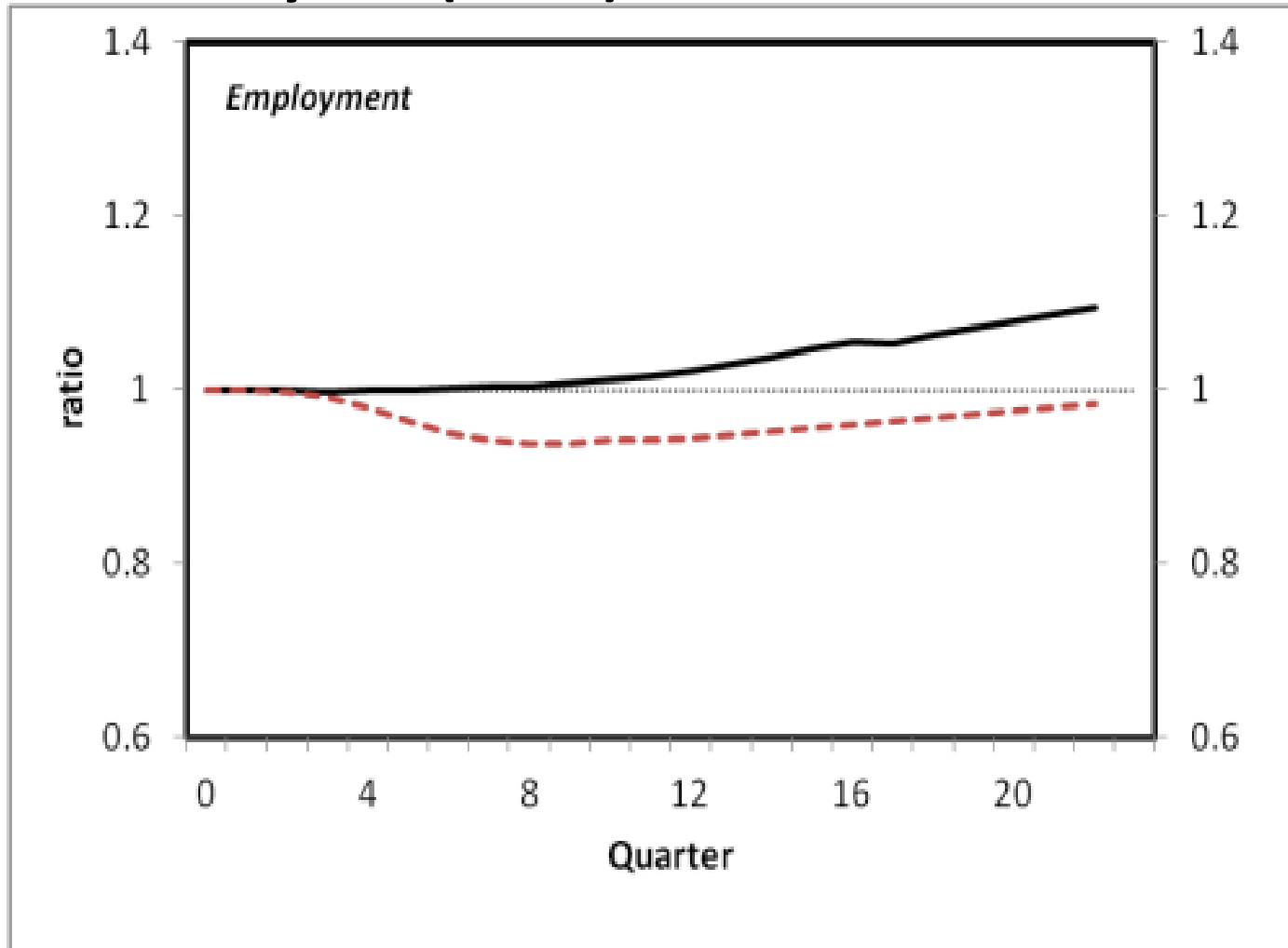
Indexes of Change Since Business Cycle Peaks, The Current Cycle Compared With the Average of Prior Cycles (cont.)



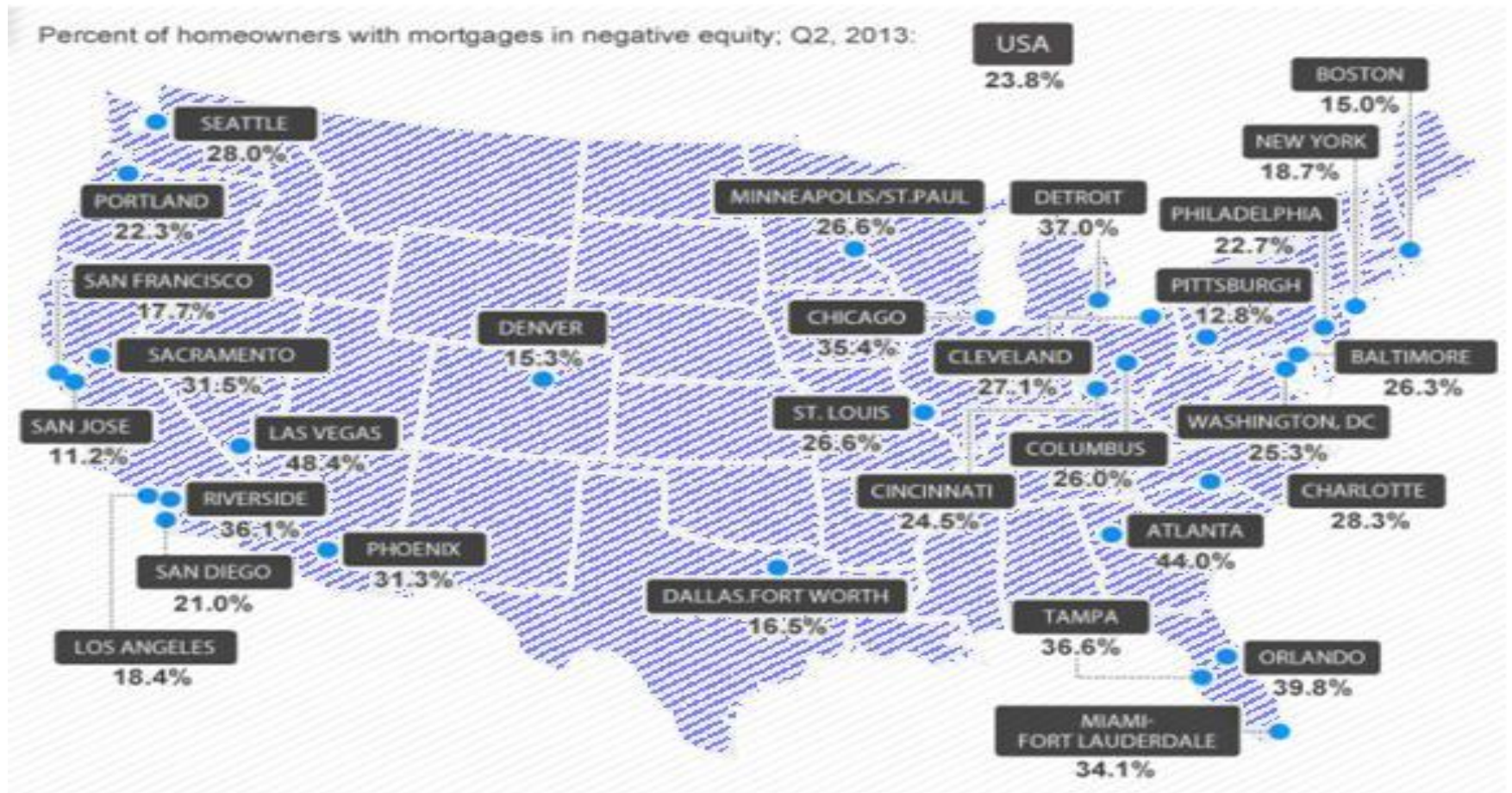
Indexes of Change Since Business Cycle Peaks, The Current Cycle Compared With the Average of Prior Cycles (cont.)



Indexes of Change Since Business Cycle Peaks, The Current Cycle Compared With the Average of Prior Cycles (cont.)

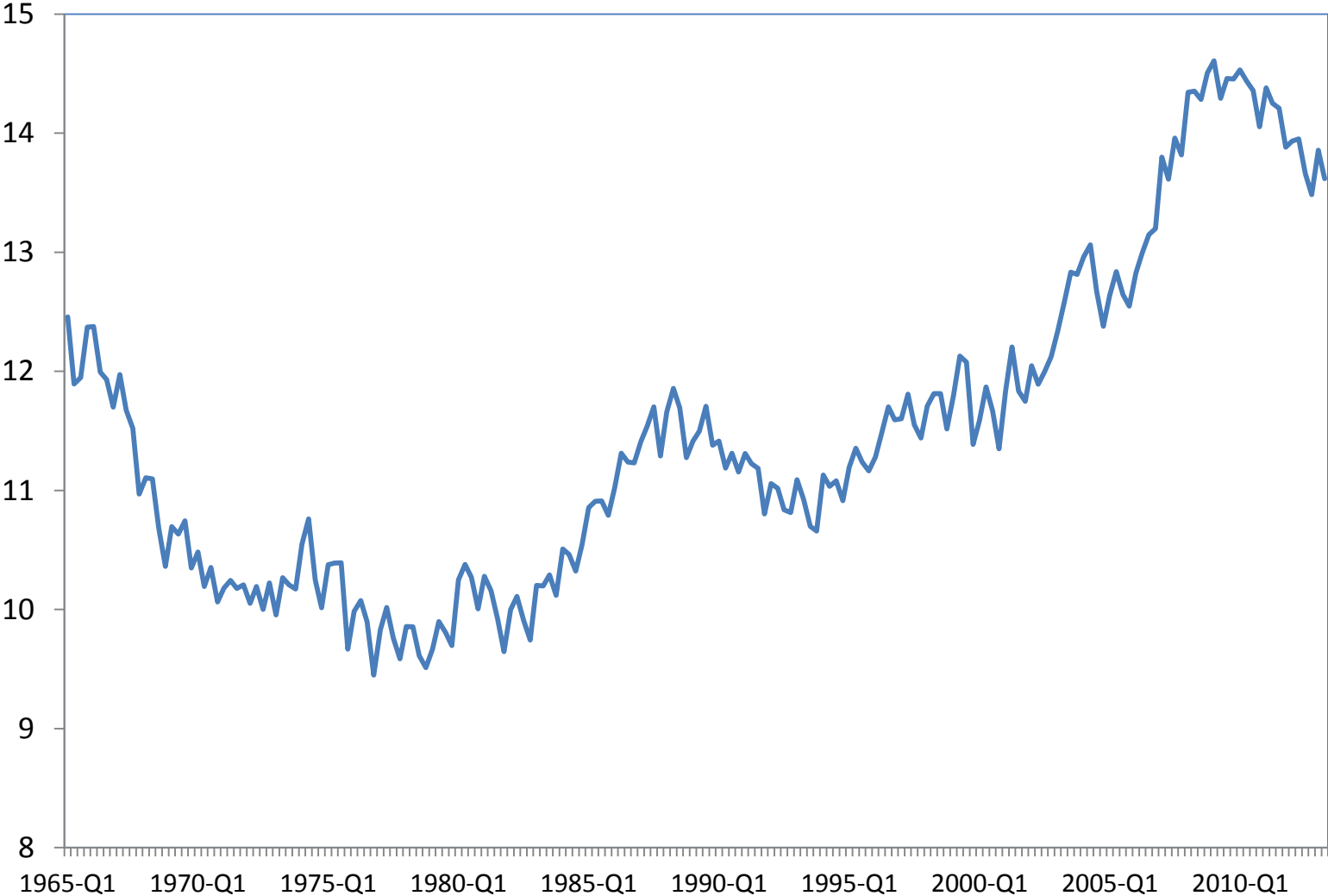


Percent of Homeowners With Negative Home Equity; Q2, 2013

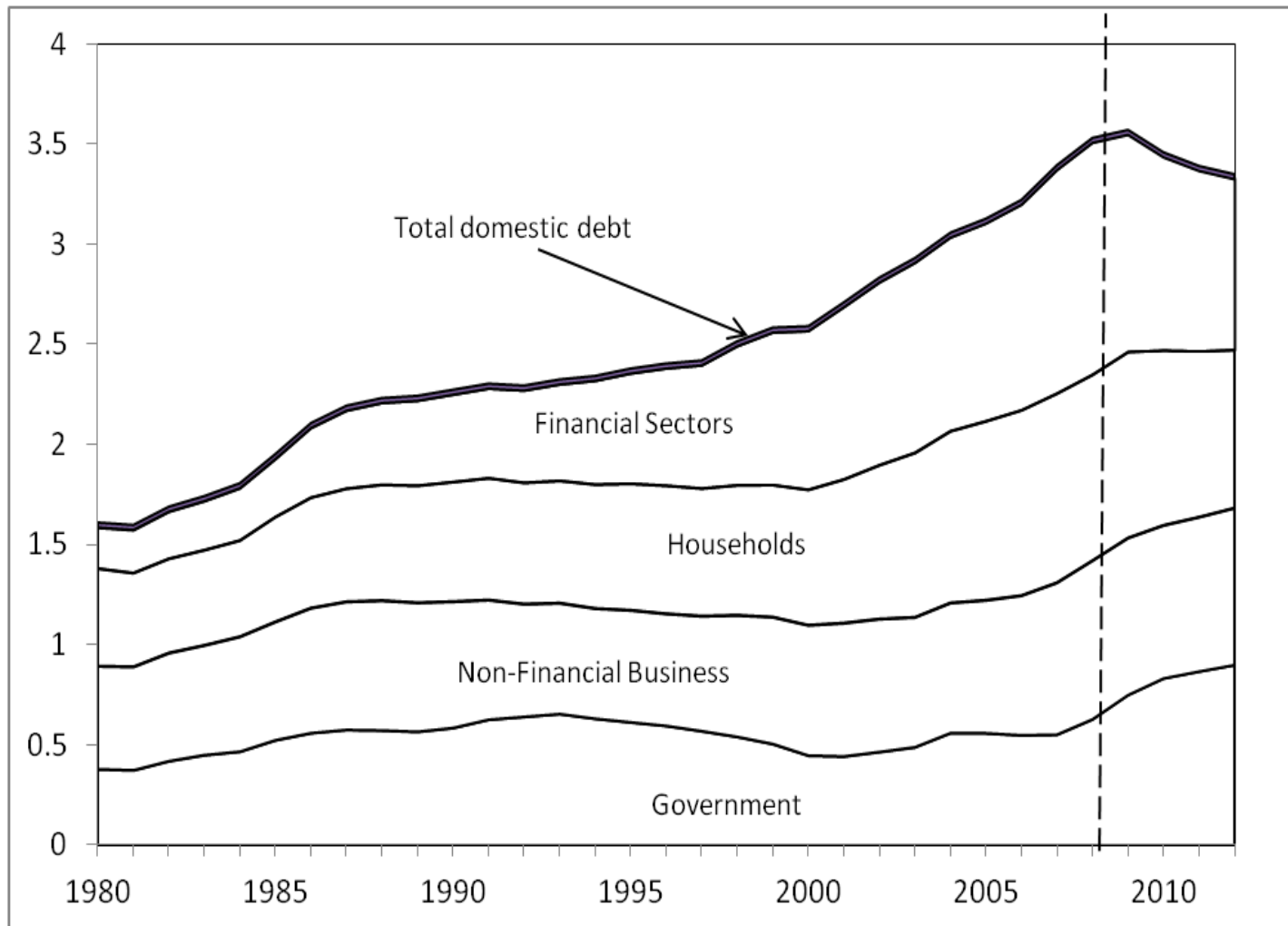


Source: Source: Zillow
Alejandro Gonzalez, USA TODAY

Housing Vacancy Rates, 1965-2013

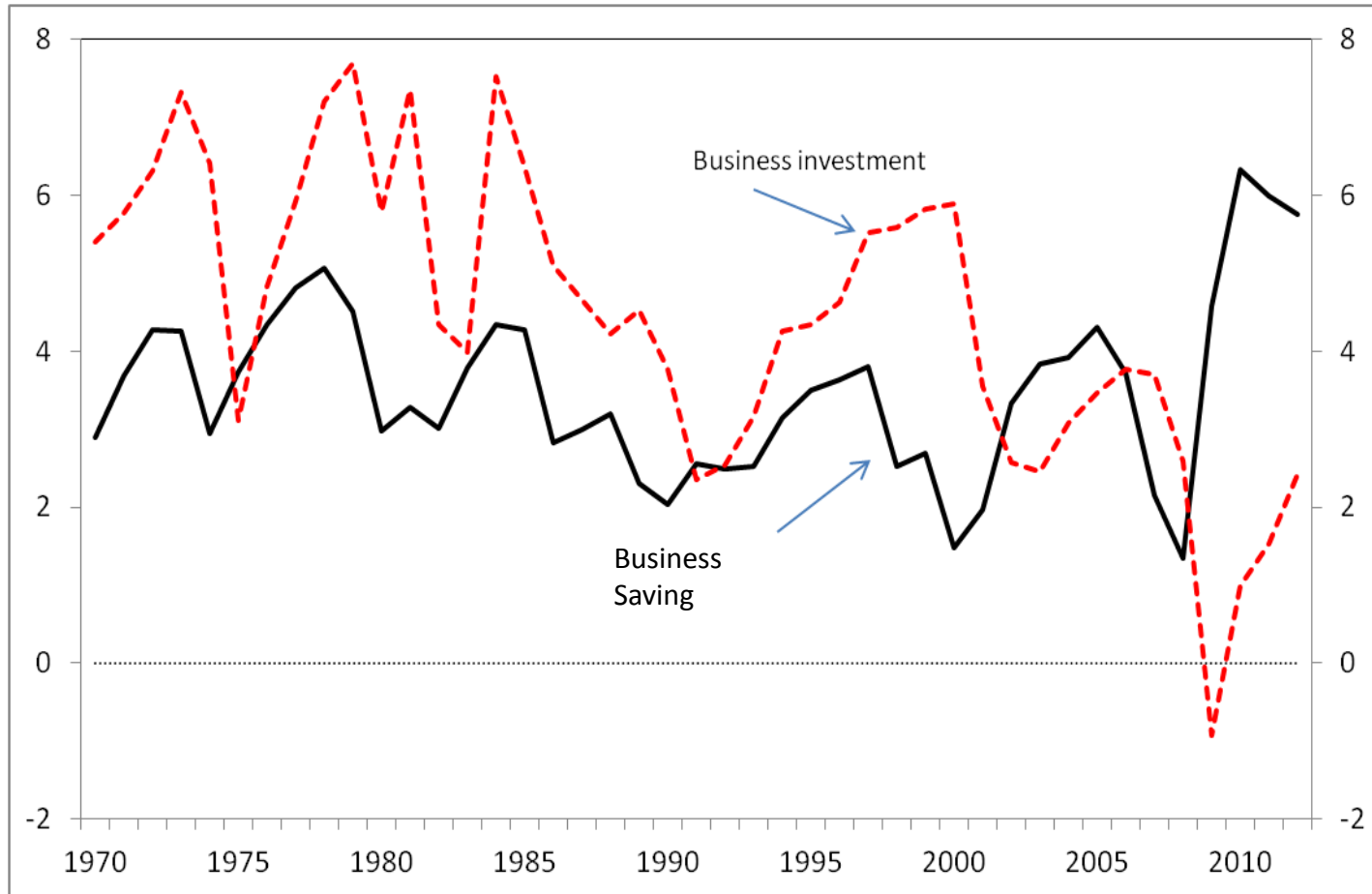


Domestic Credit Market Debt by Sector Ratio to GDP



The Saving-Investment Balance of the Business Sector, 1970-2012

Percent of GDP

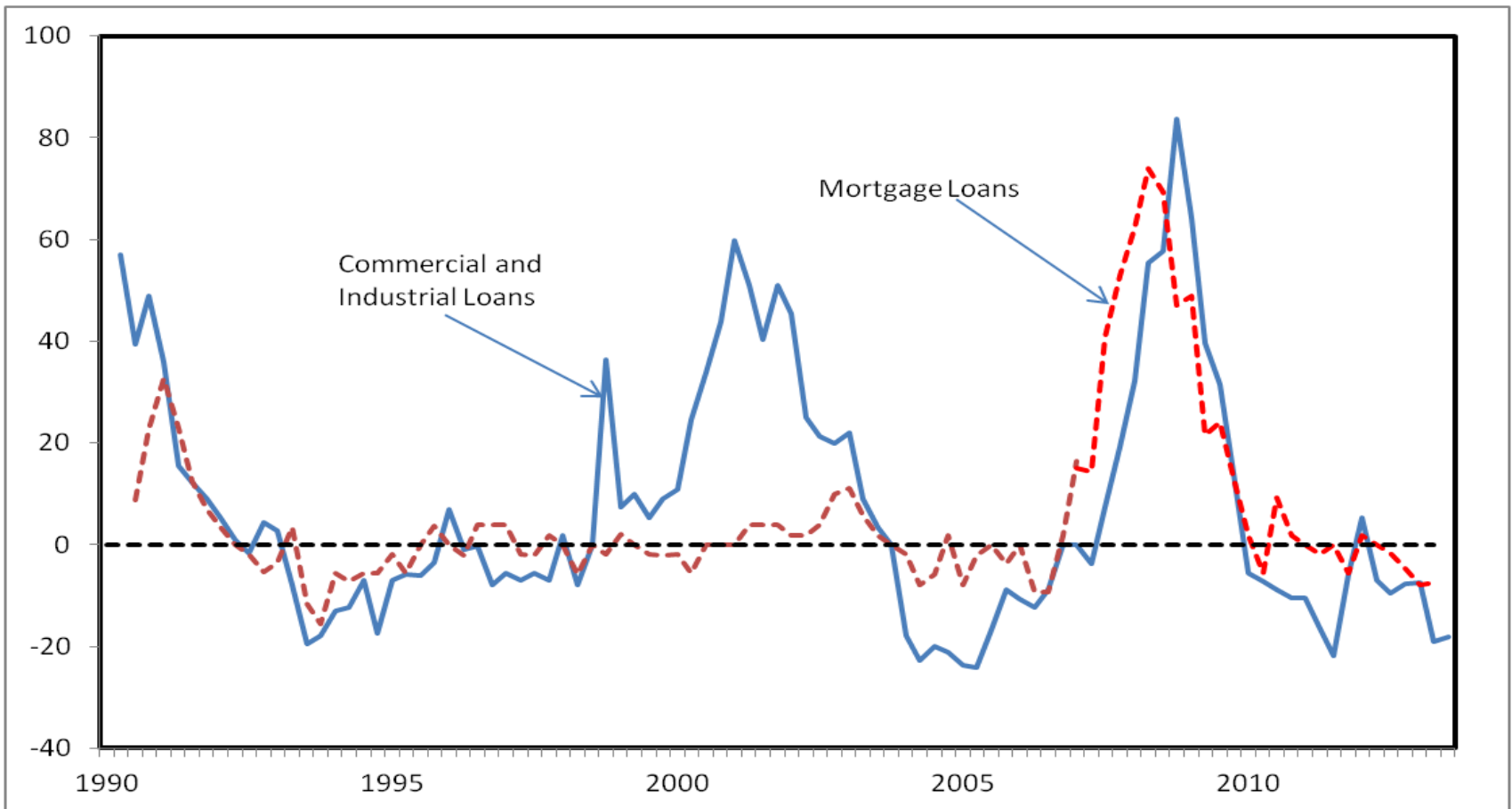


The Saving-Investment Balance of the Business Sector, 1970-2012 (cont.)

Percent of GDP

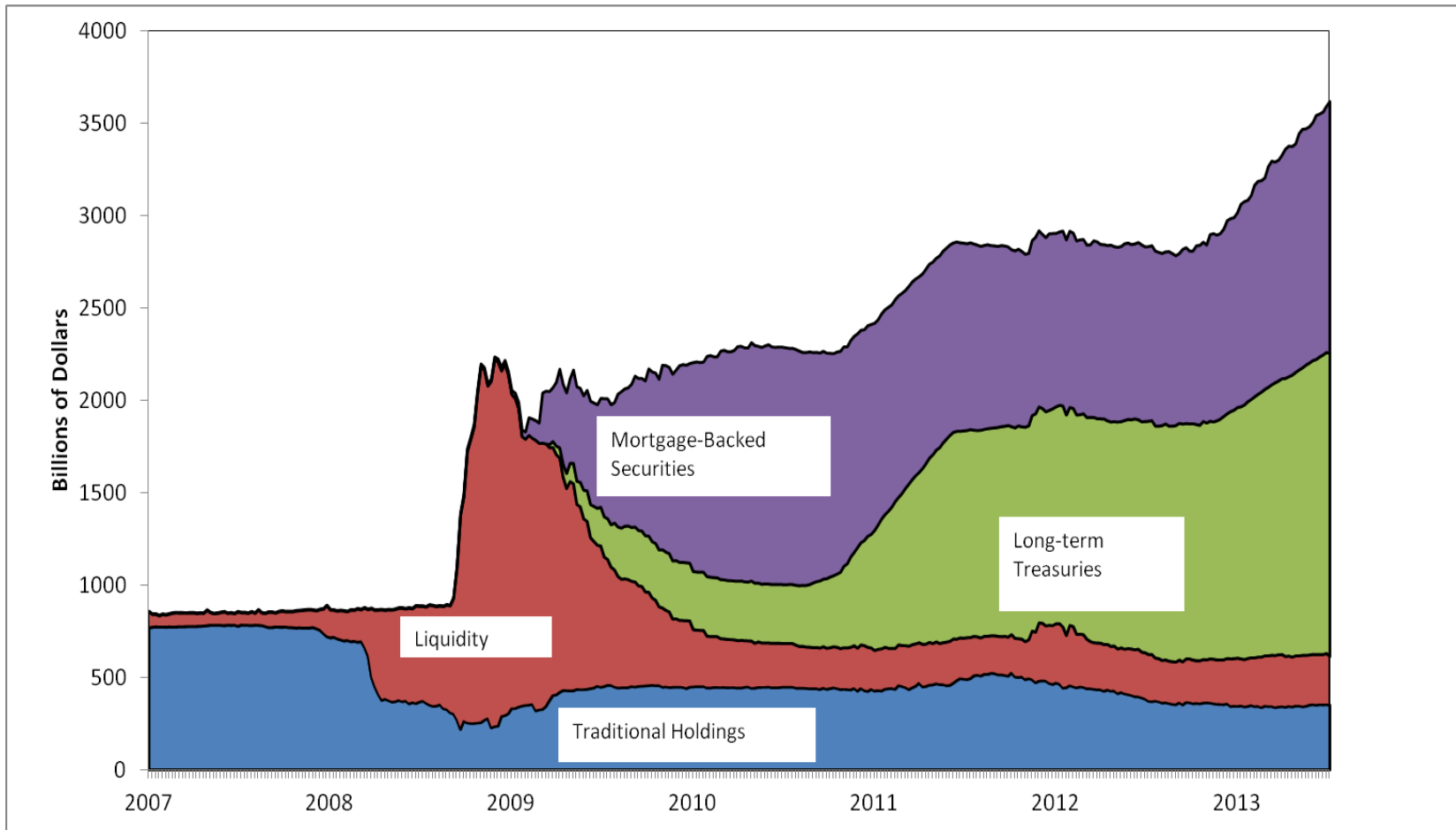
	1970- 79	1980- 89	1990- 99	2000- 08	2009- 12
Business sector saving	4.1	3.3	2.9	2.9	5.7
Business sector investment	6.0	5.4	4.2	3.5	1.0
Business sector net lending	-1.9	-2.1	-1.3	-0.6	4.7

Percentage of Bank Respondents Reporting a Tightening of Loan Standards



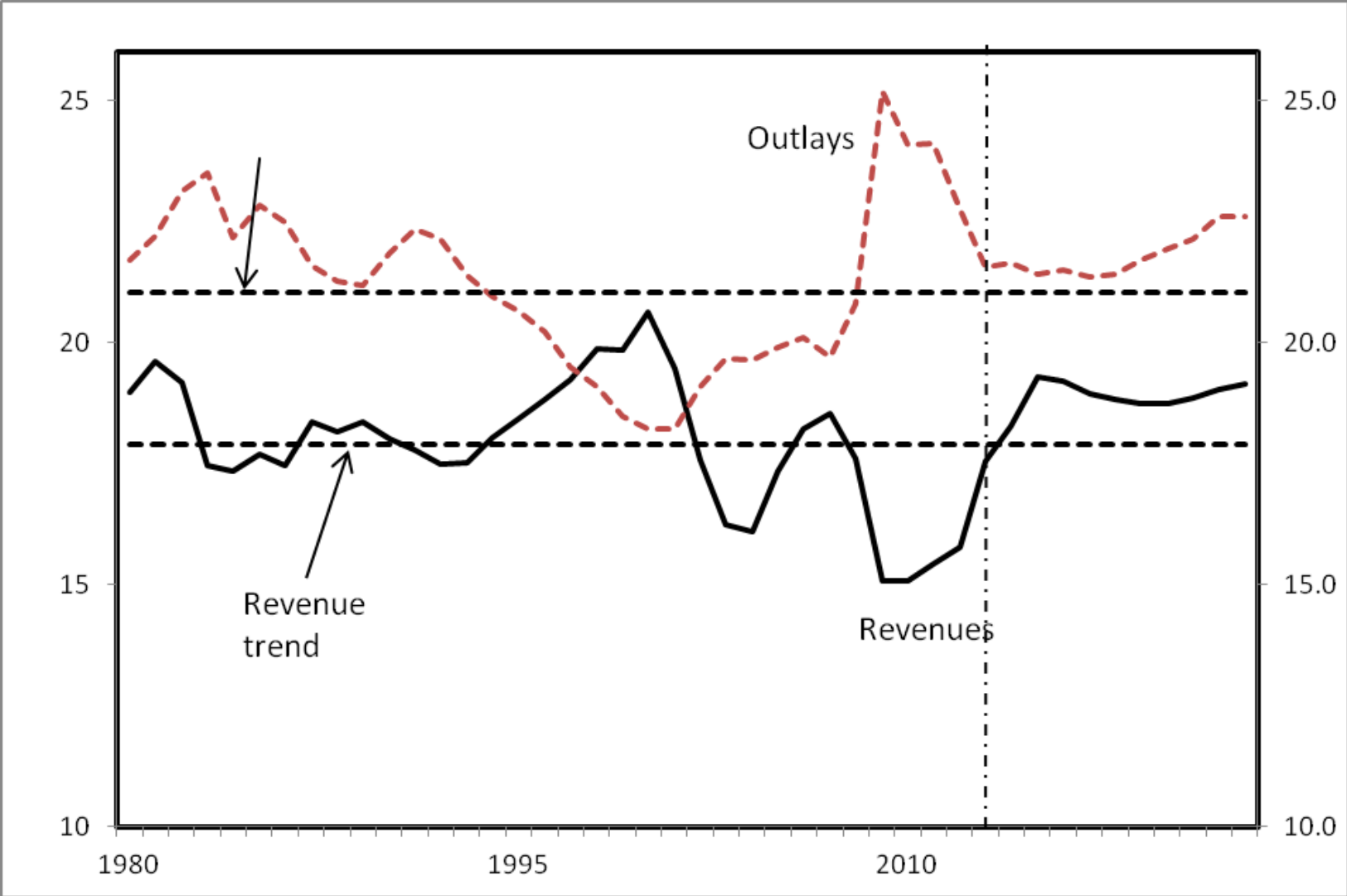
Federal Reserve Bank Assets by Major Category, 2007-2013

Billions of dollars

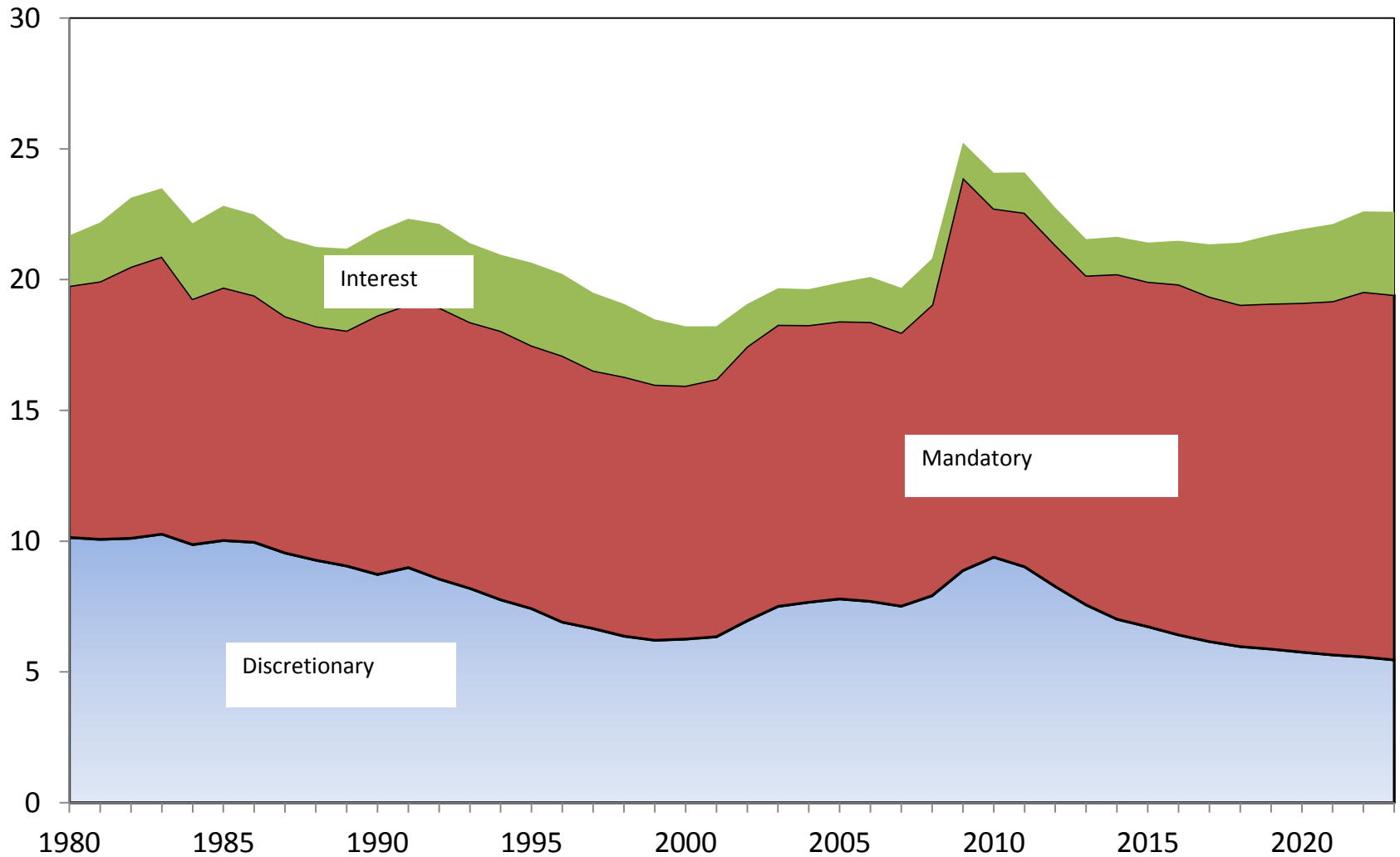


Total Revenues and Outlays, 1980-2023

Percent of GDP



Composition of Federal Outlays



Labor Force Participation Rate, 2000-2013

Share of civilian population age 16 and over

