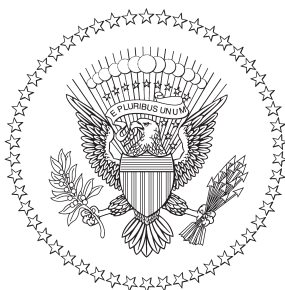


ECONOMIC
REPORT
OF THE
PRESIDENT



TRANSMITTED TO THE CONGRESS
MARCH 2013

TOGETHER WITH
THE ANNUAL REPORT
OF THE
COUNCIL OF ECONOMIC ADVISERS

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C O N T E N T S

ECONOMIC REPORT OF THE PRESIDENT	1
ANNUAL REPORT OF THE COUNCIL OF ECONOMIC ADVISERS* ..	7
CHAPTER 1. RECOVERING FROM THE PAST AND PREPARING FOR THE FUTURE	21
CHAPTER 2. THE YEAR IN REVIEW AND THE YEARS AHEAD.....	41
CHAPTER 3. FISCAL POLICY	91
CHAPTER 4. JOBS, WORKERS AND SKILLS	119
CHAPTER 5. REDUCING COSTS AND IMPROVING THE QUALITY OF HEALTH CARE	161
CHAPTER 6. CLIMATE CHANGE AND THE PATH TOWARD SUSTAINABLE ENERGY SOURCES.....	185
CHAPTER 7. INTERNATIONAL TRADE AND COMPETITIVENESS	209
CHAPTER 8. CHALLENGES AND OPPORTUNITIES IN U.S. AGRICULTURE.....	237
REFERENCES	265
APPENDIX A REPORT TO THE PRESIDENT ON THE ACTIVITIES OF THE COUNCIL OF ECONOMIC ADVISERS DURING 2012	299
APPENDIX B. STATISTICAL TABLES RELATING TO INCOME, EMPLOYMENT, AND PRODUCTION	313

*For a detailed table of contents of the Council's Report, see page 11.

ECONOMIC REPORT
OF THE
PRESIDENT

ECONOMIC REPORT OF THE PRESIDENT

TO THE CONGRESS OF THE UNITED STATES:

This year's *Economic Report of the President* describes the progress we have made recovering from the worst economic crisis since the Great Depression. After years of grueling recession, our businesses have created over six million new jobs. As a nation, we now buy more American cars than we have in 5 years, and less foreign oil than we have in 20 years. Our housing market is healing, and consumers, patients, and homeowners enjoy stronger protections than ever before.

But there are still millions of Americans whose hard work and dedication have not yet been rewarded. Our economy is adding jobs, but too many of our fellow citizens still can't find full-time employment. Corporate profits have reached all-time highs, but for more than a decade, wages and incomes for working Americans have barely budged.

Our top priority must be to do everything we can to grow our economy and create good, middle-class jobs. That has to be our North Star. That has to drive every decision we make in Washington. Every day, we should ask ourselves three questions: How do we attract more jobs to our shores? How do we equip our people with the skills needed to do those jobs? And how do we make sure that hard work leads to a decent living?

We can begin by making America a magnet for new jobs and manufacturing. After shedding jobs for more than a decade, our manufacturers have added about half a million new jobs over the past 3 years. We need to accelerate that trend, by launching more manufacturing hubs that transform hard-hit regions of the country into global centers of high-tech jobs and manufacturing. We need to make our tax code more competitive, by ending tax breaks for companies that ship jobs overseas, and rewarding companies that create jobs here at home. And we need to invest in the research and technology that will allow us to harness more of our own energy and put more people back to work repairing our crumbling roads and bridges.

These steps will help entrepreneurs and small business owners expand and create new jobs. But we also need to provide every American with the skills and training they need to fill those jobs. We should start in the earliest years by offering high-quality preschool to every child in America, because we know kids in programs like these do better throughout their academic lives. We should redesign America's high schools to better prepare our students with skills that employers are looking for right now. And because taxpayers can't continue subsidizing the soaring cost of higher education, we should take affordability and value into account when determining which colleges receive certain types of Federal aid.

We also need to reward hard work and declare that no one who works full-time should have to live in poverty by raising the minimum wage so that it's a wage you can live on. And it's time to harness the talents and ingenuity of hardworking immigrants by finally passing common-sense immigration reform—continuing to strengthen border security, holding employers accountable, establishing a responsible path to earned citizenship, reuniting families, and attracting the highly-skilled entrepreneurs, engineers, and scientists that will help create jobs.

As we continue to grow our economy, we must also take further action to shrink our deficits. We don't have to choose between these two important priorities—we just have to make smart choices.

Over the last few years, both parties have worked together to reduce the deficit by more than \$2.5 trillion, which puts us more than halfway towards the goal of \$4 trillion in deficit reduction that economists say we need to stabilize our finances. Now we need to finish the job. But we shouldn't do it by making harsh and arbitrary cuts that jeopardize our military readiness, devastate priorities like education and energy, and cost jobs. That's not how you grow the economy. We shouldn't ask senior citizens and working families to pay down the rest of our deficit while the wealthiest are asked for nothing more. That doesn't grow our middle class.

Most Americans—Democrats, Republicans, and Independents—understand that we can't just cut our way to prosperity. That's why I have put forward a balanced approach to deficit reduction that makes responsible reforms to bring down the cost of health care for an aging generation—the single biggest driver of our long-term debt—and saves hundreds of billions of dollars by getting rid of tax loopholes and deductions for the well-off and well-connected. And we should finally pursue bipartisan, comprehensive tax reform that encourages job creation and helps bring down the deficit.

The American people don't expect their government to solve every problem. They don't expect those of us in Washington to agree on every issue. But they do expect us to put the Nation's interests before party interests. They do expect us to forge reasonable compromise where we can. Our work will not be easy. But America only moves forward when we do so together—when we accept certain obligations to one another and to future generations. That's the American story. And that's how we will write the next great chapter—together.

A handwritten signature in black ink, appearing to read "Barack Obama". The signature is fluid and cursive, with a large initial "B" and a circular flourish.

THE WHITE HOUSE
MARCH 2013



THE ANNUAL REPORT
OF THE
COUNCIL OF ECONOMIC ADVISERS

LETTER OF TRANSMITTAL

COUNCIL OF ECONOMIC ADVISERS
Washington, D.C., March 15, 2013

MR. PRESIDENT:

The Council of Economic Advisers herewith submits its 2013 Annual Report in accordance of the Employment Act of 1946 as amended by the Full Employment and Balanced Growth Act of 1978.

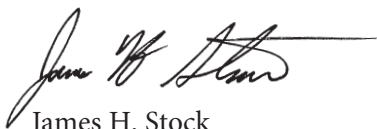
Sincerely yours,



Alan B. Krueger
Chairman



Katharine G. Abraham
Member



James H. Stock
Member



C O N T E N T S

CHAPTER 1. RECOVERING FROM THE PAST AND PREPARING FOR THE FUTURE	21
TRACKING THE PROGRESS OF THE RECOVERY	22
<i>Placing the Recovery in Historical Context</i>	25
<i>Making Progress Toward a Sustainable Fiscal Path</i>	27
BUILDING A STRONGER, FAIRER, MORE RESILIENT ECONOMY	31
<i>Strengthening the Foundations of Growth</i>	32
<i>Ensuring Fairness for the Middle Class</i>	34
<i>Making the Economy More Resilient to Future Challenges</i>	37
CONCLUSION	38
CHAPTER 2. THE YEAR IN REVIEW AND THE YEARS AHEAD	41
AN ECONOMY IN RECOVERY: KEY EVENTS OF 2012	42
<i>European Crisis and the Slowdown in Global Growth</i>	46
<i>Hurricane Sandy and the Drought</i>	46
<i>Monetary Policy</i>	47
<i>Fiscal Policy</i>	51
DEVELOPMENTS IN 2012 AND THE NEAR-TERM OUTLOOK.....	52
<i>Labor Market Trends</i>	52
<i>Consumption and Saving</i>	55
<i>Business Fixed Investment</i>	59
<i>Business Inventories</i>	61
<i>Government Outlays, Consumption, and Investment</i>	61
<i>State and Local Governments</i>	63
<i>Real Exports and Imports</i>	65
<i>Housing Markets</i>	67
<i>Financial Markets</i>	70
<i>Wage and Price Inflation</i>	70

THE RECOVERY IN HISTORICAL PERSPECTIVE	72
<i>Demographics, Productivity, and Long-Term</i>	
<i>Economic Growth</i>	75
<i>Reasons for the Slower Cyclical Component</i>	84
OUTLOOK FOR 2013 AND BEYOND	87
CONCLUSION	88
CHAPTER 3. FISCAL POLICY	91
THE FEDERAL BUDGET OUTLOOK.....	93
FEDERAL INCOME TAX REFORM.....	96
<i>Tax Expenditures</i>	97
<i>Vertical Equity</i>	100
<i>Efficiency and Simplification</i>	103
<i>Reforming the International Corporate Tax</i>	106
THE STATE AND LOCAL BUDGET OUTLOOK	109
<i>The Cyclicity of State and Local Government</i>	
<i>Expenditures</i>	111
<i>Federal Grants to States Through the Recovery Act</i>	114
<i>State and Local Pensions</i>	115
CHAPTER 4. JOBS, WORKERS AND SKILLS	119
DEMOGRAPHIC AND LABOR FORCE TRENDS	121
<i>A Slowdown in Women’s Participation Rates</i>	124
<i>Work Schedules and Workplace Flexibility</i>	126
GOVERNMENT AS A PARTNER IN HUMAN CAPITAL AND SKILL	
FORMATION	132
<i>Expanded Pell Grants</i>	136
<i>Expanded American Opportunity Tax Credit</i>	136
<i>Aggregate Student Loan Debt</i>	137
<i>Income-Based Repayment</i>	140
<i>Federal Loan Consolidation</i>	140
<i>The Growth of For-Profit Colleges</i>	141
<i>Gainful Employment</i>	142
<i>What Is Driving Up Tuition Costs?</i>	143
<i>Government as a Partner in Training</i>	147
IMMIGRATION	148
<i>A Brief History of U.S. Immigration Policy</i>	149

<i>The Economic Benefits of Immigration</i>	154
<i>A Magnet for High-Skilled Immigration</i>	156
<i>Boosting Innovation and Entrepreneurship</i>	157
<i>Conclusion</i>	158
CHAPTER 5. REDUCING COSTS AND IMPROVING THE QUALITY OF HEALTH CARE	161
HEALTH CARE SPENDING	161
<i>Long-Term Spending Growth</i>	163
<i>Medical Productivity</i>	165
<i>Sources of Inefficiency in Health Care Spending</i>	167
EARLY IMPLEMENTATION OF THE AFFORDABLE CARE ACT.....	171
<i>Economic Benefits of Insurance</i>	171
<i>Expanding Affordable Health Insurance Coverage</i>	172
<i>Consumer Protection</i>	174
<i>Health Care Spending and Quality of Care</i>	174
<i>Medicare Payment Reform</i>	176
<i>Is the Cost Curve Bending?</i>	179
CHAPTER 6. CLIMATE CHANGE AND THE PATH TOWARD SUSTAINABLE ENERGY SOURCES	185
CONSEQUENCES AND COSTS OF CLIMATE CHANGE.....	186
<i>The Changing Climate</i>	186
<i>Estimating the Economic Cost of Climate Change:</i> <i>The Social Cost of Carbon</i>	188
<i>Policy Implications of Scientific and Economic Uncertainty</i>	191
CARBON EMISSIONS: PROGRESS AND PROJECTIONS	194
POLICY RESPONSES TO THE CHALLENGE OF CLIMATE CHANGE	196
<i>Market-Based Solutions</i>	197
<i>Direct Regulation of Carbon Emissions and the Vehicle Greenhouse Gas / Corporate Average Fuel Economy (CAFE) Standards</i>	197
<i>Energy Efficiency</i>	198
ENERGY PRODUCTION IN TRANSITION.....	202
<i>Oil and Natural Gas</i>	202
<i>Renewable Energy</i>	204
<i>Advanced Technologies and R&D</i>	206

PREPARING FOR CLIMATE CHANGE	206
CONCLUSION	207

CHAPTER 7. INTERNATIONAL TRADE AND COMPETITIVENESS.....

THE WORLD ECONOMY AND U.S. TRADE	209
<i>Growth in World Economies.....</i>	210
<i>The Euro Crisis.....</i>	210
<i>Global Imbalances</i>	213
TRADE AND THE MANUFACTURING SECTOR	214
<i>Trade and Productivity.....</i>	216
GROWTH OF TRADED SERVICES	217
TRADE POLICY	220
BUILDING U.S. COMPETITIVENESS	222
<i>Manufacturing.....</i>	222
<i>Spillovers Between Manufacturing Production and Innovation.....</i>	223
<i>Rise of Global Supply Chains</i>	226
<i>Prospects for U.S. Manufacturing</i>	227
<i>Productivity in Services.....</i>	231
CREATING AN ECONOMY BUILT TO LAST.....	232
<i>Strengthening Competitiveness: The Manufacturing Example.....</i>	233
CONCLUSION	235

CHAPTER 8. CHALLENGES AND OPPORTUNITIES IN U.S. AGRICULTURE

THE AGRICULTURAL SECTOR IN 2012.....	239
<i>Barriers to Entry and Succession Planning in U.S. Agriculture.....</i>	242
<i>A Mature Domestic Food Market</i>	245
<i>New Markets in Agriculture</i>	246
<i>Today’s Farm Structure</i>	248
<i>Investing in Agricultural Productivity.....</i>	249
<i>Research and Development Drives Productivity Growth</i>	250
<i>Conservation Practices and the Environment</i>	252
<i>Natural Capital, Conservation, and the Outdoor Economy</i>	253

GROWING GLOBAL DEMAND FOR FOOD AND AGRICULTURAL COMMODITIES.....	254
<i>Population Growth and Urbanization</i>	254
<i>Pressure on Agricultural Land and the Environment</i>	256
GLOBAL COMMODITY MARKETS AND PRICE VOLATILITY	257
MEETING THE CHALLENGES AND HARNESSING THE OPPORTUNITIES OF GLOBAL DEMAND GROWTH	258
<i>Open Trade and Access to Global Food Markets</i>	258
<i>Hired Farm Labor Costs in a Global Economy</i>	259
<i>Improving Risk Management</i>	261
<i>The Dodd-Frank Wall Street Reform and Consumer Protection Act</i>	263
CONCLUSION	264
REFERENCES	265

APPENDIXES

A. Report to the President on the Activities of the Council of Economic Advisers During 2012	299
B. Statistical Tables Relating to Income, Employment, and Production	313

FIGURES

1-1. Monthly Change in Private Nonfarm Payrolls, 2007–2013	24
1-2. Real Gross Domestic Product and Trends, 1960–2012	25
1-3. Cumulative Over- and Under-Building of Residential and Manufactured Homes, 1996–2012	26
1-4. Real GDP, 2007–2012	28
1-5. Average Annual Difference Between Growth in Real GDP Per Capita and Growth in Real Health Expenditures Per Capita, 1965–2012	30
1-6. Population Growth by Age Group, 1950–2040	33
1-7. Average Tax Rates for Selected Income Groups Under a Fixed Income Distribution, 1960–2013.....	35
2-1. Real GDP Growth, 2007–2012	43
2-2. Nonfarm Payroll Employment, 2007–2013.....	52
2-3. Private Nonfarm Employment During Recent Recoveries	53
2-4. Unemployment Rate, 1979–2013.....	54
2-5. Initial Unemployment Insurance Claims, 2004–2013	54
2-6. Consumption and Wealth Relative to Disposable Personal Income (DPI), 1952–2012	57

2-7.	Business Fixed Investment and Cash Flow, 1990–2012	62
2-8.	Real State and Local Government Purchases During Recoveries	63
2-9.	Real Exports During Recoveries.....	66
2-10.	Housing Starts, 1960–2012.....	67
2-11.	Home Prices and Owners’ Equivalent Rent, 1975–2012.....	68
2-12.	Cumulative Over- and Under-Building of Residential and Manufactured Homes, 1996–2012	69
2-13.	10-Year Treasury Yields, 2004–2013	71
2-14.	Consumer Price Inflation, 2004–2012.....	71
2-15.	Real GDP During Recoveries.....	73
2-16.	Productivity Growth and Estimated Trend, 1960–2012.....	78
2-17.	Employment Percent Growth and Estimated Trend, 1960–2012.....	79
2-18.	Quarterly Change in Employment and Estimated Trend, 1960–2012.....	79
2-19.	Real Gross Domestic Product and Trends, 1947–2012	81
3-1.	Average Tax Rates for Selected Income Groups Under a Fixed Income Distribution, 1960–2013.....	92
3-2.	Real State and Local Government Gross Investment During Recoveries	93
3-3.	Federal Receipts and Outlays, 1970–2023.....	94
3-4.	Federal Budget Deficit, 1970–2023	95
3-5.	Federal Debt Held by the Public, 1970–2023	95
3-6.	Distribution of Benefits of Selected Tax Expenditures, 2013	100
3-7.	Effective Marginal Tax Rates on Wage Income for Selected Income Groups Under a Fixed Income Distribution, 1960–2013.....	102
3-8.	Top Marginal Tax Rates, 1960–2013	103
3-9.	Composition of Federal Receipts, 1960–2011	105
3-10.	Individual Income Tax Compliance Costs by Reporting Activity, 2010.....	107
3-11.	Real Annual Changes in State General Fund Spending, 1981–2012.....	110
3-12.	Year-to-Year Change in City General Fund Tax Receipts, 2005–2012.....	111
3-13.	Federal Grants to State and Local Governments by Type, 1960–2012.....	114
4-1.	Labor Force Participation Rate by Population Group, 1970–2012.....	123
4-2.	Age-Specific Labor Force Participation Rate by Birth Cohort for Women, 1926–1992	125

4-3.	Labor Force Participation Rate of Women Aged 25–54, 1991–2011	128
4-4.	Percent of Women Ages 25 Years and Older Working Full-Time, 1991–2009	128
4-5.	Median Weekly Earnings by Education Level, 2012.....	133
4-6.	Tuition and Fees for Full-Time Undergraduate Students, 1990–2012	
	Private institutions	135
	Public institutions.....	135
4-7.	Compositions of Household Debt Balance, 2003–2012	139
4-8.	Total Postsecondary Enrollment by Type of Institution, 1990–2010.....	139
4-9.	Average Expenditures per Full-Time-Equivalent Student by Component, 2000–2010	
	Private institutions	146
	Public institutions.....	146
4-10.	Legal Immigration by Decade, 1820s to 2000s.....	151
5-1.	GDP and Health Spending, 1980–2011.....	162
5-2.	Contribution of Population Growth and Aging to Health Care Spending, 1996–2010	163
5-3.	Cancer Spending per New Cancer Case, 1983–1999	166
5-4.	Life Expectancy after Cancer Diagnosis, 1983–1999.....	166
5-5.	Acute Care Hospital Readmission Rates, 2007–2012.....	176
5-6.	Real Annual Growth Rates of National Health Expenditures Per Capita and Medicare Spending Per Enrollee, 1990–2012	179
5-7.	Relationship Between Change in State Unemployment Rate and Change in Real Per-Capita Personal Health Spending, 2007–2009.....	181
5-8.	Projected Medicare Spending as a Share of GDP, 2013–2085	182
6-1.	Illustrative Average Temperature Distribution	188
6-2.	U.S. Energy-Related Carbon Dioxide Emissions, 1973–2040	195
6-3.	Decomposition of CO2 Emission Reductions, 2005–2012.....	196
6-4.	Energy Use per Dollar of GDP, Selected Countries, 1988–2009.....	200
6-5.	U.S. Energy Intensity, 1950–2010.....	200
6-6.	Total U.S. Primary Energy Production, 2011.....	203
6-7.	U.S. Natural Gas Consumption and Production, 2000–2025	203
6-8.	Annual and Cumulative Growth in U.S. Wind Power Capacity, 1998–2011	205
7.1.	Real GDP Growth by Country, 2007–2012.....	211
7.2.	10-Year Government Bond Yields, 2011–2013	212
7.3.	Current Account Balance by Country, 2000–2011	215

7.4.	U.S. Current Account Balance and its Components, 2000-2012.....	215
7.5.	Monthly Change in Manufacturing Employment, 1990-2012	228
7.6.	Employment in Export Intensive and Export Nonintensive Manufacturing Industries, 2011-2012	229
7.7.	Change in Manufacturing Unit Labor Costs, 2003-2011	231
8-1.	Median Income for Farm Households by Farm Type and Income Type, 2010–2012	241
8-2.	Distribution of Farms by Age of Principal Operator, 2010	242
8-3.	U.S. Real Per Capita Food Expenditures, 1985–2011	246
8-4.	Farm and Nonfarm Productivity, 1948-2009	250
8-5.	Public and Private U.S. Agricultural R&D Spending, 1971-2009.....	251
8-6.	Population by Region, 1950–2050	254
8-7.	Percentage of Population Residing in Urban Areas, 1950–2050...	255
8-8.	Middle-Class Population by Region, 2009–2030.....	256
8-9.	Corn Yields and Price, 1866–2012.....	258
8-10.	Government Commodity Payments by Farm Type.....	262

TABLES

2.1.	Labor Force Participation Rates, 1980–1985 and 2007–2012.....	56
2.2.	Real GDP Growth During Three Years Following Business Cycle Trough.....	85
3.1.	Cyclical Behavior of State and Local Government Expenditures, 1977–2008.....	113
4-1.	Labor Force Participation Rate of Women Aged 25–54, 1969–2007.....	125
4-2.	Education Tax Incentives: The American Opportunity Tax Credit, 2010	138
4-3.	Foreign-Born Persons in Selected Countries	150
4-4.	Distribution of Education, Age, and Employment for Natives and Foreign Born Individuals, 2010–2012	153
4-5.	Percentage of Foreign-Born College Graduates by Degree and Occupation, 2010.....	157
7.1.	Euro Area Selected Economic Indicators	213
8-1.	90 Years of Structural Change in U.S. Agriculture.....	240
8-2.	Farm Types.....	240
8-3.	Farm Income and Farm Operator Household Income by USDA Farm Size Classification, 2010	241

BOXES

Box 2-1:	Effectiveness of Iran Sanctions.....	44
Box 2-2:	Why Is the Labor Share Declining?.....	60

Box 2-3: Economic Impacts of the American Recovery and Reinvestment Act	76
Box 2-4: Implications of Demographic Trends for Household Consumption	82
Box 3-1: Estimates of Tax Expenditures in the President’s Budget.....	98
Box 4-1: Minimum Wages and Employment	120
Box 6-1: The Cost of Hurricanes	189
Box 6-2: Handling Uncertainty About Equilibrium Climate Sensitivity.....	192
Box 7-1: Small Businesses and the NEI	221

DATA WATCH

Data Watch 2-1: Seasonal Adjustment in Light of the Great Recession	48
Data Watch 2-2: The Effect of Statistical Sampling on Laspeyres Indexes	74
Data Watch 3-1: Federal Tax Information and Synchronization of Interagency Business Data	108
Data Watch 4-1: New Evidence on Access to Paid Leave.....	130
Data Watch 5-1: Toward Disease-Based Health Care Accounting.....	168
Data Watch 6-1: Tracking Sources of Emissions: The Greenhouse Gas Reporting Program.....	190
Data Watch 7-1: Implications of Global Value Chains for the Measurement of Trade Flows.....	218
Data Watch 7-2: Measuring Supply Chains.....	227

ECONOMICS APPLICATION

Economics Application Box 3-1: Marginal Tax Rates and Average Tax Rates on Individual Income	101
Economics Application Box 4-1: Baumol’s Cost Disease (or Bowen’s Curse) and the Price of Education.....	144
Economics Application Box 5-1: Matching in Health Care.....	170
Economics Application Box 5-2: Economics of Adverse Selection and the Benefits of Broad Enrollment.....	173
Economics Application Box 7-1: Agglomeration Economies and Spillovers Across Regions.....	224
Economics Application Box 8-1: The 2012 Drought.....	238
Economics Application Box 8-2: The Federal Estate Tax and Farm Business Succession Planning.....	244

