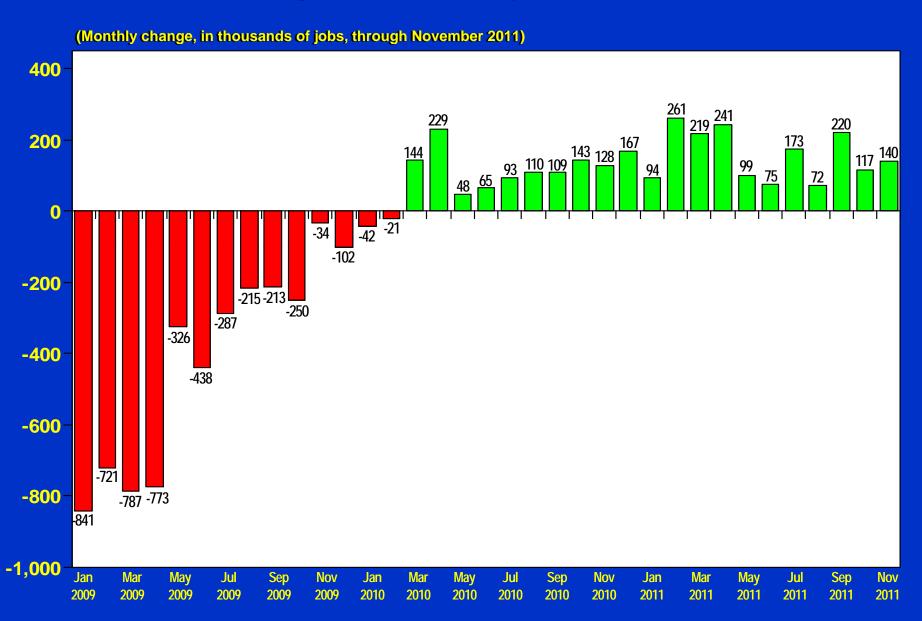
What's Holding Back the Economy

- 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

Private-Sector Jobs Picture



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

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

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

House GOP Bill Is A Non-Starter

- House GOP leaders included extraneous provisions, making it a partisan bill
- President Obama has said that he will veto
- Even Senate GOP won't vote on it
- More than just extending the payroll tax cut is at stake
 - Also need to extend unemployment benefits and "doc fix"
- We need a compromise, not partisanship, from GOP

Goldman Sachs on Expiring Payroll Tax Cut and Emergency Unemployment Benefits

"Should [the payroll tax cut and extended unemployment benefits] expire at the end of the year, fiscal drag will be intense in 2012."

-Goldman Sachs Report
U.S. Economic Analyst, "What
Turns a Stall Into a Slump?"
August 12, 2011

JP Morgan Chase on Expiring Payroll Tax Cut and Emergency Unemployment Benefits

"For 2012, the more important issue is what happens to expiring stimulus measures.... Together, [the payroll tax cut and the emergency unemployment benefits] have lifted household disposable income by about \$150 billion this year. If they expire as scheduled, consumption growth early next year would be challenged.... In our baseline view, the drag from tightening fiscal policy [including expiration of the payroll tax cut and emergency unemployment benefits] could subtract 1.5% - 2.0% points from GDP growth next year."

JP Morgan Chase Report
 JPM Global Data Watch
 November 11, 2011

Economist Zandi on Expiring Payroll Tax Cut

"If policymakers do nothing here, if Congress and the administration just sit on their hands and they do nothing, the odds are very high we'll go into recession early next year.... We have a payroll tax holiday, all of us.... We'd be in recession right now without it.... If they don't [extend] that, at the very minimum, we'll likely go into recession."

> Mark Zandi, Chief Economist and Co-Founder of Moody's Analytics Interview on MSNBC's Daily Rundown October 7, 2011