

31st ANNUAL LEVY ECONOMICS INSTITUTE CONFERENCE

MAY 2, 2024

- ECONOMIC PROSPECTS FOR THE US ECONOMY
- THE REVIVAL OF INDUSTRIAL POLICY
- CAUSES AND MEASUREMENT OF INEQUALITY
- AGING AND PUBLIC POLICY: DEBUNKING MYTHS, PROVIDING SOLUTIONS



Economic Prospects for the U.S. Economy

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Summary

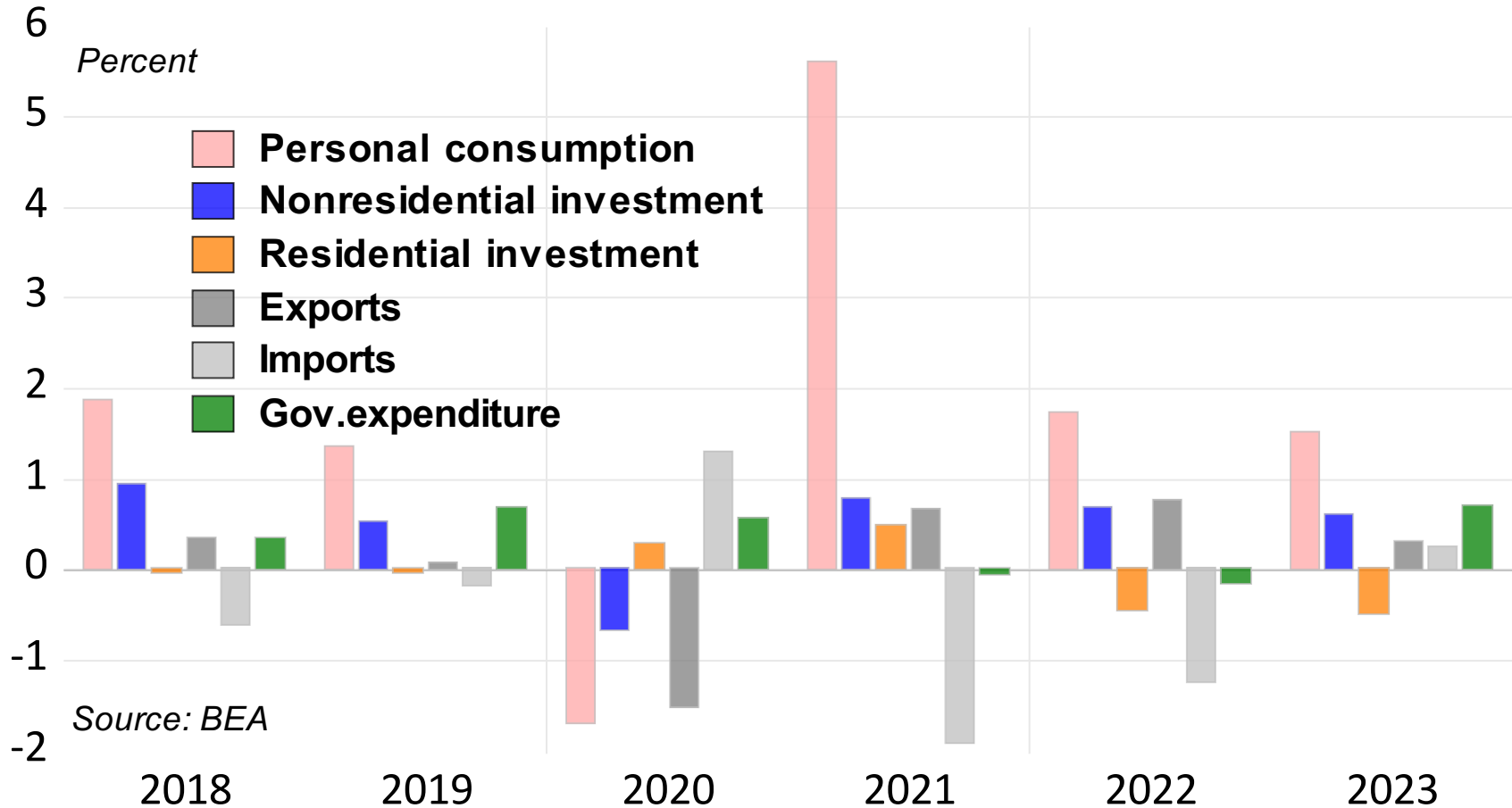
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C.B.O. Projections

	2023	2024	2025	2026
Fiscal Year 2024				
GD	3.1	1.5	2.2	2.2
- Government	2.6	1.3	1.9	1.6
- Business	4.3	0.8	0.8	0.9
- Individuals (Net)	4.1	2.0	3.0	3.4
- Individuals (Gross)	-0.1	5.1	10.9	10.7
CE	2.7	2.1	2.2	2.1
Government	3.6	4.2	4.4	4.3
Fiscal Year 2024				
3-10	5.0	5.1	4.1	3.3
3-10	5.1	4.9	3.8	3.1
10-15	4.0	4.6	4.6	3.9
Fiscal Year 2024				
GD	2.5	1.8		
CE	4.1	2.6		

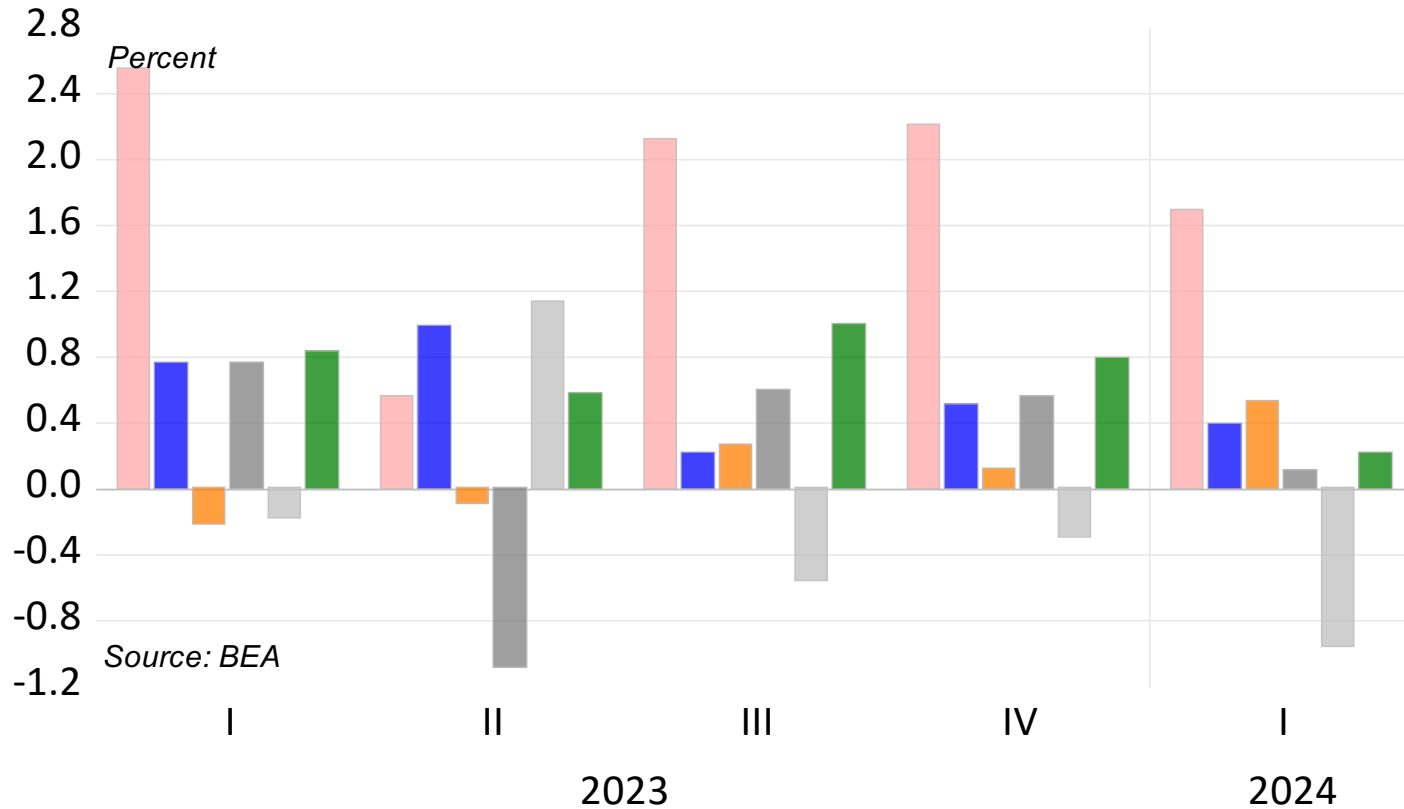
Contributions to GDP growth

Figure 1. U.S. Contributions to Real GDP Growth



Contributions to GDP growth

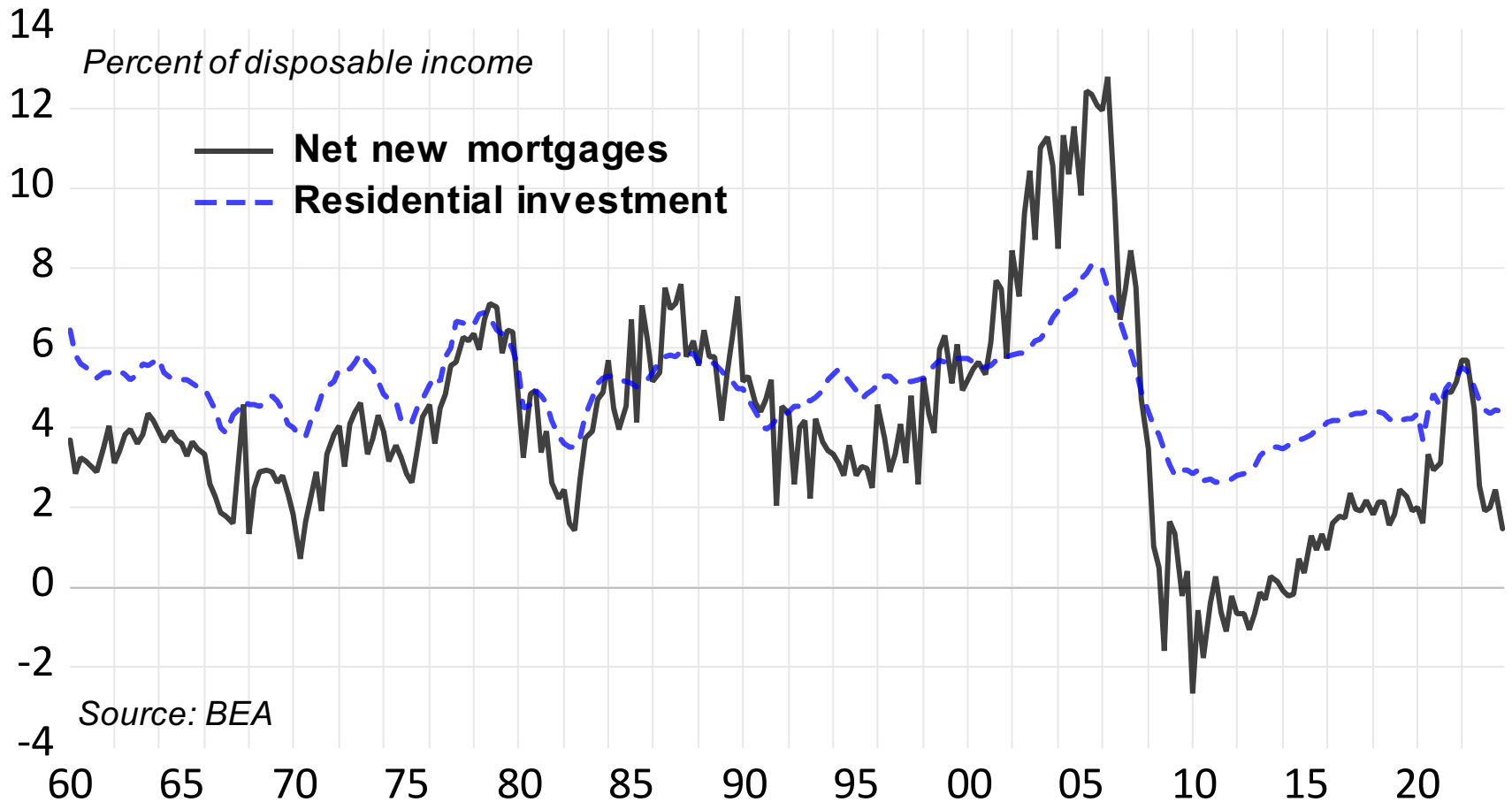
Figure 1q. U.S. Contributions to Real GDP Growth



- Personal consumption
- Nonresidential investment
- Residential investment
- Exports
- Imports
- Gov. expenditure

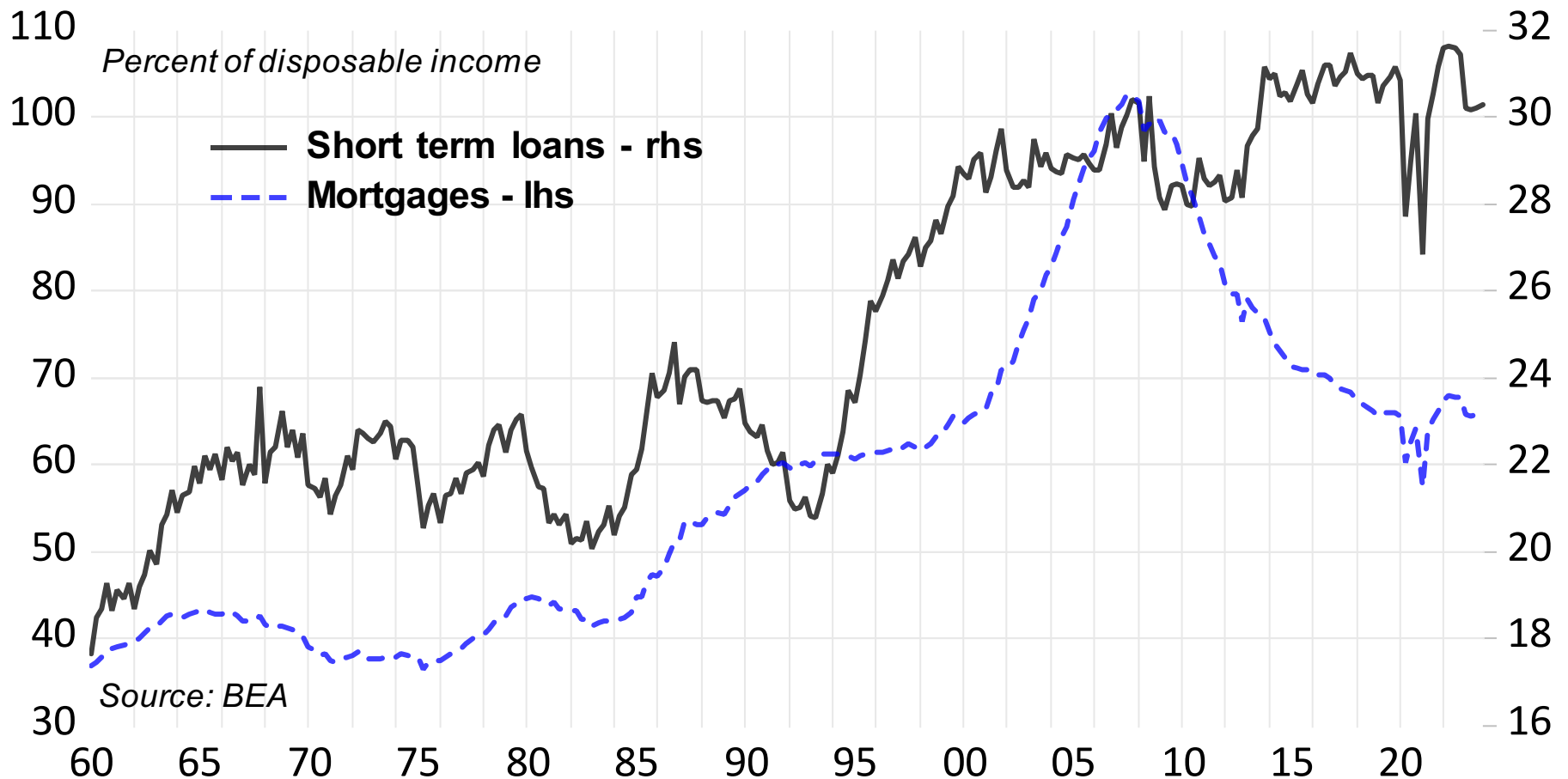
Boom in residential investment?

Figure 2. U.S. Households: Residential investment and mortgages



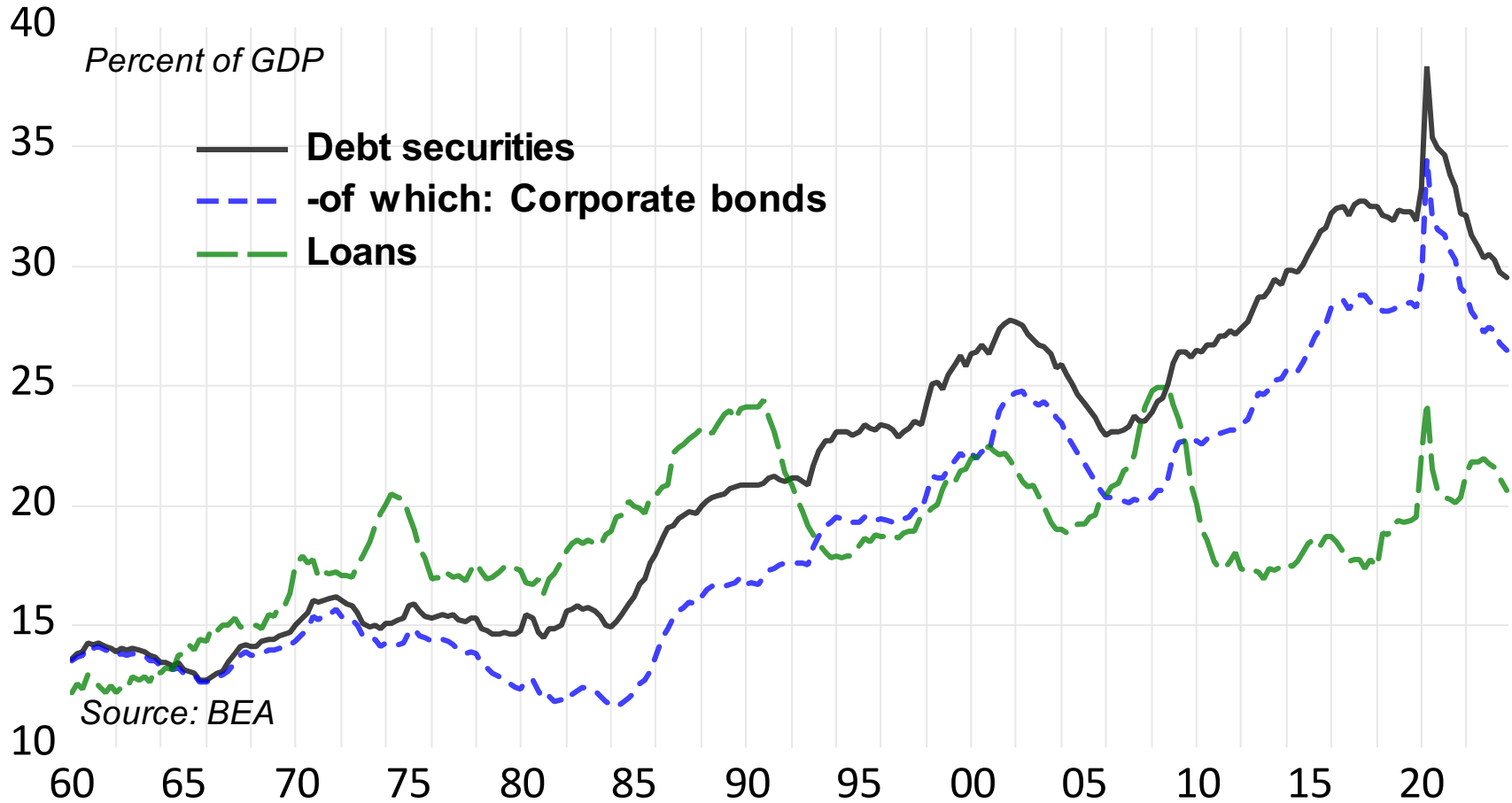
Debt-fueled consumption?

Figure 3. U.S. Households: Debt outstanding



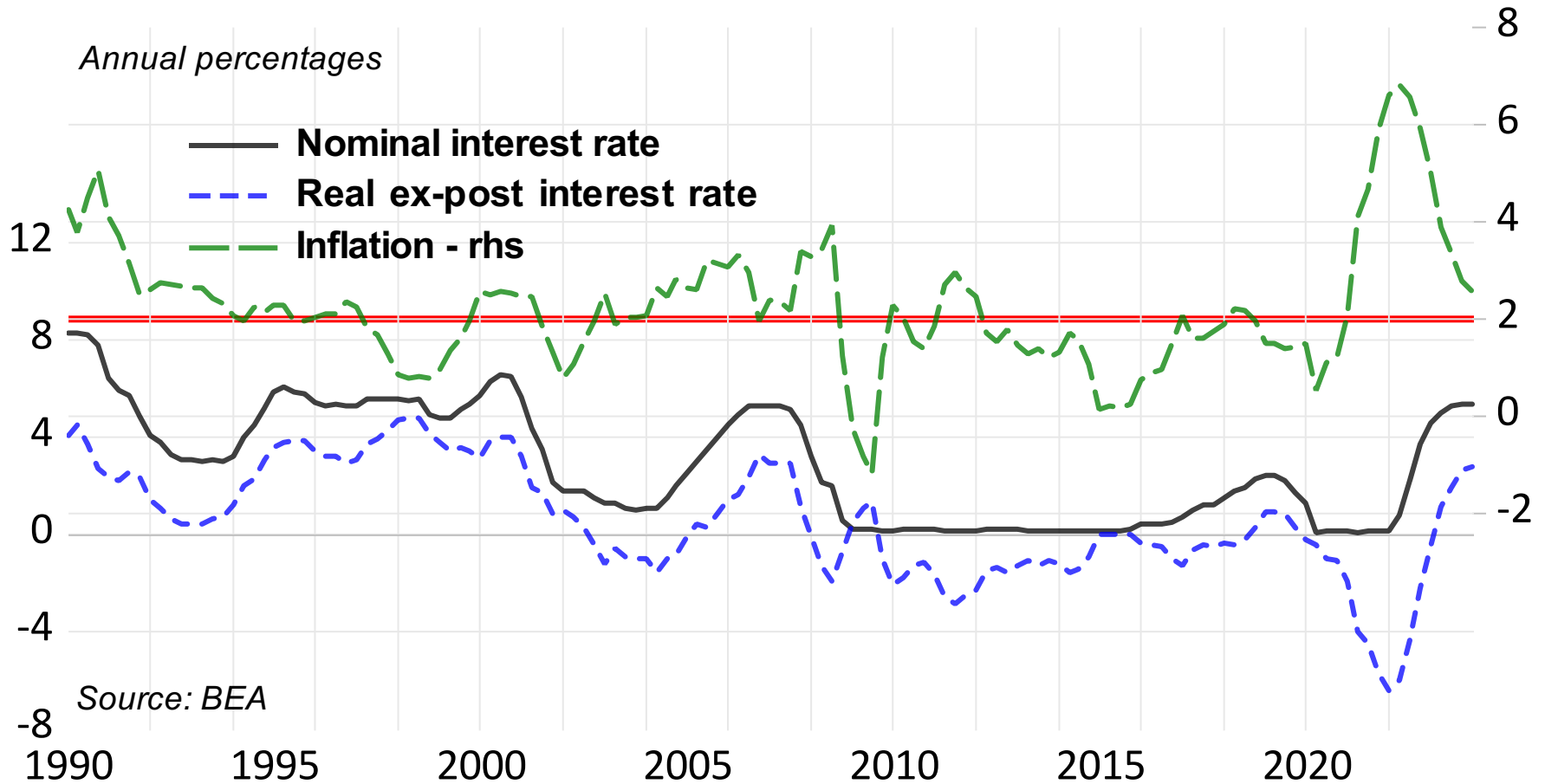
Corporate business deleveraging

Figure 4. U.S. Non-financial Corporate Business



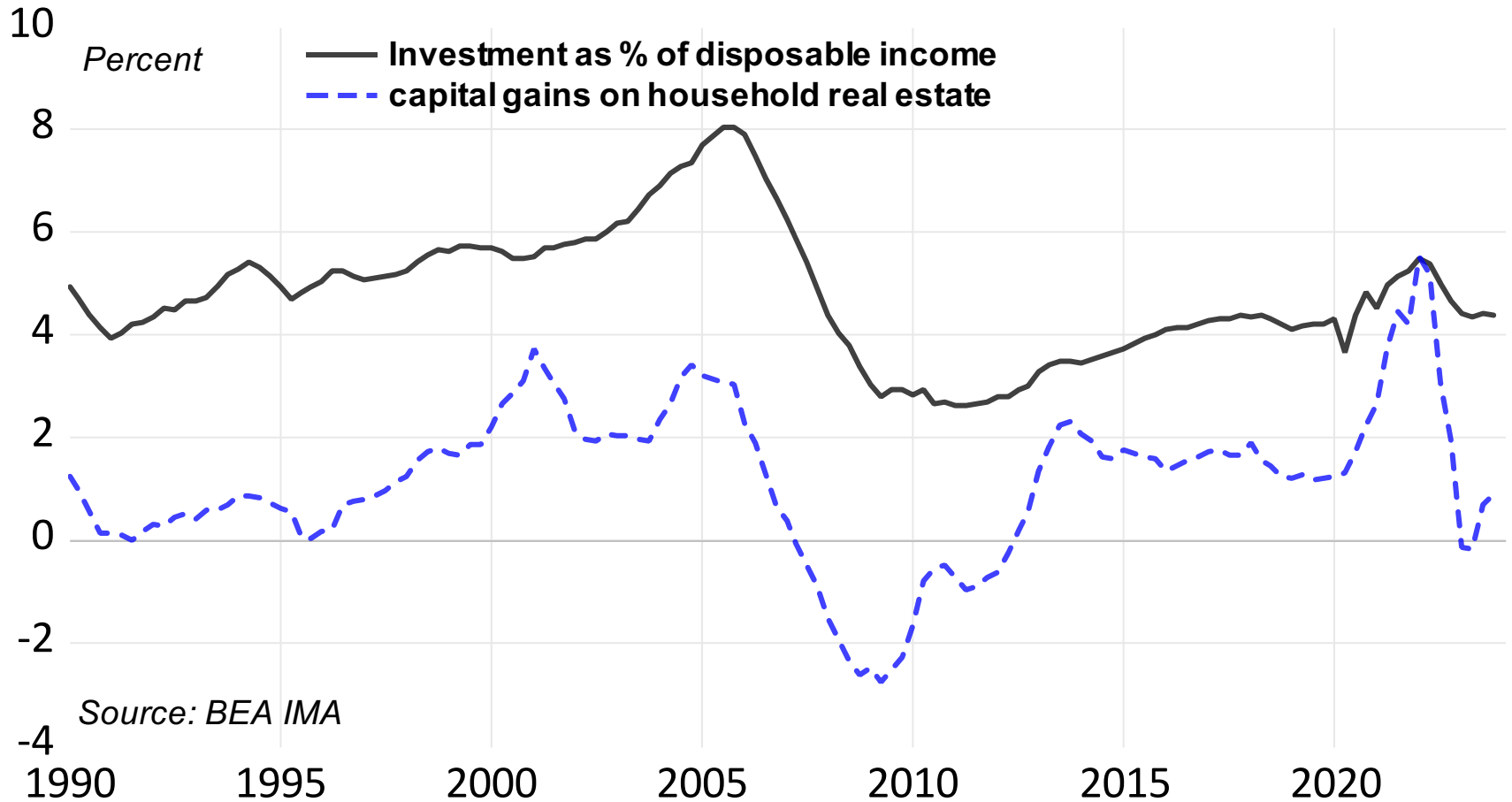
Monetary policy

Figure 5. U.S. Inflation and interest rates



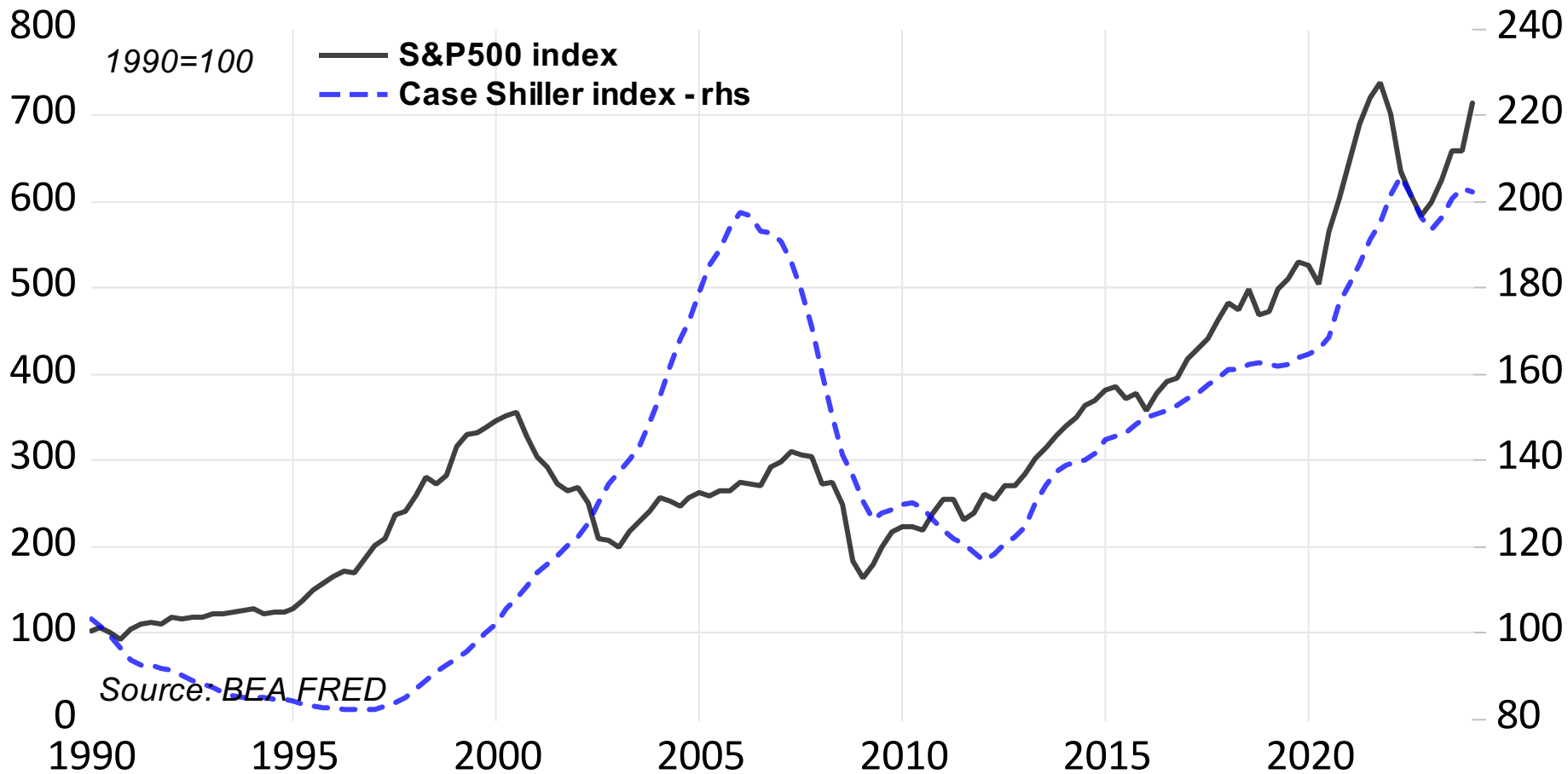
Capital gains and residential investment

Figure 6. U.S. Households. Residential investment and capital gains



Speculation still at work?

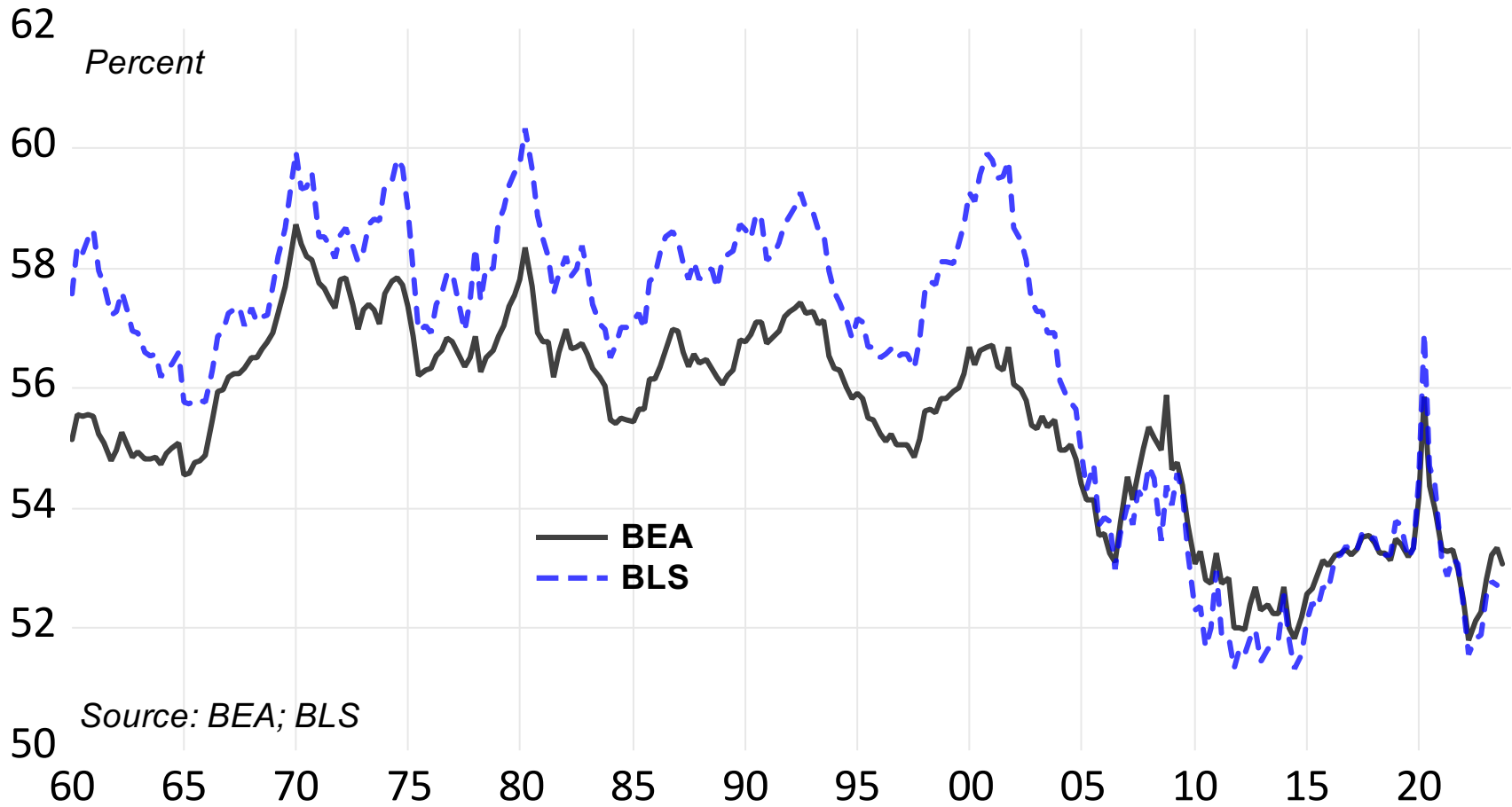
Figure 7. U.S. Real S&P500 and Case Shiller indices



Source: BEA, FRED

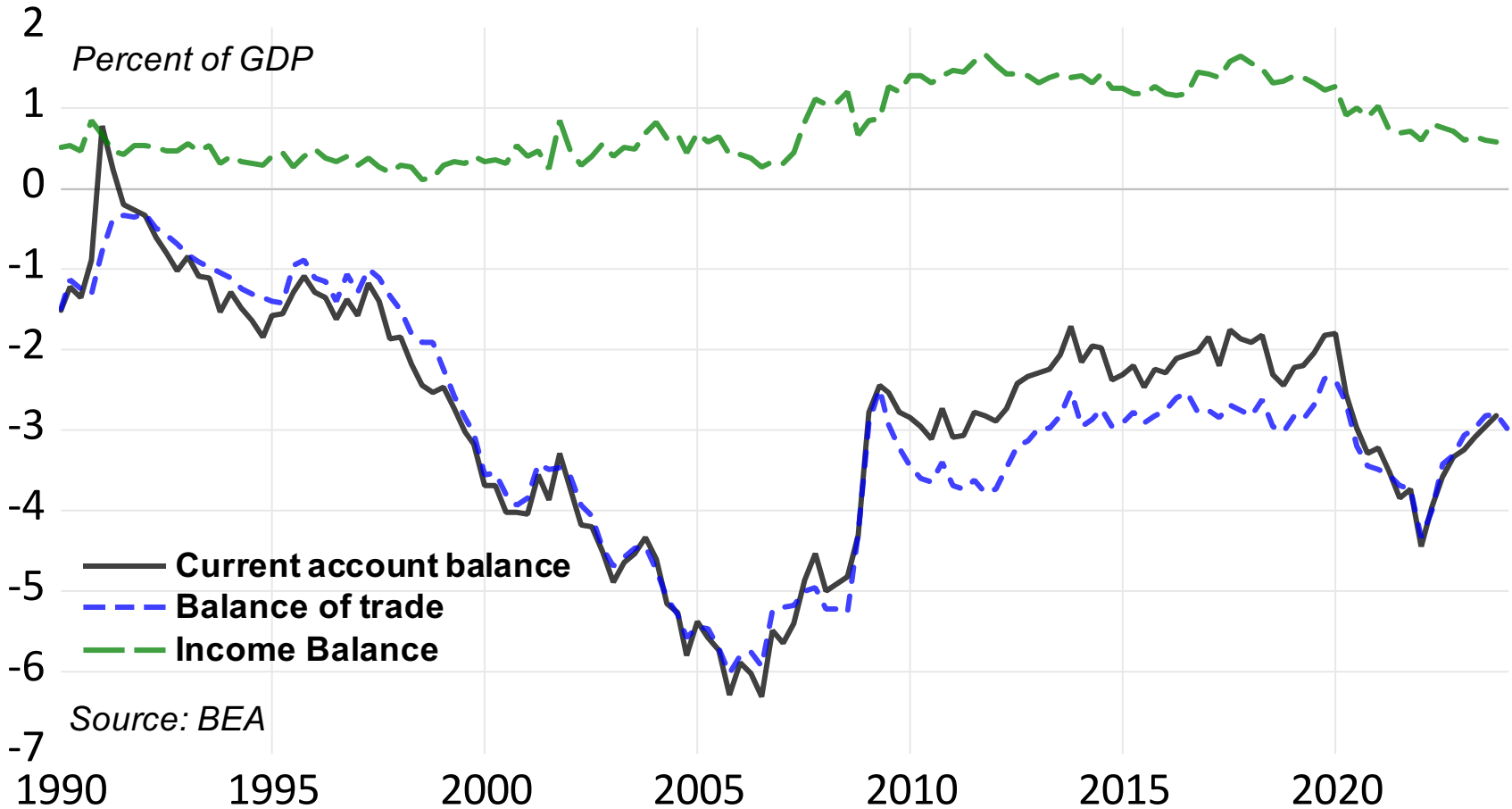
A profit-led economy?

Figure 8. U.S. Labour share



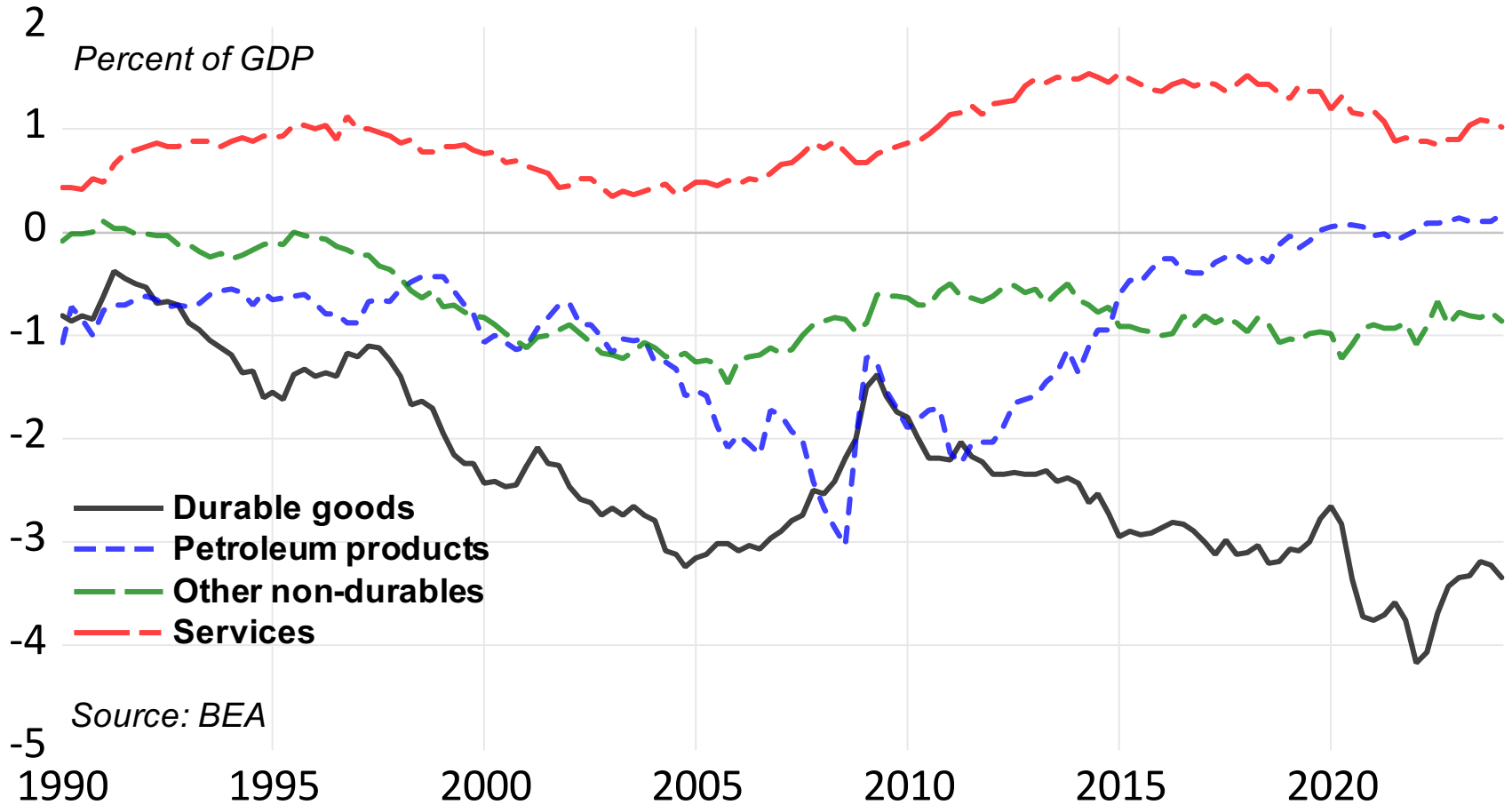
Foreign debt not explosive

Figure 10. U.S. Balance of payments



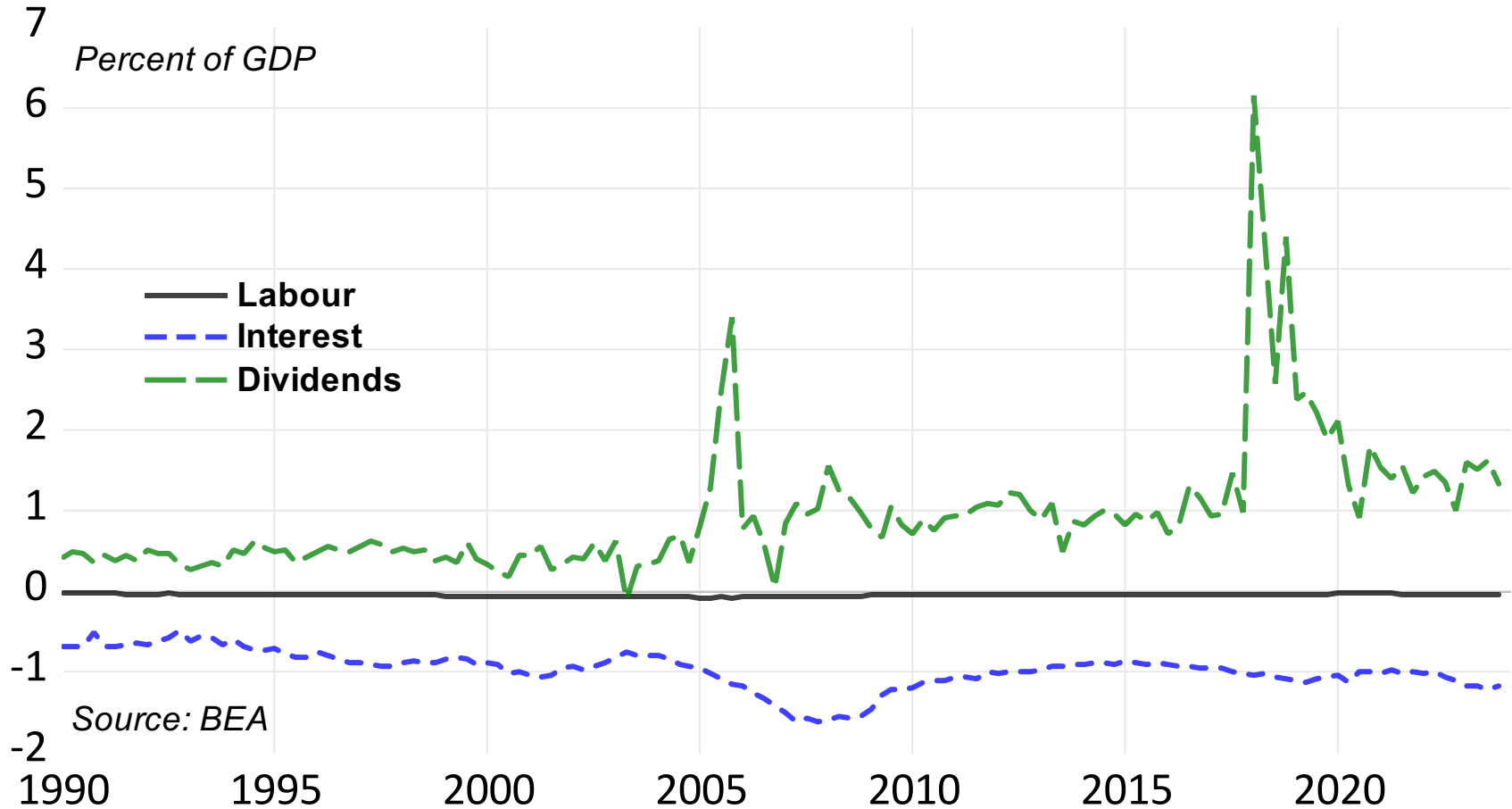
Will manufacturing come back?

Figure 11. U.S. Balance of trade



Net income payments

Figure 12. U.S. Income balance



Source: BEA

Industrial policy

A G (2024) G
I , F D H

▶ B

E ,

▶ I A

A






▶ CHI A

A ,

Our Baseline Projections

	2022	2023	2024	2025
GD	2.0	2.5	1.8	1.2
-	3.0	1.5	1.8	1.3
-	-0.9	4.1	2.4	0.8
- E	7.0	2.6	2.3	3.7
(% GD)	16.0	15.3	15.5	15.8
	6.7	3.6	2.5	2.2
F	1.7	5.0	4.6	3.2
Gov. net lending (% of GDP)	4.0	7.9	7.6	7.5
Gov. Debt (% of GDP)	114.3	116.7	119.2	122.3
Current account (% of GDP)	-4.4	-3.6	-3.4	-3.0

Conclusions

- ▶ A 


- ▶ 

- ▶ G 