THE HAMILTON PROJECT

STRATEGY PAPER

SEPTEMBER 2008

Path to Prosperity

Roger C. Altman, Jason E. Bordoff,
Jason Furman and Robert E. Rubin

The Hamilton Project seeks to advance America's promise of opportunity, prosperity, and growth. The Project's economic strategy reflects a judgment that long-term prosperity is best achieved by making economic growth broad-based, by enhancing individual economic security, and by embracing a role for effective government in making needed public investments. Our strategy—strikingly different from the theories driving economic policy in recent years—calls for fiscal discipline and for increased public investment in key growth-enhancing areas. The Project will put forward innovative policy ideas from leading economic thinkers throughout the United States—ideas based on experience and evidence, not ideology and doctrine—to introduce new, sometimes controversial, policy options into the national debate with the goal of improving our country's economic policy.

The Project is named after Alexander Hamilton, the nation's first treasury secretary, who laid the foundation for the modern American economy. Consistent with the guiding principles of the Project, Hamilton stood for sound fiscal policy, believed that broad-based opportunity for advancement would drive American economic growth, and recognized that "prudent aids and encouragements on the part of government" are necessary to enhance and guide market forces.

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Path to Prosperity: An Economic Strategy to Achieve More Broadly Shared Growth

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Abstract

Today, too many Americans are not fully sharing in our nation's prosperity. Real median wages have stagnated, income inequality has increased, and changes in the economy that have brought benefits have also brought new risks and insecurities. In response to these challenges, our nation needs to act now on three fronts. First, our nation must make the right long-term investments to promote economic growth that is both strong and sustainable. Second, it is necessary to put in place economic policies that will better achieve broad-based participation in that growth. Third, for growth to be sustainable, it is necessary to restore sound fiscal policy, moving on a multiyear path to a sustainable fiscal position. This paper elaborates on the economic challenges and the recommended policy responses. It considers the commonly held view that promoting economic growth, broad-based participation in growth, and economic security may be contradictory policy objectives, but finds instead that these objectives can be mutually reinforcing. It argues that while free markets are the cornerstone of economic growth, there is a necessary role for robust government action to support and supplement market forces and to help share the gains of growth more broadly. In an effort to advance innovative ideas about how to invest in our nation's future prosperity and to enhance families' economic security, The Hamilton Project has released strategy papers offering a broad vision for policy in a range of areas, as well as dozens of discussion papers on a wide variety of topics. These topics include education, health care, income security, science and technology, tax policy, climate change, energy security, infrastructure, workforce training, housing and financial markets, and poverty reduction, among others. These papers have all been written by leading scholars and grounded in real-world evidence about what works, not ideology and doctrine. This paper draws on this body of work to offer a vision for how to achieve opportunity, prosperity, and strong, broad-based economic growth.

Introduction

The Hamilton Project has for the past two and a half years put forth an overarching economic strategy, and policy options consistent with that strategy, for promoting strong economic growth, broad-based participation in that growth, and increased economic security. The project's proposals and policy discussions span a wide range of policy areas related to achieving strong economic growth and helping the gains of that prosperity to be more broadly shared—education, health care, income security, science and technology, tax policy, climate change, energy security, infrastructure, workforce training, housing and financial markets, and poverty reduction, among others. The proposals advanced have come from leading academics, practitioners, and policy analysts from across the nation, taking cutting-edge and evidence-based ideas from economists and others and bringing them to bear on policy debates in a relevant, accessible, and actionable way. Each idea is offered as a potentially innovative step in the right direction to upgrade the country's policies, though they are not collectively a comprehensive "solution" to the nation's challenges. Rather, they are intended to provoke thought and discussion and serve as a portfolio of options from which policymakers may choose. Indeed, at times we have released several different approaches to address the same problem, such as how to achieve universal health coverage (Anderson and Waters 2007; Butler 2007; Emanuel and Fuchs 2007; Gruber 2008).

Americans have long believed that with education and hard work, each generation can do better than the one before and that where one starts in life should not determine where one ends up. This broad-based opportunity for individual advancement has provided an incentive for entrepreneurship, education, and hard work—contributing to the economic growth that the United States has enjoyed. Consistent with this promise, our economic performance should be measured by how well economic growth is raising the living standards of all Americans. While policymakers are fond of reciting John F. Kennedy's famous phrase, a "rising tide lifts all boats," that is not inevitable. It is more an aspiration than an aphorism, and in recent years that aspiration has not been fulfilled (Sperling 2007).

Our economic performance should be measured by how well economic growth is raising the living standards of all Americans.

Today, too many Americans are not fully sharing in the nation's prosperity. Between 1947 and 1973, productivity and real median family income both grew by 2.8 percent a year. Since 1973, however, productivity has grown by 1.8 percent a year while real median family income has risen by less than half of that.[1] The disconnect between aggregate economic growth and the income of typical families is accompanied by a large increase in inequality. Since 1979 the share of income going to the top 1 percent has risen by 8 percentage points while the share of income going to the bottom 80 percent has fallen by

1. Estimates based on Bureau of Labor Statistics productivity data and U.S. Census Bureau income data.

the same amount (CBO 2006; Picketty and Saez 2007). To provide some perspective on the scale of the income shift that has occurred, consider that to fully offset the income shift in 2005 would have required transferring $884 billion from the top 1 percent of households to the bottom 80 percent—the equivalent of nearly $800,000 from every household in the top 1 percent and $10,000 to each household in the bottom 80 percent.[2] No one would suggest this is feasible or even desirable, but it provides a useful benchmark for gauging the magnitude of the public policy interventions that would be necessary to foster broad-based participation in growth.

Today, America's long-term economic growth is imperiled because we are not making the right long-term investments.

At the same time that median real wages have stagnated and inequality has gone up, changes in the economy that have brought benefits have also brought new risks and insecurities. Structural changes in the economy have lowered the unemployment rate, but at the same time, the ranks of the long- term unemployed have risen. The increased technological sophistication of medicine has brought longer and healthier lives, but the higher costs have also led to a fraying of the employer-sponsored insurance system. The shift to defined contribution pension plans like 401(k)s gives more workers an opportunity to participate in the growth of the market but has also led to new risks facing workers, particularly the risk that they will fail to enroll in a plan.

In response to the stagnation of incomes and the rise in inequality and insecurity, we need to act now on three fronts. First, our nation must make the right long-term investments to promote economic growth that is both strong and sustainable. Second, it is necessary to put in place economic policies that will better achieve broad-based participation in that growth. Third, for growth to be sustainable, it is necessary to restore sound fiscal policy, moving on a multiyear path to a sustainable fiscal position.

This paper elaborates on these challenges and suggests policy responses to address them. It considers the commonly held view that promoting economic growth, broad-based participation in growth, and economic security may be contradictory policy objectives but finds that these can be mutually reinforcing. It argues that while free markets are the cornerstone of economic growth, there is a necessary role for robust government action to support and supplement market forces and to help share the gains of growth more broadly.

Long-Term Economic Growth

Achieving strong economic growth is a key to meeting the economic challenges we face. Increased economic output is necessary if we are to achieve rising living standards and enhance the economic security of American families. Moreover, stronger growth gives us the resources we need to address costly challenges, such as the fiscal challenges associated with an aging population, rising health care costs, and climate change. The importance of growth goes beyond its material dividends. As Harvard economist Benjamin Friedman argued in his recent book *The Moral Consequences of Economic Growth* (2005), providing for the economic well-being of the vast majority of people encourages social progress outside of strictly economic gains, specifically "greater opportunity, tolerance of diversity, social mobility, commitment to fairness, and dedication to democracy" (p. 4).

Today, America's long-term economic growth is imperiled because we are not making the right long-term investments: a school system that provides students with a world-class education, a health care system that provides all our people with coverage for a sustainable cost,

2. Authors' estimates based on data from the CBO, "Appendix: Detailed Tables for 1979 to 2005" (www.cbo.gov/ftpdocs.88xx/doc8885/Appendix_tables toc.xls [February 6, 2008]).

physical and technological infrastructure that can meet the demands of the twenty-first century, support for basic research and innovation, or a national energy policy that mitigates climate change and enhances our national security. To be sure, the economy faces extremely serious challenges at present but even as we respond to the crisis in our financial system, we cannot lose sight of the significant investments we need to make to promote growth going forward.

As we invest in our nation's future, it is critically important that we also restore fiscal responsibility, both to increase economic growth and to make it more sustainable. Large budget deficits are especially problematic given the nation's low private saving rate and large current account deficit (which itself is partly caused by the budget deficit). As of early 2008, a variety of independent projections suggested the deficit will total more than $5.1 trillion over the next ten years, or approximately 2.8 percent of cumulative GDP (Auerbach, Furman, and Gale 2008). Given the recent economic downturn and government response, that figure is significantly higher today. Hereafter, as the baby boomers increasingly reach retirement age and claim Social Security and Medicare benefits, government deficits and debt are likely to grow even more sharply.

Mainstream economic analyses of sustained budget deficits underscore the adverse impact of deficits on long-term economic growth (Rubin, Orszag, and Sinai 2004).[3] Under this conventional view, ongoing budget deficits decrease national saving, which reduces domestic investment and increases borrowing from abroad. The external borrowing that helps to finance the budget deficit is reflected in a larger current account deficit. The reduction in domestic investment (which lowers productivity growth) and the increase in the current account deficit (which requires that more of the returns from the domestic capital stock accrue to foreigners) both reduce future national income, with the loss in income steadily growing.

Under the mainstream view, the costs imposed by sustained deficits tend to build gradually, but in fact they may occur more suddenly than the conventional analysis suggests. Substantial deficits projected far into the future can cause a fundamental shift in market expectations and a related loss of business and consumer confidence both at home and abroad, including a loss of confidence in the economic competence of government. The unfavorable dynamic effects that could ensue are largely, if not entirely, excluded from the conventional analysis of budget deficits. This omission is understandable and appropriate in the context of deficits that are small and temporary; it is increasingly untenable, however, in an environment where deficits are large and permanent. Substantial ongoing deficits may severely and adversely affect expectations and confidence, which in turn can generate a self-reinforcing negative cycle in the fiscal deficit, financial markets, and the real economy.

Broad-Based Participation in Growth

Strong and sustainable growth is a necessary, but not sufficient, condition to increase people's well-being. To date, too many Americans have failed to benefit from our nation's prosperity. This lack of broadly-shared growth is not only inconsistent with the principle that all Americans should have the opportunity to contribute to and benefit from economic growth but also inconsistent with historical experience in this country. As Benjamin Friedman explains:

> Broad-based economic growth in America was not a myth. Nor is it true that the growth Americans enjoyed in the early postwar decades was merely an aberration to which we nonetheless became ac-

As we invest in our nation's future, it is critically important that we restore fiscal responsibility, both to increase economic growth and to make it more sustainable.

3. See also CBO, "The Long-Term Economic Effects of Some Alternative Budget Policies," letter to the Honorable Paul Ryan, Washington, May 19, 2008 (www.cbo.gov/ftpdocs/92xx/doc9216/LongtermBudget_Letter-to-Ryan.pdf).

> customed. The pace of increase in living standards in those years was little more than what the nation had experienced on average during the previous century and a half. It is instead our own era, dating from the early 1970s, that stands out as exceptional. A rising standard of living for the great majority of our citizens has in fact been the American norm, and it is we, today, who are failing to achieve it (Friedman 2005, pp. 435–36).

Part of the way to promote broader participation in economic growth is to put in place policies that will help prepare people to succeed, for example, by investing in key areas such as education and science. Higher levels of private saving can also better prepare families to avoid economic difficulties because saving and asset accumulation give families a financial cushion when shocks hit.

Another part of the way to achieve broadly shared prosperity is to establish policies that will help people rebound if they do experience economic difficulties by strengthening our social insurance system. For example, universal health insurance would mitigate the risk of financial distress during illness, and wage-loss insurance could be considered in order to soften the blow of job loss for those who are reemployed at a lower wage.

In addition, one direct way to share the gains of growth more broadly is with progressive taxation. Given that progressive taxation is justified by a desire for "equal sacrifice" and by the more fortunate's greater "ability to pay," then to the extent that the share of the nation's income accruing to those at the top increases, their ability to pay should increase as well. Thus rising inequality strengthens the case for progressive taxation.

Economic Growth and Economic Security

Many policymakers and analysts have been trained to believe that the two policy goals discussed above—promoting strong and sustainable economic growth, and securing broad-based participation in that growth—are contradictory objectives. Harvard economist and former chairman of President Reagan's Council of Economic Advisors Martin Feldstein, for example, has said that social insurance programs "have substantial undesirable effects on incentives and therefore on economic performance. Unemployment insurance programs raise unemployment. Retirement pensions induce earlier retirement and depress saving. And health insurance programs increase medical costs" (Feldstein 2005, p. 1).

To be sure, this traditional view offers an important cautionary note, and it is important to be mindful of what economists call "moral hazard" when designing public programs. But this traditional view also misses another salient point about the modern economy: while economic growth can clearly increase economic security, economic security can also increase economic growth.

For example, a basic level of security frees people to take the risks—like starting a business, investing in their own education, or trying an unconventional career—that lead to economic growth (Sinn 1995).[4] With inadequate protection against downside risk, people tend to be overcautious, "fearing to venture out into the rapids where real achievement is possible," as Robert Shiller of Yale has argued. "Brilliant careers go untried because of the fear of economic setback" (Shiller 2003, p. 8).

Similarly, if hardship does occur, some degree of assistance can provide the resources to help a family thrive again. Families with access to some form of financial assistance, educational and training opportunities, and basic health care are less likely to be permanently harmed by the temporary setbacks that are an inevitable part of a dynamic economy. For families experiencing short-term difficulties, a safety net can thus be a springboard to a better future.

In addition, increasing economic security is important to help more of America's families and communities share in the benefits of globalization and growth-enhancing policies (Bordoff and Furman 2008). Globalization offers substantial aggregate economic benefits. One study, for example, found a benefit to the

4. Empirical evidence also suggests that generous personal bankruptcy laws are associated with higher levels of venture capital; that workers who are highly fearful of losing their jobs invest less in their jobs and job skills than those who are more secure; and that investment in education and job skills is higher when workers have key risk protections. See Armour and Cumming (2004); Osberg (1998); Esteves-Abe, Iverson, and Soskice (1999); Mocetti (2004).

U.S. economy of roughly $1 trillion a year (Bradford, Grieco, and Hufbauer 2005). As Nobel Prize–winning economist Paul Samuelson (2005) put it after an academic paper he wrote was misunderstood as supporting protectionism, "Economic history and best economic theory together persuade me that leaving or compromising free trade policies will most likely reduce growth in well being in both the advanced and less productive regions of the world. Protectionism breeds monopoly, crony capitalism, and sloth" (p. 242). Not only is it unwise to turn inward and shut out the forces of globalization, it is also unrealistic given the substantial cross-border connections that already exist. The question is not whether global economic integration will progress rapidly but whether the United States will be part of that process and reap the resulting benefits. Moreover, trade drives economic growth throughout the world, particularly in the developing world, lifting hundreds of millions of people out of poverty (Bhagwati 2007; Dollar and Kraay 2002; Collier 2007).

Despite the aggregate benefits, many workers and communities are hurt by the dislocations and rising income inequality associated with globalization. Many more have lost the confidence that they will be able to succeed in a global economy. Free trade advocates have long argued, correctly, that to increase America's productivity and restore confidence, workers need the tools to succeed through greater investment in education and workforce training. Such policy changes are critically important, but it is increasingly evident that they are inadequate to address the real challenges globalization poses for American families. Globalization is undoubtedly one of the factors responsible for rising inequality and insecurity, together with technological change that increasingly rewards skilled workers and institutional changes (Autor, Katz, and Kearney 2008; Levy and Temin 2007; Lawrence 2008). In fact, American workers perceive that globalization is the key culprit (Anderson and Gascon 2007). Yale political scientist Kenneth F. Scheve and Dartmouth economist Matthew J. Slaughter, a former member of President Bush's Council of Economic Advisers, recently explained the relationship between income growth and protectionism this way in *Foreign Affairs* (2007): "U.S. policy is becoming more protectionist because the American public is becoming more protectionist, and this shift in attitudes is a result of stagnant or falling incomes. Public support for engagement with the world economy is strongly linked to labor-market performance, and for most workers labor-market performance has been poor" (pp. 34-35).

Supporters of trade must much more forcefully advocate for policy reforms to strengthen the safety net and help make sure that America's prosperity is more broadly shared than has been the case in recent years, both because it is the right thing to do and also because it will have the indirect benefit of helping to sustain support for continued globalization. Universal health insurance, enhanced retirement security, a reformed unemployment insurance system, and possibly wage insurance would all help ease dislocations and cushion income shocks. In addition, more progressive tax policy would be an efficient, immediate, well-targeted, and scalable policy tool to help maximize the number of winners and minimize the number of losers. The American business community may be beginning to recognize, as well, the reality that continued support for trade and globalization, in which business interests have an ever growing stake, is contingent on policies to spread the benefits of global economic integration more broadly.[5]

In short, economic growth will ultimately be stronger and more sustainable if all Americans have the opportunity to contribute to and benefit from it. In political terms, excluding significant parts of the population from the fruits of economic growth also risks a backlash

Government policies that are targeted to those most in need should be well designed, based on evidence and real-world experience about what works.

5. In fact, a June 2007 bipartisan report commissioned by the Financial Services Forum reached precisely that conclusion (Aldonas, Lawrence, and Slaughter 2007).

that can threaten prosperity. As former Federal Reserve chairman Alan Greenspan put it, "An increased concentration of income . . . is not the type of thing which a democratic society, a capitalist democratic society can really accept without addressing" (Joint Economic Committee 2005, p. 10).

Effective Government Can Enhance Economic Growth

Markets are the cornerstone of economic growth, but sound public policy and effective government are also critical to a successful economy. Markets themselves cannot function effectively without a government to enforce the rule of law and provide basic regulations. Market forces, while potent, will not by themselves generate adequate investments in education and training. Nor will markets generate sufficient investments in science and infrastructure—such as the type of government-funded "blue sky" research with no immediately apparent commercial viability that led to the Internet's creation—that are crucial to economic growth. Markets also may fail to provide individuals with the tools to manage economic risk, which necessitates social insurance programs like unemployment insurance. Such government programs help individuals to share in our nation's prosperity by better weathering economic storms. Similarly, markets do not sufficiently provide merit goods, like education or health care, which can help people realize the opportunities of a market-based economy.

Given our large fiscal challenge and scarce resources, it is important that government policies be targeted to those most in need and be well designed, based on evidence and real-world experience about what works. Spending on ineffective programs or in poorly targeted ways not only squanders scarce resources, it also undermines public faith in government efficacy. In some cases, evidence supports larger government investments, such as in early childhood education (Ludwig and Sawhill 2007). In many others, however, government resources can be better targeted than they are today. For example, while college costs have risen sharply, so have the returns on college attendance. Thus it may not be the most effective use of government resources to subsidize the cost of college for the many individuals who will more than recoup their investment. Instead, some have proposed that the government better target its resources to assist those who fall significantly short of those average future earnings by expanding the availability of income-contingent loans (Moss 2007). Although the returns to college education have increased, they are also more varied, so the investment in a college education is a greater risk than it used to be. The use of income-contingent loans allows the government to focus limited resources on those with particularly low incomes in a given year rather than provide less assistance to a larger number of people, for many of whom the investment in higher education pays off handsomely. Similarly, the duplicative and often poorly designed spending and tax programs to subsidize college may be much more effective if they were combined into a single, streamlined program (Dynarski and Scott-Clayton 2007). In the area of climate change, government funds can likewise be better targeted. Indeed, the government could more than double the existing research budget for climate change and energy security just by redirecting funds that are currently used for counterproductive or unnecessary energy programs (Furman and others 2007).

Policies to Promote Broad-Based Growth

In an effort to advance innovative ideas about how to invest in our nation's future prosperity and to enhance families' economic security, The Hamilton Project has released strategy papers offering a broad vision for policy in a range of areas, as well as dozens of discussion papers on a wide variety of topics related to promoting more broad-based growth. These discussion papers have all been written by leading scholars and grounded in real-world evidence about what works, not ideology and doctrine.

Perhaps the most important topic is health care. In addition to the 47 million uninsured Americans, the typical insured family pays, directly and indirectly, more than one-sixth of its income for health care. And this expensive care is far less effective than it should be. Providing universal, effective, and affordable health insurance is not just a major social objective but also an economic imperative for at least four reasons: first, rapidly rising premiums put a strain on business, wages, and jobs; second, ineffective care results in a less productive workforce; third, the rapid increase in public health spending is a key cause of the serious long-term fiscal challenges we face for Medicare and Medicaid; and fourth, America's patchwork, incomplete system of health insurance is a source of economic insecurity for American families and impedes the flexibility of our economy, for example, through the problem of "job lock" that precludes employees from switching employers for fear of losing their health insurance. A series of Hamilton Project papers have addressed health care issues specifically, providing alternative approaches for achieving universal coverage along with policy proposals to increase affordability and improve quality.

Addressing climate change and promoting energy security are other critically important issues. Estimates indicate that a doubling of greenhouse gas concentrations would reduce GDP by 1 to 1.5 percent in developed countries, and by much more in agriculture-dependent developing countries. The economy is vulnerable to oil price shocks, which have played a major role in nine of the ten U.S. recessions since World War II. Finally, there are geopolitical concerns with our dependence on oil, which often supports authoritarian governments and contributes to the U.S. military presence in the Middle East.

Our ability to address these challenges in a cost-effective manner will not only determine how much GDP growth is affected by climate policies but also how much individual families are burdened—particularly low-income families, which spend 14 percent of their income on energy bills (compared to the national average of 3.5 percent) (DOE 2006).Economists across the political spectrum agree that the most effective policy is the use of a market mechanism to place a price on carbon emissions, which will induce demand reductions and fuel substitution by making energy more expensive. Yet unlike the higher prices we are experiencing today, the increased cost will not accrue to OPEC countries but rather to the U.S. government, which can then return the money to families to offset the bite of higher energy prices. The Hamilton Project has released discussion papers offering policy proposals to price carbon, through a carbon tax or cap-and-trade system, along with proposals for well-targeted government investments in energy technology and a strategy for engaging the major emitting nations in an international response to climate change.

High quality education is also essential to building a highly skilled workforce. America's extraordinary growth in the twentieth century was underpinned by a huge expansion in education. In 1940 fewer than 25 percent of Americans over twenty-five years of age had a high school diploma; by 2000 more than 80 percent had graduated from high school, and the percentage of Americans over twenty-five with a bachelor's degree rose fivefold during that period (Bauman and Graf, 2003, p. 4). The increase in education of the American workforce accounted for nearly one quarter of the total growth in labor productivity from 1915 to 1999 (Goldin and Katz 2001). As one well-known study put it, "Education is both the seed and the flower of economic development" (Harbison and Myers 1965, p. xi.).

Our future work will continue to advance innovative ideas critical to achieving opportunity, prosperity, and strong, broad-based economic growth.

In addition, in an era of stagnant median real wages, it is more critical than ever that all Americans have the tools they need to become part of tomorrow's high-skilled workforce and share in our nation's prosperity. Increasing returns to education are one of the major drivers of increasing inequality (Autor, Katz, and Kearney 2008; Acemoglu 2002). Investing in education can help to offset this rise in inequality. And even workers who do not receive any additional education will benefit indirectly as the reduction in the supply of less-educated workers drives up their wages. The Hamilton Project has released policy proposals on a range of education topics, including early childhood education, stemming summer learning loss, improving teacher quality, reforming student financial aid, and increasing the number of scientists and engineers we graduate.

Health care, energy and education are just three of many important growth-enhancing investments that the nation needs to make in a broad range of areas that The Hamilton Project has addressed to date. Other topics include promoting income security to guard against steep and unexpected drops in income and provide retirement security; reforming our tax system to be more simple, progressive and efficient; improving our nation's infrastructure; encouraging science, technology and innovation; and rewarding work and reducing poverty.

In addition to long-term, growth-enhancing investments, promoting the economic security of American households also requires near-term responses to our current housing crisis that lower the rate of foreclosure and help families who are struggling with their mortgage payments—particularly as the unemployment rate and food and fuel prices rise. More broadly, responding to these problems will need to be part of the solution to the recent financial and credit market turmoil. Weakened financial conditions are adversely affecting the real economy, which in turn is worsening financial conditions, creating a vicious cycle that well-targeted and timely policy can help moderate. A period of reduced GDP growth is inevitable, but policy can influence the extent and duration of that slowdown. Toward that end, The Hamilton Project over the past year has released a strategy paper about how to use fiscal policy to stimulate the economy and convened numerous policy forums in which leading experts have discussed how to respond to the financial market turmoil and foreclosure crisis, as well as how to avoid such crises in the future.

Conclusion

Today we are in danger of breaking the quintessential American promise of upward mobility for the next generation, thereby threatening not only America's character but also our future economic progress—at a time when the United States faces growing challenges to its continued economic progress, including rising inequality, the failure to make critical investments, and an unsustainable and economically damaging long-term fiscal position. To meet these challenges, the nation must be willing to make necessary investments now to reap benefits later, and to adopt more robust policies to share the gains of our prosperity more broadly and enhance the economic security of American families. Consistent with The Hamilton Project's commitment to identify smart, pragmatic policy options, grounded in real-world experience and evidence, our future work will continue to advance innovative ideas from leading economic thinkers in a range of areas critical to achieving opportunity, prosperity, and strong, broad-based economic growth.

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