Bill Watkins
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In a sense, this forecast is just like every other forecast we've issued for the past eight years: It anticipates slow economic growth. The reasons for the slow growth, though, have changed.

The Great recession was the result of a financial crisis. Distortions in asset and debt markets had led to a huge miss-allocation of assets. It was always going to take a long time to unwind the miss-allocations and reallocate assets in a more efficient way.

It wasn't supposed to take this long, though.

It appears that we got lost on the way to recovery. Instead of reducing distortions, we've doubled down on them. It isn't turning out well.

Part of the problem is regulatory, and this issue actually started before the recession. Some would argue that the U.S. regulatory regime has been becoming increasingly onerous for decades. Even if that's true, the trajectory of our regulatory regime was dramatically accelerated soon after we entered the new century.

We see three pieces of legislation as particularly pernicious: Sarbanes-Oxley, the Affordable Care Act, and Dodd-Frank. Together, these laws impose high costs, direct and indirect through compliance overhead, that work against smaller firms, to the advantage of larger firms that can allocate those costs across a larger sales base. Since a large share of innovation and new jobs come from new firms, potential economic growth has slowed.

New legislation has not been the only source of businesses' increasing regulatory burden. Existing regulatory bureaucracies have been increasingly aggressive in their interpretation and enforcement of existing regulations.

Some of their actions have been and will be rejected by the courts, but that takes years, and it's expensive. Big businesses are better able to absorb the compliance costs or the legal expenses of challenging the regulators.

Banking regulators, at the Treasury and the Fed, have become more aggressive too. Part of this is a result of Dodd-Frank, but banks' regulatory burden was increasing long before Dodd-Frank. The results include far fewer banks, an increased regulatory burden on existing banks, and increasing concentration of bank assets into just a few huge banks. In turn, it ultimately leads to decreased loan availability to smaller businesses.

It also, perversely, leads to increased systemic risk. Regulators claim that increased oversight will reduce systemic risk. Unfortunately, this is not supported by experience or logic. Regulators have no history of correctly anticipating recessions. Certainly, they did not foresee, or do anything to prevent, the Great Recession. Furthermore, with less at stake than stockholders and management, there is no reason to believe that regulators will ever be able to more accurately forecast recessions.

This is not to say that private forecasters were any better. The Great Recession gives us all renewed reasons for humility. It is just to say, that with less incentive, regulatory forecasters are not likely to be systematically more accurate than private forecasters.

Regulations aren't the only source of distortions. Fiscal and monetary policy have squandered future economic growth in a misguided attempt at a short-term Keynesian recovery. The result is large government debt and a recovery characterized by pitifully little investment.

The Fed's policy, new in October 2008, of paying interest on banks' excess deposits at the Fed is straight-up contractionary. I have no idea why they raised it when they made their first attempt at normalizing interest rates, but were concerned about our lack of economic vigor.

Every now and then, we thought there was substantial upside to our forecast. That is, we hoped and thought that our forecast was more likely to be low than high. We've been disappointed every time. More often, though, we've thought that the downside risks were greater than the upside risks. That's true with this forecast. Low oil prices have not been stimulatory, and as we look at our economy and other economies we see little prospect that a return to sustained economic growth over three percent.

We do see significant downside potential. While we are definitely not in the crowd that sees impending doom, we do believe that their arguments are not completely without merit.

Experience volatility will surely exceed the forecast. This is just an acknowledgment of forecasting's technological constraints.

Some have accepted slow economic growth as the new normal. We don't. As I show in other essays, slow economic growth hurts those who are weakest among us. Furthermore, slow economic growth is not an act of God. It's a result of our polices. We should change the most detrimental policies.