From the Editor

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The first paper in this issue is by Douglas W. Elmendorf, the Director of the Congressional Budget Office, on its outlook for the economy and the federal budget. Although the outlook for the next few years is better than it has been for some time, weak aggregate demand and noncyclical structural factors continue to hold it back. Beyond 2017, growth is likely to weaken; and if current laws are unchanged, the debt/GDP ratio will grow.

An important element of the slow recovery from the Great Recession has been the slow recovery of the labor market. Mary C. Daly and Elliot M. Marks examine whether the degree to which the damage to the labor market is structural and permanent and the degree to which it is cyclical and likely to recover.

Tanweer Akram describes the many and complex factors that have led to Japan's stagnation over more than two decades, devoting particular attention to the apparent paradox of low government bond yields in the face of extremely high debt/GDP ratios and chronic fiscal deficits. He also examines "Abenomics" and the prospects for Japan's future.

A hot issue in state government economic policy is the degree to which relative tax burdens affect states' ability to attract and retain individuals and businesses. Roger Cohen, Andrew Lai, and Charles Steindel analyze the role of relative tax burdens on individuals' state-to-state migration flows, using a comprehensive data set from the Internal Revenue Service on migration from each state to every other state over the period 1992–2000. Further, they use New Jersey as a test case to estimate the impact of tax-induced net migration on population and state government revenues.

In *Economics at Work*, Patrick Jankowski describes his work and that of the Research Department of the Greater Houston Partnership in supporting the organization's work in public policy, economic development, and membership engagement.

In *Focus on Industries and Markets*, H. Allen Irish describes the American paint and coatings industry—its history, scope, market, competitive factors, and technological developments.

In the first of two book reviews, Diane C. Swonk looks at *Stress Test: Reflections on the Financial Crisis* by Timothy F. Geithner. Geithner—a career civil servant—was at the heart of the effort to rescue the United States from the 2008–09 financial crisis, first as President of the Federal Reserve Bank of New York and then as Treasury Secretary. Swonk finds the book valuable in understanding the context and content of decisions made during that crisis—"a vital piece of history that differs from previous books in that it goes beyond the causes and responses of the financial crisis to the economic and political challenges that followed."

In the second review, Derk A. Wilcox examines *Mass Flourishing: How Grassroots Innovation Created Jobs, Challenge, and Change* by Edmund S. Phelps. "In *Mass Flourishing*, Phelps writes an important summation of his recent academic work, and does so in a manner engaging to the economist and layman alike." This work has been focused on cultural underpinnings of societies and how they affect economic development. Phelps focuses on the conflict between a "modern capitalist" economy (of which the nineteenth century is an example) and a "corporatist" economy, in which economic behavior is directed by the state, which is dominated by special interests and attempts to protect everyone from everyone else. The trick is to find a balance such that the dynamism of the modern capitalist economy is regained and retained, for that is the model that best provides a just, flourishing, and vital society. The discussion is put in the context of economic history and the history of economic thought.

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