THE STRUCTURED EXIT

A Four-Part Series on Limited Government in Wyoming

Part 3: Independence from Federal Aid to States

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This is the third paper in a series of four. The first two have been published:

Part 1: Estimating the Structural Deficit in Wyoming
Part 2: Privatizing the University of Wyoming

One of the biggest obstacles to a structural reduction of state government spending is the role that federal money plays in state budgets. Under the umbrella of "Federal Aid to States" the U.S. government funds hundreds of programs run by the states. In total, the federal funds in these programs account for approximately one third of total state spending.

Federally sponsored programs cover an almost endless variety of areas, including health care, education, welfare and even law enforcement. Emphasis is on welfare-state programs, with approximately 80 percent of Federal Aid to States being dispensed through entitlement programs that redistribute income or consumption between private citizens.

Federal Aid to States is not a new phenomenon, but has undergone a fundamental transformation over time. What started out a century ago (in some cases even farther back in time) as isolated incidents of federal funding has now become a $500bn annual operation. This gives the federal government a big say in what states decide to emphasize in their own budgets. By organizing programs such as Medicaid as "joint ventures", the federal government has become fiscally deeply involved in state budgets.

Now that states and, especially, the federal government have major fiscal problems to deal with, the programs under the Federal Aid to States umbrella cause problems, both for the voters/taxpayers and for the states:

1. It is unclear who is accountable to voters and taxpayers for the design, the cost and the consequences of these programs;

2. Because of the shared responsibility it is easier for legislators to grow the programs without facing voter accountability, increasing the temptation to grow spending compared to programs funded under one single jurisdiction;

3. Joint funding effectively forces states to lock in part of their in-state sourced revenue, narrowing down their opportunity to reduce spending, either in response to a recession or as part of structural spending reform.

It is worth noting that the spending trap that keeps states from reducing their share of the jointly funded programs also traps Congress on a path toward steadily higher spending. The federal government has a budget deficit problem that surpasses that of even California, with very difficult long-term consequences for the U.S. economy. Recent forecasts from the Office of Management and budget suggest that the end to current trend of a shrinking deficit is imminent.

While the deficit crisis is building up again, Congress appears to only have one response ready: to wait until panic strikes, then pull out the fiscal chainsaw and slash the budget, sequester-style, but with far deeper and less predictable effects.

Among the first in line to get their allowances reduced are the 50 states. There is little doubt that it is going to hurt, and Wyoming will take its fair share of the budget-cut bruises. In recent years the Cowboy State has frivolously increased its dependency on the federal government. According to the 2014 State Expenditure Report from the National Association of State budget Officers, Wyoming took 34.6 percent more federal aid in 2014 than in 2012. This was the third largest increase of all states; only Connecticut (+109 percent) and Illinois (+42.5 percent) were ahead.

When the federal government executes drastic spending cuts, the states will be faced with a very difficult choice:

- On the one hand they can raise taxes to fill the gap left by federal funds;
- On the other hand they can make panic-driven reforms to those programs in a hope to put Band Aid on them.

Neither of these two ex post facto solutions should be appealing to the responsible state legislator – or the responsible governor.

This report outlines a third option. However, before we develop it we need a deeper understanding of why the threat is imminent of drastic federal spending cuts.

The nature of the federal fiscal crisis

The fiscal problem for the federal government is not a revenue problem. According to the Office of Management and Budget (OMB), federal tax revenues have grown by more than seven percent per year since the bottom of the recession in 2010.[i] The growth rate will remain strong, pushing federal tax revenues past the historic threshold of $4 trillion in 2018.

That represents 19 percent of GDP, the fifth highest ratio in history. For comparison, when Obama took office in 2009, federal revenue was 14.6 percent of GDP.

The rise in revenue as share of GDP is remarkable, especially since it happens in such a short period of time. Currently, for every $100 growth in GDP, federal tax revenues are growing by $180. Not since the Korean War have federal tax revenues grown this fast.

Yet despite this almost unprecedented rise in tax revenues, the federal government is unable to close the deficit gap in its budget. By the end of President Obama's second term in office the federal government will have recorded 16 straight years of deficits. Chronic over-spending is building up a debt that, in turn, is a fiscal disaster waiting to happen. It is not a matter of if, but when, global investors lose faith in the ability of the U.S. government to manage its debt.

This has already happened to some degree, as the interest rate on 10-year U.S. Treasury bonds are higher than the rate on the equivalent French and Spanish Treasury bonds. The economies of those two countries are in bad shape compared to the U.S. economy, with zero growth and unemployment that is twice the American rate, or more.[ii]

Put bluntly: the risk premium is already here, and Congress is running out of options. The rapid growth in tax revenues has proven that the taxation route to a balanced budget is closed. If the federal government is unable to eliminate the deficit even as revenue grows at seven percent per year or more, then what good would tax increases do?

As the tax door slams shut, the door to panic-driven spending cuts is opening up. When Greece, Spain, Ireland and Italy came to a point where global investors had lost enough faith in the debt-management skills of their Treasuries, their legislatures were forced to make very drastic, indiscriminate and disorganized cuts. Those cuts left entitlement programs in disarray, sent dependent families into deep poverty and made the recession deeper and longer than it otherwise would have been.[iii]

When the United States is pushed into the corner where only panic-driven spending cuts remain, Congress and the President will effectively lose control over the federal budget. Global investors will de facto dictate what spending programs to keep, which ones to save and what taxes to increase.

These are all events beyond the control of state governments. What they can control, though, is their fiscal ties to the federal government.

Decentralization and state fiscal independence

In addition to the aforementioned, relatively urgent fiscal reasons for making states independent of federal funds, there is another, more principled reason.

Federal funds come with strings attached that either outright dictate how a state should run a specific program, or strongly incentivize national standardization of certain policy solutions. Two examples are the 1996 welfare reform and the No Child Left Behind act.

By demanding that states contribute substantial amounts of their own money toward the federally dictated programs, the federal government ties the hands of state legislators who are forced to tax their residents without being able to tailor spending for those tax revenues to the preferences of their taxpayers.

Furthermore, the funds are dispensed in accordance with an ideological preference: the construction of an indicatively planned welfare state. It is far from certain that the residents of every state in the United States want a welfare state of this kind – or any other kind, for that matter. They may have ideological objections or they may simply want to pursue alternative solutions in order to let reality and results determine the best way to solve complex socio-economic problems.

Four stages of welfare-state expansion

In order to understand the context of today's federal aid to states it is important to distinguish between various forms of government intervention in the economy. To begin with, there are three universal rules for the role of the state intervention:

1. The smallest acceptable state is the minimal state, which is static in nature and never will expand.

2. Once a state transgresses its minimal boundaries, it becomes a redistributive state.

3. The expansion of the state is both social and economic. It travels through four stages until it reaches a point where government essentially controls the entire economy and regulates every aspect of the citizen's private life.

The four stages of the welfare state are as follows:

Stage 1: The Conservative Welfare State. At this stage the welfare state does not actively try to change the way the free-market economy distributes income and consumption between citizens. Its entire purpose is to provide a last-resort kind of safety net for those who, through no fault of their own, cannot provide for themselves. Historically, the standard of living for those dependent on the conservative welfare state was equivalent to subsistence – mere survival – or slightly higher. This intentionally makes it more attractive for individuals to pursue every other legal alternative for making a living.

Because it is funded by forcefully collected revenue – also known as taxes – the conservative welfare state is by definition redistributive. However, by providing its dependents with a strictly subsistence standard of living this form of welfare state keeps its redistributive impact on the economy to a minimum.

Enrollment in the welfare state's entitlement programs – which are few and frugal – is supposed to be strictly temporary.

Stage 2: The Progressive Welfare State. This stage of the welfare state distinguishes itself from the first stage by the role of income and consumption redistribution. While the conservative welfare state redistributes out of necessity to provide a subsistence safety net for those suffering financial hardship, the progressive welfare state redistributes income and consumption in order to permanently alter the relative earnings and purchasing power of defined groups in society.

In the conservative welfare state, economic redistribution is a necessary bad; if nobody fell into involuntary financial hardship, the conservative welfare state would be inactive. By contrast, the progressive welfare state is always active redistributing income and consumption from undeserving groups to entitled groups of citizens. While conservative redistribution is driven by compassion, progressive redistribution is motivated by a specific definition of justice. This definition goes under two labels, justice as *equality in outcomes or justice as fairness*, both of which essentially mean the same thing:

a) Every individual is entitled to a certain amount of income and consumption;

b) Individuals who earn more than average are undeserving of their above-average earnings;

c) Individuals who earn less than average are entitled to average earnings.

Motivated by this three-step definition the progressive welfare statist creates permanent entitlement programs that supply those defined as entitled with cash and in-kind services that those with above-average earnings are expected to acquire on their own. At the same time, to pay for their entitlement programs the progressives create multi-bracket income taxes, taking disproportionately large amounts from above-average earners.

Over time the advancement of the progressive welfare state diminishes the sum total of upper-end purchasing power to the extent that the free market can no longer profitably provide services such as education and health care. At this point the progressive welfare state crosses a line where its provision of services are no longer provided strictly on a redistributive basis but on the basis of universal coverage.

Stage 3: The Indicative Welfare State. As more entitlements are provided on a universal basis, the welfare state gradually moves from the progressive stage to the indicative stage. Here, government produces a range of entitlements equally available to all citizens. Good examples are health care and K-12 education, but pre-K childcare and retirement security are also part of a core package of universally provided entitlements.

Indicative central planning is more limited than the full-scale kind of planning known as teleological, or "Soviet style". As the term suggests, indicative planning steers macroeconomic activity in a planned direction, in accordance with an over-arching ideological policy goal. This goal is redistributive as for the progressive welfare state, but it is expanded significantly to include a bundle of goods and services known as the *social dividend*. Explained in detail by renowned socialist economist Oskar Lange in 1936, this term represents "the individual's share in the income derived from the capital and the natural resources owned by society".[vi]

In its practical form, the social dividend does not consist of the proceeds from government-owned capital, but on the resources available to government through taxation. With entitlements paid for through taxes and provided on a universal basis, government now controls a large part of the economy, typically more than 40 percent of GDP.[v] The universal provision of goods and services, together with taxation, therefore constitutes a de facto planning of the entire economy.

However, while government directly and indirectly controls more than half of the economy, it does not replace some core elements of the free-market economy. Most notably, consumer products are produced, sold and bought on free markets at regular, market-based prices. Furthermore, the profit motive still guides the production of what is provided through the private sector.

The overall purpose of indicative planning is to let government simulate the free market but accomplish an ideologically more desirable result.[vi]

Stage 4: The Teleological Welfare State. Central economic planning in its fullest form replaces the free-market price system with a centrally administered distribution system for all resources in the economy. A government agency assigns each product – good or service – an accounting price as opposed to a market price. While the latter are set by means of supply and demand on an open market, the accounting price is the central planning authority's instrument for bringing markets into equilibrium.

For reasons that should not require further explanation, Stage 4 is excluded from the discussion in this paper.

Focus here is on Stages 2 and 3, which is where the American welfare state is located.

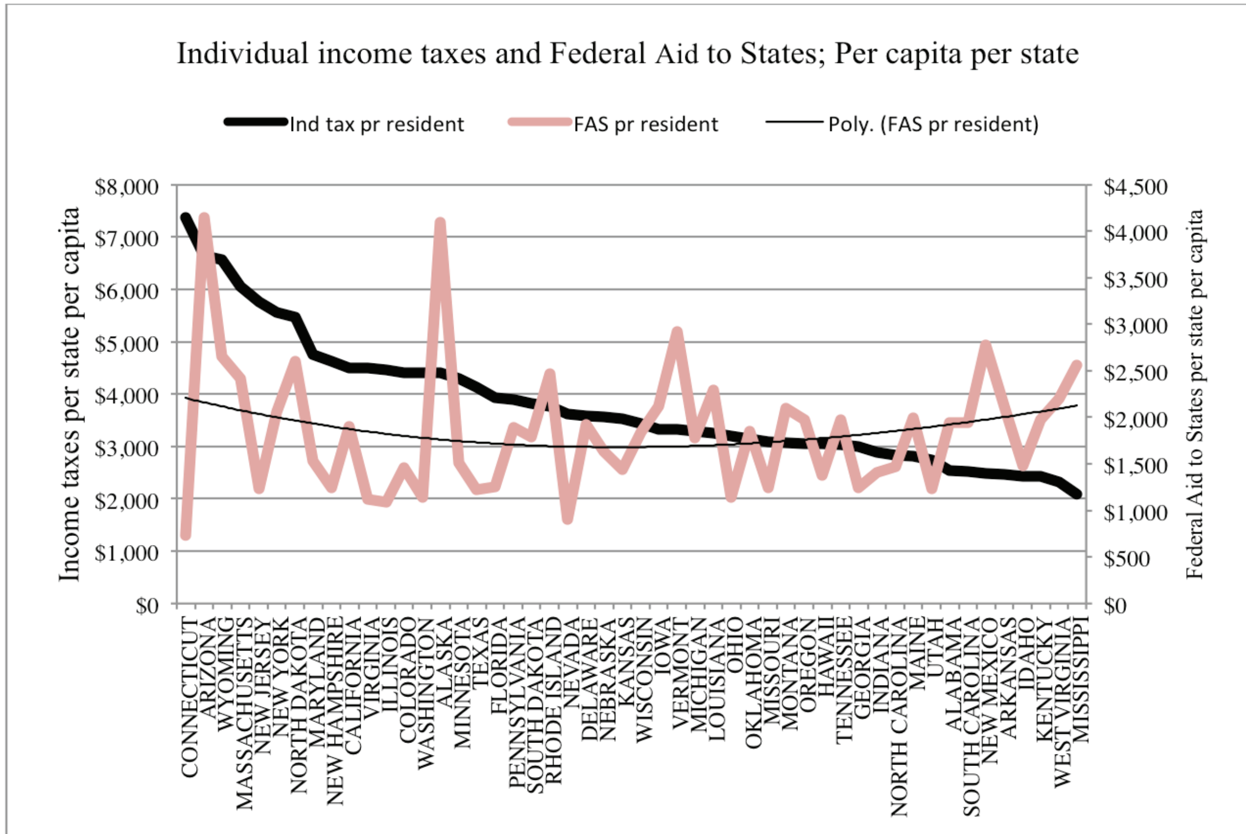
The welfare state, as Americans know it, is associated with the progressive era, primarily President Franklin D Roosevelt. During that era, entitlement programs were created in order to redistribute income and wealth between households in the U.S. economy.

Since then, however, the welfare state has at least partly reached Stage 3. Entitlement programs are less and less aimed at redistribution and to an increasing degree designed to provide services on a universal basis. The goal is not to even out differences in standard of living, but increasingly to socialize the production of certain services.

The Federal Aid to States program is designed based on the premises of Stage 3 of the welfare state. It does not redistribute standard of living between individuals, but gradually places larger segments of the U.S. economy under its control.

There are two ways to illustrate that Federal Aid to States is not dispensed based on redistribution principles, but on the principles of the indicative welfare state. The first compares federal funds that a state was eligible to in 2012 to individual federal income tax payments. Relative to individual income taxes there is no pattern of redistribution at all in how the federal aid falls between the states:

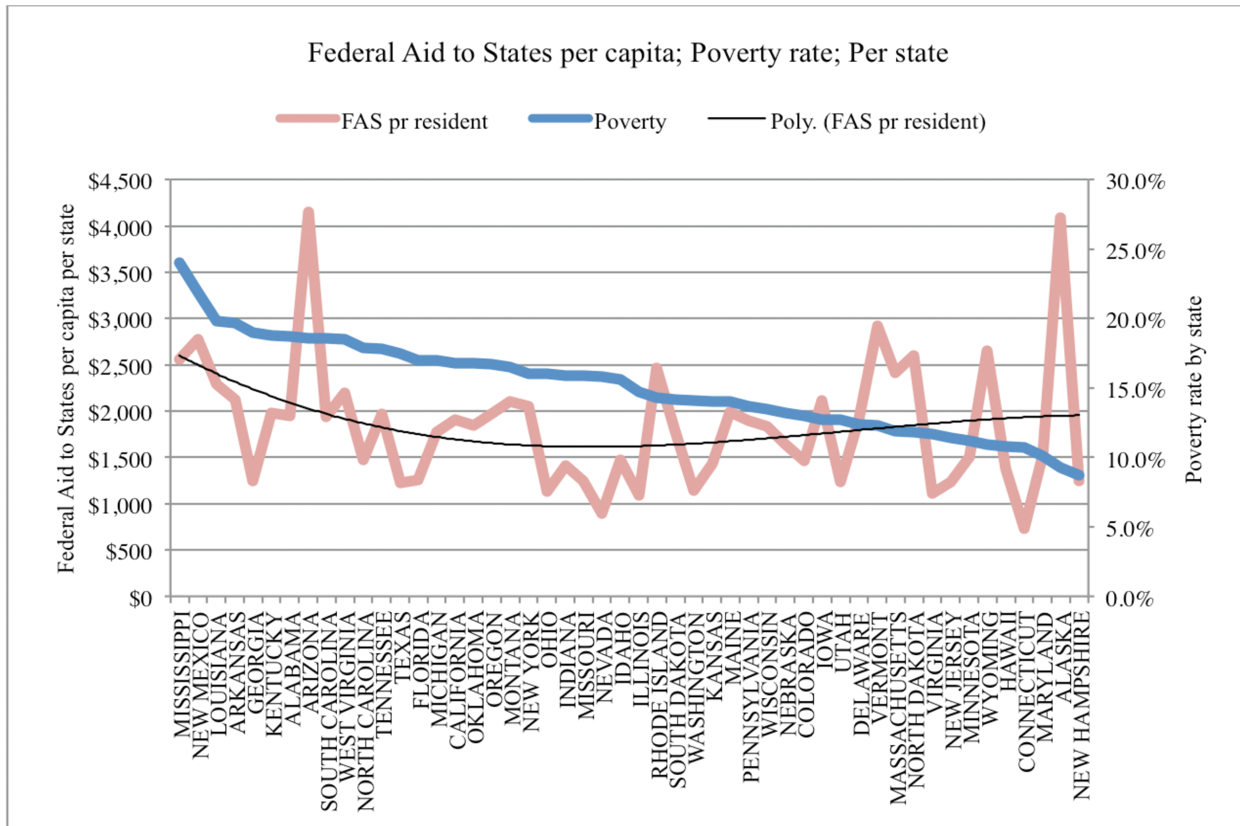
Figure 1



<u>Sources</u>: *IRS (taxes), NASBO (federal funds) and Census Bureau (state population)*

Furthermore, not even when compared to poverty rates do federal funds exhibit any redistribution pattern:

Figure 2



Sources: NASBO (federal funds) and Census Bureau (state population and poverty rates)

The only potential conclusion from Figures 1 and 2 is that the federal government dispenses federal aid to states according to a one-size-fits-all pattern. Wealthy states get the same treatment as poor states, indicating that the ideological ambitions behind the federal-aid-to-states program are stronger than redistribution of income and property. This points to a more ambitious welfare state than the progressive, in other words an indicative welfare state.

States are, again, mandated to participate in the construction, funding and evolution of this welfare state, regardless of what preferences their residents may have.

How, then, can states regain their fiscal independence?

Separating program intentions from policy methods

To illustrate the reform model proposed here, the Temporary Assistance to Needy Families program is used as an example. The reform model has two purposes that can align well with one another: to help the federal government reverse its trend of perennial, even expanding, budget deficits; and to provide states with a route to fiscal sovereignty.

For Wyoming, this means an opportunity to reform spending in such a way that the state's structural deficit is eliminated.

For the foreseeable future, the prime fiscal assignment of Congress is going to be to reduce and eventually eliminate the federal budget deficit. In order to do so, Congress needs all the help it can get. When it comes to reforming safety-net programs, this help is well within reach: states co-fund these programs and can assume more responsibilities than they have today.

With a new and clearer division of responsibilities between states and the federal government, Congress can:

- Allow itself to concentrate on its budget problems;
- Give states latitude to tailor key parts of safety-net programs to their individual needs and preferences; and
- Open for jurisdictional competition, leading to more efficient policies without violating the no-harm condition.

The answers to these questions articulate a separation of responsibilities:

- Congress maintains jurisdiction over the principled question: "What is the goal of this program?"
- States get full jurisdiction over the policy question: "How can we achieve the goal of this program?"

As an example of what it means to separate these questions, consider the regulations that currently define the TANF program. These regulations are spelled out in CFR Part 260.30, which explains how Congress defines the goal of the program. This goal is divided into four separate purposes, the first of which says that the program shall:

(1) Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.

This first purpose does bundles together the principled question with the policy question. To separate the two, this purpose can be reworded:

The first purpose of the TANF program is to provide assistance to needy families; The states shall determine how the purpose of the program shall be accomplished.

A similar distinction can be made in the second, third and fourth purposes of the TANF program, which read as follows:

(2) End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

(3) Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and

(4) Encourage the formation and maintenance of two-parent families.

These purposes effectively mandate specific policy methods for accomplishing the goals of the program. In the case of the second purpose the implied method is welfare-to-work. There is little research that disputes the overall virtues of welfare-to-work as such, but there is also some criticism suggesting that the welfare-to-work (or "workfare") part of welfare reform has become a poverty trap.

Allowing states to apply their own policy methods will create enough jurisdictional competition to settle the score on welfare to work. The same is true for the policy methods implied in the third and fourth purposes.

It is understandably tempting for Congress to want to enter the policy side, but it is also important to keep in mind that new solutions to policy problems come from both policy innovation and research. When states have more latitude they create a new market for creative policy solutions.

Decentralized funding

Elevating the analysis from one individual program – TANF – and returning to the program cluster funded by federal aid to states, an important problem comes into focus, namely the split funding responsibility for the programs that the funds are appropriated for. If a transfer of policy responsibility to the states is going to be successful it must include a funding reform that, on similar terms, separates the jurisdictional responsibilities of the "What" from the "How". State-based responsibility must be paired with state-based funding.

At the same time, the federal government cannot simply transfer the full extent of funding onto the states, expecting them to find new in-state revenue to replace federal funds. This would create a lead to a half-trillion dollar tax increase on the U.S. economy, irresponsible under any circumstances.

To complicate matters, the federal government cannot lose revenue without also losing spending. It needs a systematic, combined reduction of spending and taxes. The reform proposed in this paper offers a good example of a proportionate reduction on both sides of the federal budget.

Using year 2012 as an example, a block grant reform of federal funds would transfer the responsibility of $512 billion worth of spending from the federal government to the states. This means that the reform also must transfer the authority over $512 billion of federal tax revenue to the states.

To make the revenue transfer as clean and straightforward as possible, it should take place based on one single tax. The tax must produce enough revenue to at least pay for federal aid to states, and it must be paid by taxpayers in all the 50 states.

Only one tax meets all these criteria: the individual federal income tax. In 2012 this tax produced $1.25 trillion in revenue, or $2.44 for every $1.00 the federal government paid out in aid to the states.

In the aggregate, therefore, the individual federal income tax is a good candidate for a revenue transfer coupled with the transfer of the federal-aid-to-states spending responsibility. However, the reform can only be successful if there is enough revenue in each state to pay for that state's federal funds.

Table 1 combines IRS individual federal tax data with federal aid to states data from the National Association of State Budget Officers, both from 2012:

	Individual income taxes	**Federal aid to states**	**Balance**
ALABAMA	$12,253,999,000	$9,439,000,000	$2,814,999,000
ALASKA	$3,201,674,000	$3,017,000,000	$184,674,000
ARIZONA	$19,600,765,000	$12,299,000,000	$7,301,765,000
ARKANSAS	$7,267,637,000	$6,278,000,000	$989,637,000
CALIFORNIA	$171,069,306,000	$73,063,000,000	$98,006,306,000
COLORADO	$22,895,166,000	$7,691,000,000	$15,204,166,000
CONNECTICUT	$26,434,139,000	$2,631,000,000	$23,803,139,000
DELAWARE	$3,287,583,000	$1,777,000,000	$1,510,583,000
FLORIDA	$75,951,916,000	$24,570,000,000	$51,381,916,000
GEORGIA	$29,718,059,000	$12,469,000,000	$17,249,059,000
HAWAII	$4,245,984,000	$1,932,000,000	$2,313,984,000
IDAHO	$3,889,394,000	$2,383,000,000	$1,506,394,000
ILLINOIS	$57,412,027,000	$14,007,000,000	$43,405,027,000
INDIANA	$18,834,399,000	$9,272,000,000	$9,562,399,000
IOWA	$10,231,885,000	$6,551,000,000	$3,680,885,000
KANSAS	$10,180,784,000	$4,153,000,000	$6,027,784,000
KENTUCKY	$10,618,307,000	$8,687,000,000	$1,931,307,000
LOUISIANA	$14,923,098,000	$10,616,000,000	$4,307,098,000
MAINE	$3,731,007,000	$2,649,000,000	$1,082,007,000
MARYLAND	$27,987,397,000	$9,058,000,000	$18,929,397,000
MASSACHUSETTS	$40,252,103,000	$16,157,000,000	$24,095,103,000
MICHIGAN	$32,602,509,000	$17,549,000,000	$15,053,509,000
MINNESOTA	$23,135,440,000	$8,170,000,000	$14,965,440,000

MISSISSIPPI	$6,211,929,000	$7,590,000,000	$1,378,071,000
MISSOURI	$18,577,897,000	$7,539,000,000	$11,038,897,000
MONTANA	$3,093,917,000	$2,131,000,000	$962,917,000
NEBRASKA	$6,566,785,000	$2,988,000,000	$3,578,785,000
NEVADA	$10,101,865,000	$2,554,000,000	$7,547,865,000
NEW HAMPSHIRE	$6,097,054,000	$1,650,000,000	$4,447,054,000
NEW JERSEY	$50,976,085,000	$10,998,000,000	$39,978,085,000
NEW MEXICO	$5,174,754,000	$5,790,000,000	$615,246,000
NEW YORK	$108,861,224,000	$40,311,000,000	$68,550,224,000
NORTH CAROLINA	$27,557,797,000	$14,513,000,000	$13,044,797,000
NORTH DAKOTA	$3,860,139,000	$1,884,000,000	$1,976,139,000
OHIO	$37,034,311,000	$13,144,000,000	$23,890,311,000
OKLAHOMA	$12,004,217,000	$7,122,000,000	$4,882,217,000
OREGON	$11,917,933,000	$7,753,000,000	$4,164,933,000
PENNSYLVANIA	$49,658,108,000	$24,177,000,000	$25,481,108,000
RHODE ISLAND	$3,955,122,000	$2,599,000,000	$1,356,122,000
SOUTH CAROLINA	$11,891,233,000	$9,284,000,000	$2,607,233,000
SOUTH DAKOTA	$3,184,086,000	$1,507,000,000	$1,677,086,000
TENNESSEE	$19,556,485,000	$12,806,000,000	$6,750,485,000
TEXAS	$107,683,473,000	$32,324,000,000	$75,359,473,000
UTAH	$7,817,550,000	$3,588,000,000	$4,229,550,000
VERMONT	$2,078,747,000	$1,831,000,000	$247,747,000
VIRGINIA	$36,817,823,000	$9,212,000,000	$27,605,823,000
WASHINGTON	$30,649,415,000	$8,049,000,000	$22,600,415,000
WEST VIRGINIA	$4,307,299,000	$4,064,000,000	$243,299,000
WISCONSIN	$19,707,907,000	$10,572,000,000	$9,135,907,000
WYOMING	$3,785,620,000	$1,547,000,000	$2,238,620,000

As Table 1 explains, only two states would be unable to pay for their federal funds: Mississippi would fall short almost $1.4bn and New Mexico would need another $615 million to break even.

The fact that this revenue pays for itself in 48 states is encouraging. The shortfall in two states is a call for solutions tailored to the exceptions, not a reason to dismiss the reform model itself.

Wyoming a pilot state

There are many obstacles in the way of reforming federal aid to states in line with this model. However, those all fall in the implementation category; the reform model itself is both realistic and self-funded. Since the purpose is not to automatically shrink government but to open for jurisdictional competition and experimentation among the states, the reform should be politically acceptable to a wide variety of members of Congress.

That said, it is unlikely that any reform of this kind would be implemented soon enough to help Wyoming with its structural budget deficit. To facilitate a move in the direction of a nationwide reform, Wyoming could take the lead and make the following proposal to the federal government:

1. Let Wyoming become a pilot-program state for a test run of the block-grant reform model.
2. The pilot program would run for five years, during which the state would assume full responsibility for answering the “how” question regarding all programs receiving federal funds.
3. The federal government would suspend all rules and regulations that interfere with the state’s ability to choose policy methods. The state in turn would assume full legal responsibility for all the programs currently under the federal aid to states funding model.
4. The funding for the pilot program would be defined by a specified percentage of individual federal income taxes paid by Wyoming residents in the first year of the pilot program. The percentage would be determined by the ratio of federal aid to states for Wyoming to the sum total of individual federal income tax payments in that year.

After a five-year test period the program would be independently and appropriately evaluated. The criteria for evaluation should be as simple and straightforward as the program itself:

a) What policy methods as the state of Wyoming selected for its pilot program?

b) Have the policy methods improved the living conditions of those dependent on, or entitled to, services or cash from programs sponsored by federal funds?

c) Has the state of Wyoming reduced the cost to taxpayers as a result of its selected policy methods?

The second evaluation criterion is deliberately open-ended. However, if the degree of self sufficiency has increased among the dependent population as a result of the selected policy methods, then the methods should be deemed successful.

This evaluation point could be considered to be skewed; a proponent for an expanded welfare state would want to use the opposite metric to define success. However, the purpose here is to develop a reform model that can help Wyoming gain fiscal sovereignty as a means toward reducing and eventually eliminating its structural budget deficit. That purpose does not align with an ideological preference for expanded government dependency among the citizenry.

Conclusion

Wyoming depends on federal funds for programs created and regulated by the federal government. Together with the federal funds, these programs constitute the bulk of Wyoming state spending.

The state's dependency on federal funds is a source of considerable risk for the near to mid-term future. Cuts aimed at containing an escalating federal deficit crisis would hit Wyoming hard without leaving the state with any other options than to pass those cuts along to the users of Wyoming state and local government services.

In order to prevent being trapped in the consequences of panic-driven federal spending cuts, Wyoming could take national lead in becoming independent of Federal Aid to States. Wyoming taxpayers already pay enough in personal federal income taxes to cover the federal funds that Wyoming receives on an annual basis. From a fiscal viewpoint it would therefore be a comparatively simple matter for the state and the federal government to agree on a "fiscal swap": Wyoming gets to keep a share of the personal federal income taxes that Wyomingites pay equal to the state's federal funds.

As part of this "fiscal swap" Congress would keep the right to define the overall purpose of a program. However, states would be given the right to determine how the programs, currently sponsored by federal funds, are run.

By gaining the right to determine how programs are executed, the state of Wyoming also gets the right to implement cost-saving and choice-expanding reforms. This in turn will benefit taxpayers, keep more money in private pockets and thus increase spending in the private sector. Overall, the state's economy will be in better shape. That is a benefit added to the state government's big gains in fiscal independence.

Endnotes

[i] See Office of Management and Budget: http://www.whitehouse.gov/omb/.

[ii] For interest rate data, see: Trading Economics: http://tradingeconomics.com. For general macroeconomic data, see Eurostat national accounts data at: http://epp.eurostat.ec.europa.eu/portal/page/portal/national_accounts/introduction

[iii] Larson, Sven: *Industrial Poverty: Yesterday Sweden, Today Europe, Tomorrow America;* Gower Applied Research, Dorchester, UK 2014. See especially chapters 4a and 4b.

[iv] Lange (1936), p. 61.

[v] Larson (2014).

[vi] For a detailed critique of Oskar Lange's case for indicative planning, see Roberts (1971).

Notes:

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