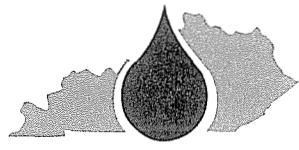


closed



Kentucky Rural Water Association

Helping water and wastewater utilities help themselves

March 15, 2013

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MAR 18 2013

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen, Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602-0615

Re: **Case No. 2013-00006**
Kentucky Rural Water Association's 2013 Management Conference and
Technology Conference

Dear Mr. Derouen:

Kentucky Rural Water Association (KRWA) hosted its **2013 Management and Technology Conference** at the Sloan Convention Center/Holiday Inn University Plaza on February 20-21, 2013 in Bowling Green, Kentucky. On behalf of Kentucky Rural Water Association, I hereby attest that the program herein referenced as **Case No. 2013-00006** was performed as scheduled and approved by the Commission.

As required, a list of water district commissioners and the hours they earned by attending the approved sessions is enclosed. Only one speaker provided handouts to attendees. A copy of the handout is included.

Kentucky Rural Water Association would like to thank the Kentucky Public Service Commission for their leadership and support in approving the training offered at our **2013 Management Conference and Technology Conference**.

Sincerely,

Randall Kelley
Randall Kelley
Training Specialist

jc

Enclosures (2)

Kentucky Rural Water Association's
2013 Management and Technology Conference
February 20-21, 2013
Bowling Green, Kentucky

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Continuing Education Credit Hours Earned by Commissioners

PUBLIC SERVICE
COMMISSION

First Name	Last Name	Organization	PSC Hours
Randall	Long	Caldwell Co. Water District	9
Robert	McGuire	Cannonsburg Water District	8
Ashbel	Brunson	Christian Co. Water District	6
Barbara	Morris	Christian Co. Water District	6
Fred	Farris	East Clark Co. Water District	8
Ron	Toler	East Clark Co. Water District	8
Dennis	Minton	East Laurel Water District	6
Doug	Day	East Laurel Water District	7
Bobby	Anders	East Laurel Water District	4
Loyd	Houchens	East Logan Water District	9
Bill	Stokes	East Logan Water District	7
Roy	McDougal	Edmonson Co. Water District	9
Barry	Rich	Edmonson Co. Water District	9
Jimmy	Mills	Edmonson Co. Water District	9
Jimmy	Wilson	Gallatin Co. Water District	7
David	Easton	Gallatin Co. Water District	7
Vic	Satchwell	Gallatin Co. Water District	7
Nancy	Cain	Grayson Co. Water District	9
John	Tomes	Grayson Co. Water District	9
Kirby	Johnson	Grayson Co. Water District	9
Kenneth	Sharp	Grayson Co. Water District	6
Tim	Purcell	Grayson Co. Water District	6
John	Effinger	Hardin Co. Water District #2	6
Cordell	Tabb	Hardin Co. Water District #2	6
Michael	Bell	Hardin Co. Water District #2	6
Tim	Davis	Hardin Co. Water District #2	6
Morris	Miller	Hardin Co. Water District #2	6
J.F.	Hall	Jessamine-South Elkhorn Water Dist.	6
Jerry	Haws	Jessamine-South Elkhorn Water Dist.	6
David	Moore	Laurel Co. Water District #2	7
Roy	Jenkins	Laurel Co. Water District #2	9
Tom	Baker	Laurel Co. Water District #2	7
Charles	Murphy	Lyon Co. Water District	9
Raymond	Taylor	McCreary Co. Water District	6
Maynard	New	McCreary Co. Water District	6
Coy	Taylor	McCreary Co. Water District	6

Kentucky Rural Water Association's
 2013 Management and Technology Conference
 February 20-21, 2013
 Bowling Green, Kentucky

Continuing Education Credit Hours Earned by Commissioners

Anthony	Jones	McCreary Co. Water District	6
Bobby	Mayhugh	Muhlenberg Co. Water District	9
Robert	Woodburn	Muhlenberg Co. Water District #3	6
Don	Garrett	Muhlenberg Co. Water District #3	9
Doug	Anderson	Muhlenberg Co. Water District #3	9
Jerry	Miller	North Marshall Water District	6
James	Leonard	North Marshall Water District	6
Roy	McGregor	South Hopkins Water District	6
Joe	Elliott	Southeast Daviess Co. Water District	9
Bobby	Crow	Southeastern Water Association	9
Mike	Coyle	Southern Madison Water District	9
Leonard	Bratcher	Southern Madison Water District	9
R. Harvey	Johnston	Warren Co. Water District	6
Tad	Donnelly	Warren Co. Water District	6
Joe	Taylor	Warren Co. Water District	6
Henry	Honaker	Warren Co. Water District	6
Glen	Johnson	Warren Co. Water District	9
John	Gill	West Laurel Water Association	7
Joel	Wilson	Western Pulaski Co. Water District	6
Earl	Bailey	Wood Creek Water District	7

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MAR 18 2013

PUBLIC SERVICE
COMMISSION

Kentucky and United States Trends: Maps and Tables

**Population, Employment, Income Unmarried Births and
Economic Realities**

Presented by:

**Ron Crouch, Director
Research and Statistics
(502) 782-3094 Direct Line
(502) 640-5873 Cell Phone
ron.crouch@ky.gov**

Prepared by:

**Research and Statistics
Office of Employment and Training, OET
Kentucky Education and Workforce Development Cabinet
275 East Main Street, 2-WG
Frankfort, Kentucky 40621**

(502) 564-7976

Homepage: www.kylmi.ky.gov



The Changing Face of America: Diversity and Longevity

Ron Crouch, Director of Research and Statistics
Education and Workforce Development Cabinet
Commonwealth of Kentucky

Ron Crouch serves as Director of Research and Statistics, Kentucky Education and Workforce Development Cabinet, overseeing the development of databases on demographic, social, educational, workforce and economic issues and trends relating to the state of Kentucky

Mr. Crouch served as director of the Kentucky State Data Center (KSDC) at the University of Louisville for nearly 21 years. The KSDC is the official clearinghouse for Census data for the state of Kentucky and provides data on population, housing, education, employment, and other social indicators.

Mr. Crouch has developed a national database, analyzing trends by both census regions and states. He also has developed census profiles for all 50 states, including population pyramids, a population chart showing population trends and tables indicating trends on demographic, social and economic variables.

He makes, on average, 150 presentations annually in Kentucky and across the United States and has spoken to leaders in 34 states and to several international organizations over the past few years.

He is a graduate of the University of Louisville with a major in sociology and minors in political science and economics. He holds master's degrees in both sociology and social work from the University of Louisville and an MBA from Bellarmine University.

Introduction

The United States of America is going through two significant demographic trends which will dramatically impact our society and our economy. We are experiencing two revolutions, as diversity growth is changing the future face of America and longevity is driving our population growth. The opportunities and challenges of these two revolutions are not well understood by many of our decision makers and our citizens.

The World around Us

These two revolutions go beyond the United States. In 1800, world population reached one billion persons. It took another 130 years to reach its second billion, in 1930, and just 30 years to reach its third billion in 1960. Since then, the world has added another billion persons every 12 to 14 years and is projected to reach seven billion persons in 2111. The United Nations, however, projects that world population growth is slowing and flattening out, peaking at 10 billion persons in 2100. The Population Reference Bureau states "the world population has reached a transition point. The population size of the world's developed countries has essentially peaked. What little growth remains will mostly come from immigration from less developed countries." These less developed countries accounted for virtually the entire world population growth in the 20th century and are made up of persons of color. However, the major factor in the world's population explosion during the last century was not due to fertility but longevity, a direct result of the rapid decline in mortality rates in the less developed countries.

The United States Demographic Revolutions

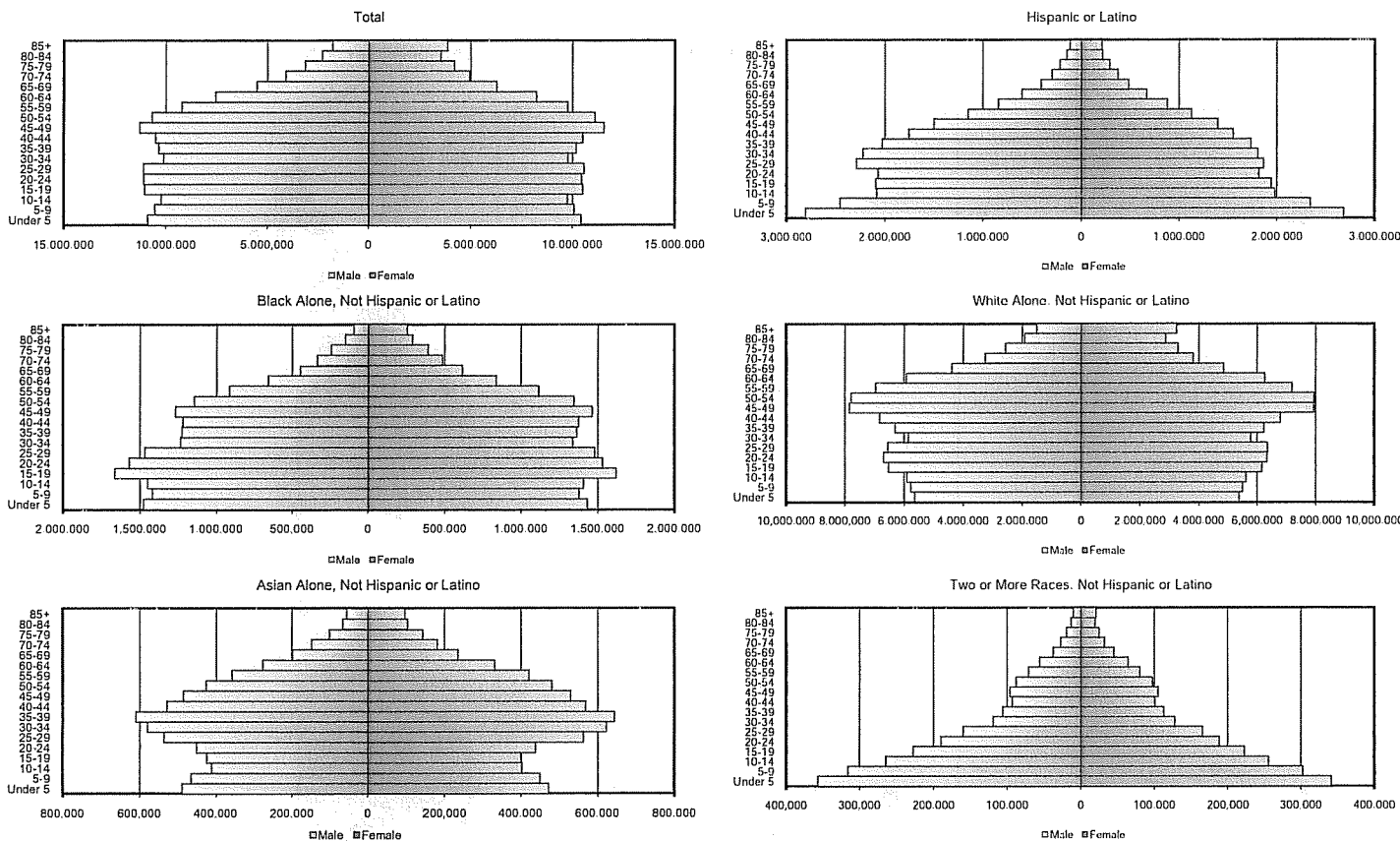
Only three developed countries are experiencing population growth: the United States, Canada and Australia. All three countries have been

"Settler Nations," allowing immigration from other countries. Ben Wattenberg, of the American Enterprise Institute, has stated, "America is becoming a universal nation, with significant representation of all human hues, creeds, ethnicities and national ancestries. Continued moderate immigration will make us an even more universal nation as time goes on."

Along with immigration, the United States is experiencing changing fertility patterns. Our minority population is growing significantly, while our non-Hispanic White population is experiencing little growth and is significantly smaller in the younger age cohorts. The 2010 Census found the United States population grew by 27 million persons, or 9.7 percent between 2000 and 2010. However, when broken down by race and Hispanic origin, it found our Black population had grown by 12.3 percent, our Asian population by 43.3 percent. Our population of Hispanic origin, which can be of any race, grew by 43 percent, compared to a non-Hispanic White growth rate of only 1.2 percent. The 2009 Census American Community Survey found over 80 percent of our population, ages 70-plus were Non-Hispanic White, while only 51.7 percent of children under age five were non-Hispanic White. New Census data for children age two and under reveals they are now a majority minority population and over 50 percent of children under age two.

However, we do not have much growth in the child or younger workforce age populations. Our younger population is becoming more diverse but not growing, as the non-Hispanic White population of children and younger workforce age declines significantly. (See adjacent population pyramids by race and Hispanic origin and the table showing age cohorts on page 44.) The 2010 Census found, between 2000 and 2010, that our population growth

United States 2009 Population Pyramids



Source: Census Bureau - 2009 Population Estimates

was almost entirely due to longevity, with our population ages 45 to 64 growing by 31.5 percent, and our population 65-plus growing by 15.1 percent, compared to the younger workforce age population, ages 18 to 44, growing by only 0.6 percent and our children under age 18 by 2.6 percent. The Bureau of Labor Statistics estimates between 2008 and 2018, 95 percent of workforce growth will be among older workers, ages 55-plus.

New Realities in Preparing for Our Future

States like Kentucky and West Virginia are aging faster than the United States and are significantly less diverse, with declining populations of children and a younger workforce. What happens when our young workforce age population declines? We need to insure our returning veterans are invested in and provided employment after their service to our country. Particular attention needs to be paid to those veterans with war injuries, to insure they are provided

with the services and tools needed to prepare them for the transitions they face back into our economy. We need to educate and train, and retool and retrain our workforce for tomorrow. We will need to attract a more diverse population and invest in their well being. We will need to support immigration when our real problem is not too much undocumented immigration, but not enough documented immigration. We need to bring immigrants out of the shadows. Maybe we need to hire Minutemen, not to build walls but to open up lemonade stands and hand out lemonade and cookies to attract immigrants. The economies of a number of South and Central American countries are doing well, and we want to close off our borders?

We also need to make sure all of our population, regardless of their skin color, age or gender is educated, skilled and prepared for a new 21st century. We need to develop and make investments in a system that offers a lifetime of education

and training. We need to make investments in our infrastructure to promote our well-being and our economy. Cutting those investments is disinvesting in our futures! \

See related table showing age cohorts on page 44.



United Nations

DESA

Population Division

About Us

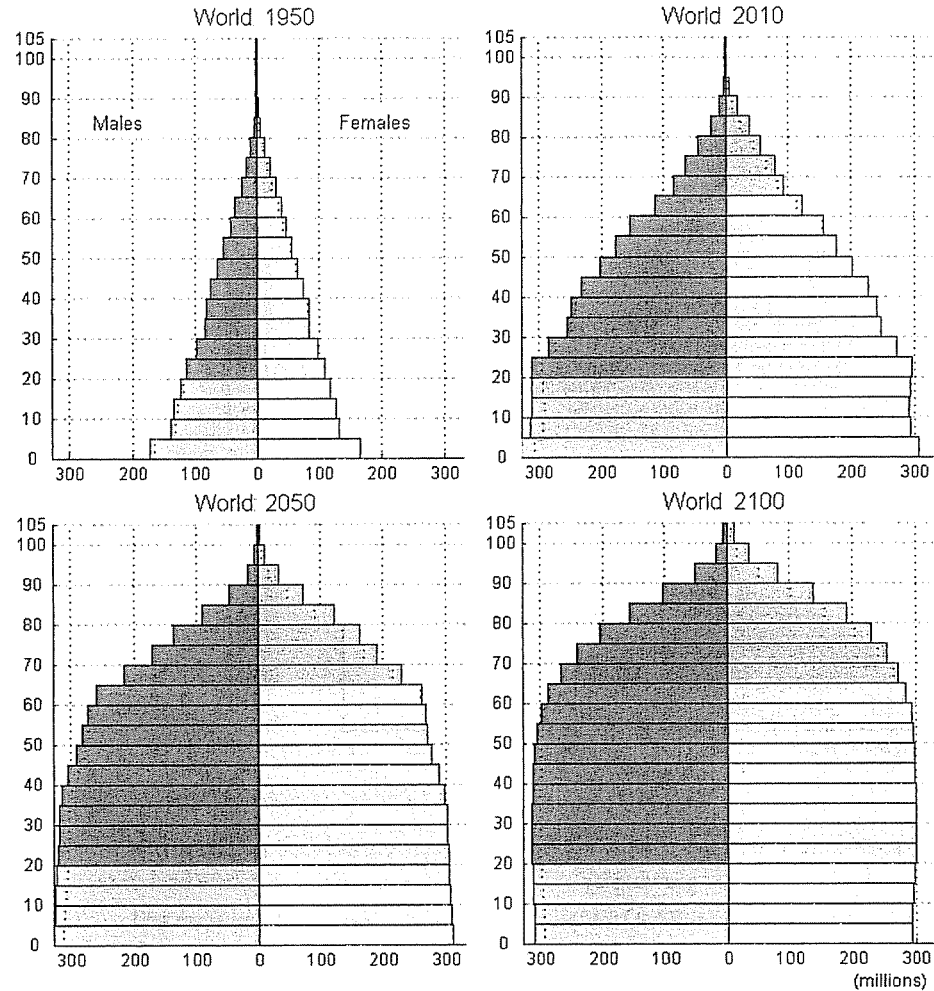
Publications

Meetings

Contact

- Publications
- Frequently Asked Questions
- Data
 - Tables in EXCEL-Format
 - Population
 - Fertility
 - Mortality
 - Migration
- On-line Database
 - Population
 - Detailed Indicators
- Key Indicators
- Tables (self-sorting)
 - Population
 - Fertility
 - Mortality
 - Population Ageing
- Figures
 - Country Profiles
 - Analytical Figures
 - Total Population
 - Population by Age and Sex
 - Fertility
 - Mortality
 - Population Ageing
- Documentation
 - Assumptions
 - Definition of Regions
 - Special Aggregates
 - CD-ROM Meta-information
 - Data Sources
 - Glossary of Demographic Terms
 - Methodology
 - Fertility: Probabilistic Method
 - Fertility-Change Model
 - Probabilistic Projections
 - Fertility Maps
 - Documentation
- Probabilistic Population Proj.
 - Total Population
 - Population Age 0-14
 - Population Age 15-64
 - Population Age 65+
- UN Model Life Tables
 - Life Table Data
 - Analyses: Lexis-Plots
 - Analyses: Scatter-Plots
 - Analyses: Age-specific Mortality
- Other Information
 - Order Form: CD-ROMs
 - World Urbanization Prospects
 - Publications: Previous Revisions
 - Contact: Projection Section

Population by age groups and sex (absolute numbers)



Note: The dotted line indicates the excess male or female population in certain age groups. Age groups are in thousands or millions.

Source: United Nations, Department of Economic and Social Affairs, Population Division (2011): World Population Prospects: The 2010 Revision. New York

Cumulative Estimates of the Components of Resident Population Change for the United States, Regions, and States: April 1, 2000 to July 1, 2009

Geographic Area	Total Population Change ¹	Natural Increase	Vital Events		Net Migration		
			Births	Deaths	Total	International ²	Domestic
United States	25,581,948	15,875,579	38,358,804	22,483,225	8,944,170	8,944,170	-
Northeast	1,688,851	1,877,814	6,269,501	4,391,687	-704,140	1,835,442	-2,539,582
Connecticut	112,681	116,905	388,331	271,426	16,608	112,936	-96,328
Maine	43,386	12,149	128,319	116,170	38,804	8,079	30,725
Massachusetts	244,468	220,701	729,448	508,747	-31,623	245,145	-276,768
New Hampshire	88,784	42,574	135,471	92,897	53,460	18,373	35,087
New Jersey	293,361	374,414	1,038,937	664,523	-60,000	399,803	-459,803
New York	564,642	905,882	2,323,103	1,417,221	-846,993	839,590	-1,686,583
Pennsylvania	323,696	166,796	1,350,244	1,183,448	136,359	176,498	-40,139
Rhode Island	4,894	25,773	115,762	89,989	-14,632	30,017	-44,649
Vermont	12,939	12,620	59,886	47,266	3,877	5,001	-1,124
Midwest	2,441,721	2,969,319	8,268,833	5,299,514	-593,753	1,158,438	-1,752,191
Illinois	490,751	721,212	1,681,839	960,627	-228,888	403,978	-632,866
Indiana	342,593	298,077	810,225	512,148	71,633	93,367	-21,734
Iowa	81,476	106,396	361,766	255,370	-15,876	36,329	-52,205
Kansas	129,936	144,835	370,672	225,837	-17,574	52,388	-69,962
Michigan	31,235	393,753	1,196,297	802,544	-372,082	168,668	-540,750
Minnesota	346,722	305,830	654,294	348,464	62,426	106,388	-43,962
Missouri	390,896	218,926	726,153	507,227	105,461	63,420	42,041
Nebraska	85,354	102,206	241,832	139,626	-9,156	31,988	-41,144
North Dakota	4,649	23,060	76,697	53,637	-15,217	4,568	-19,785
South Dakota	57,548	40,893	105,163	64,270	13,367	6,545	6,822
Ohio	189,495	389,121	1,389,016	999,895	-247,751	120,452	-368,203
Wisconsin	291,066	225,010	654,879	429,869	59,904	70,347	-10,443
South	13,082,047	5,837,372	14,308,185	8,470,813	6,992,907	3,118,775	3,874,132
Alabama	261,326	138,519	566,363	427,844	136,452	50,742	85,710
Arkansas	216,064	102,811	361,135	258,324	112,923	36,478	76,445
Delaware	101,565	40,095	106,409	66,314	66,047	19,523	46,524
District of Columbia	27,602	23,075	73,986	50,911	-17,427	24,179	-41,606
Florida	2,555,130	479,586	2,046,244	1,566,658	2,034,234	851,260	1,182,974
Georgia	1,642,430	684,445	1,301,426	616,981	849,133	281,998	567,135
Kentucky	271,825	148,117	519,005	370,888	126,831	44,314	82,517
Louisiana	23,104	213,199	595,844	382,645	-285,765	33,046	-318,811
Maryland	402,934	293,234	698,269	405,035	95,290	191,262	-95,972
Mississippi	107,330	139,816	403,008	263,192	-18,973	17,572	-36,545
North Carolina	1,334,478	457,927	1,143,251	685,324	889,589	214,573	675,016
Oklahoma	236,412	156,467	481,766	325,299	92,977	53,514	39,463
South Carolina	549,410	181,566	537,443	355,877	376,441	65,869	310,572
Tennessee	606,978	229,035	754,589	525,554	356,078	91,508	264,570
Texas	3,930,484	2,124,124	3,568,617	1,444,493	1,781,785	933,083	848,702
Virginia	803,542	425,738	957,904	532,166	375,639	204,219	171,420
West Virginia	11,433	-382	192,926	193,308	21,653	5,635	16,018
West	8,369,329	5,191,074	9,512,285	4,321,211	3,249,156	2,831,515	417,641
Alaska	71,542	68,393	97,287	28,894	-724	8,308	-9,032
Arizona	1,465,171	464,238	875,726	411,488	986,764	272,410	714,354
California	3,090,016	2,878,482	5,058,440	2,179,958	306,925	1,816,633	-1,509,708
Colorado	722,733	368,916	641,107	272,191	357,683	144,861	212,822
Hawaii	83,640	85,390	168,965	83,575	5,843	38,951	-33,108
Idaho	251,846	116,292	211,735	95,443	134,462	22,121	112,341
Montana	72,799	31,184	108,579	77,395	42,980	3,042	39,938
Nevada	644,825	168,080	333,232	165,152	485,443	110,681	374,762
New Mexico	190,630	129,591	265,766	136,175	70,558	47,343	23,215
Oregon	404,220	149,600	433,972	284,372	274,031	95,484	178,547
Utah	551,368	355,257	479,519	124,262	118,543	65,961	52,582
Washington	770,052	348,295	772,324	424,029	440,988	202,442	238,546
Wyoming	50,487	27,356	65,633	38,277	25,660	3,278	22,382

¹ Total population change includes a residual. This residual represents the change in population that cannot be attributed to any specific demographic component. See State and County Terms and Definitions at <http://www.census.gov/popest/topics/terms/states.html>.

² Net international migration includes the international migration of both native and foreign-born populations. Specifically, it includes: (a) the net international migration of the foreign born, (b) the net migration between the United States and Puerto Rico, (c) the net migration of natives to and from the United States, and (d) the net movement of the Armed Forces population between the United States and overseas.

Note: The April 1, 2000 Population Estimates base reflects changes to the Census 2000 population from the Count Question Resolution program and geographic program revisions.

Source: U.S. Census Bureau, Population Division

Population Change by Age, 2000-2010

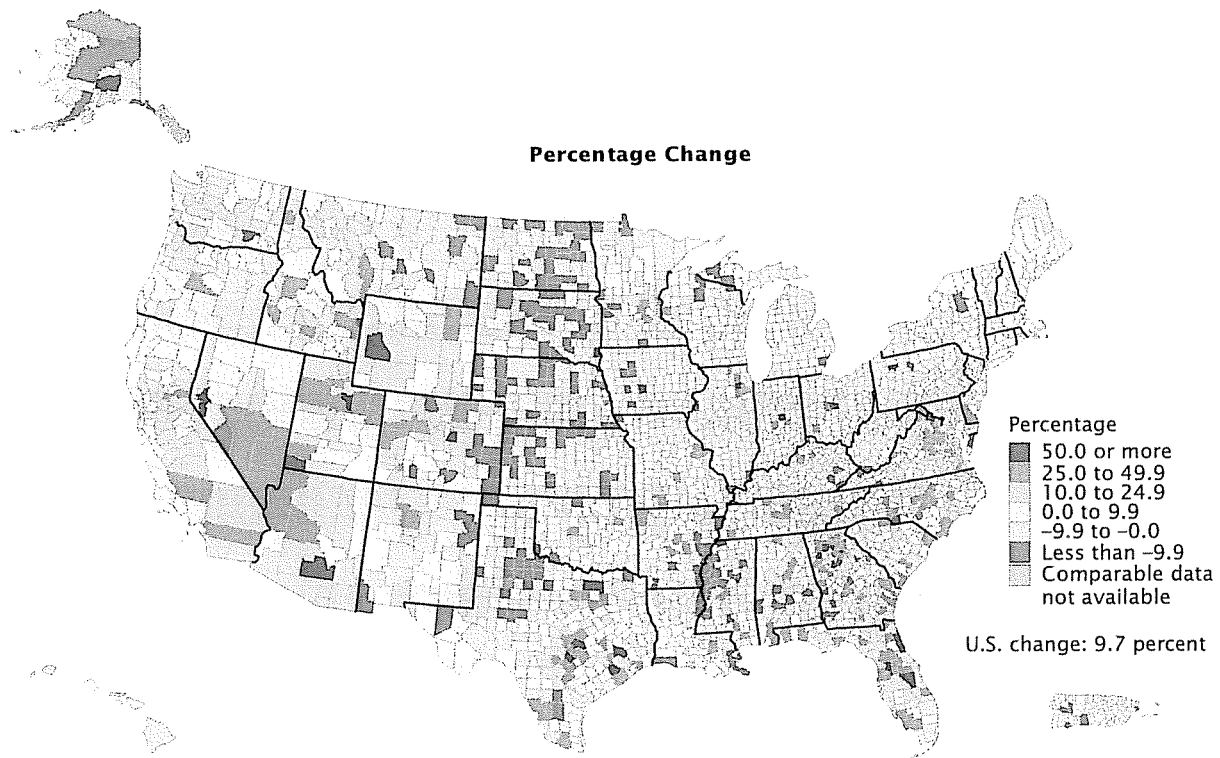
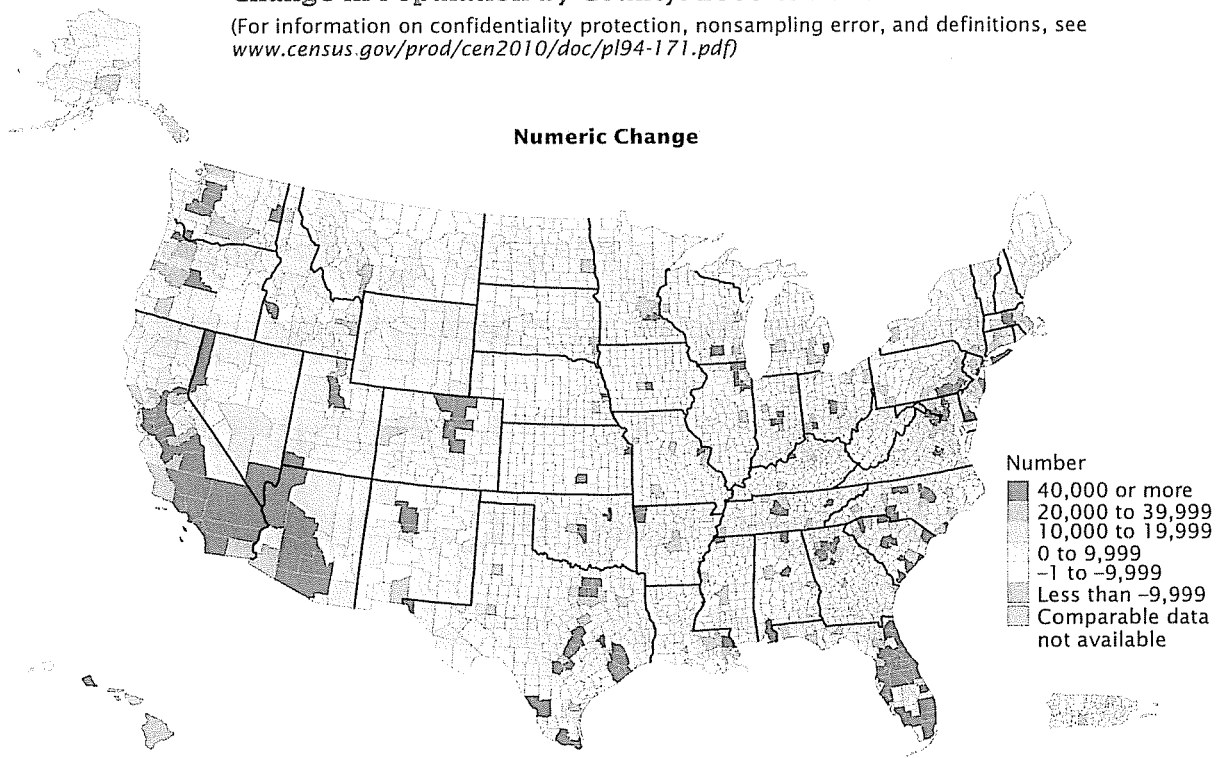
Area	<18		18-24		25-44		45-64		65+	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
United States	1,887,655	2.6%	3,528,634	13.0%	-2,905,697	-3.4%	19,536,809	31.5%	5,276,231	15.1%
Northeast	-714,591	-5.5%	682,793	14.4%	-1,792,933	-11.0%	3,115,042	25.6%	432,551	5.9%
Connecticut	-24,673	-2.9%	55,074	20.3%	-127,874	-12.4%	229,629	29.1%	36,376	7.7%
Maine	-26,705	-8.9%	12,169	11.7%	-54,597	-14.7%	94,893	30.1%	27,678	15.1%
Massachusetts	-81,141	-5.4%	98,560	17.0%	-257,493	-12.9%	396,044	27.9%	42,562	4.9%
New Hampshire	-22,328	-7.2%	19,745	19.1%	-57,590	-15.1%	110,559	37.7%	30,298	20.5%
New Jersey	-22,344	-1.1%	90,600	13.4%	-276,048	-10.5%	512,479	26.8%	72,857	6.5%
New York	-365,178	-7.8%	218,064	12.4%	-562,268	-9.6%	941,436	22.2%	169,591	6.9%
Pennsylvania	-130,066	-4.5%	166,932	15.3%	-381,774	-10.9%	726,091	25.6%	40,142	2.1%
Rhode Island	-23,866	-9.6%	13,362	12.5%	-46,814	-15.1%	62,087	26.9%	-521	-0.3%
Vermont	-18,290	-12.4%	8,287	14.6%	-28,475	-16.1%	41,824	27.7%	13,568	17.5%
Midwest	-519,558	-3.1%	310,310	5.0%	-1,852,414	-9.7%	3,832,628	26.9%	763,259	9.2%
Illinois	-116,272	-3.6%	35,409	2.9%	-293,697	-7.7%	676,711	25.4%	109,188	7.3%
Indiana	33,902	2.2%	35,589	5.8%	-123,653	-6.9%	369,202	27.4%	88,277	11.7%
Iowa	-5,645	-0.8%	7,859	2.6%	-61,128	-7.6%	162,270	25.0%	16,675	3.8%
Kansas	13,946	2.0%	12,567	4.6%	-44,811	-5.8%	163,111	28.4%	19,887	5.6%
Michigan	-251,699	-9.7%	41,752	4.5%	-518,421	-17.5%	531,052	23.8%	142,512	11.7%
Minnesota	-2,831	-0.2%	32,365	6.9%	-100,640	-6.7%	366,697	34.3%	88,855	15.0%
Missouri	-2,256	-0.2%	53,286	9.9%	-102,219	-6.3%	361,990	29.0%	82,915	11.0%
Nebraska	8,979	2.0%	8,102	4.6%	-21,093	-4.3%	104,608	28.5%	14,482	6.2%
North Dakota	-10,978	-6.8%	7,902	10.8%	-9,144	-5.2%	39,612	28.5%	2,999	3.2%
Ohio	-157,588	-5.5%	42,947	4.1%	-435,420	-13.1%	619,167	24.0%	114,258	7.6%
South Dakota	148	0.1%	3,905	5.0%	-7,858	-3.8%	54,691	34.2%	8,450	7.8%
Wisconsin	-29,264	-2.1%	28,627	5.5%	-134,330	-8.5%	383,517	32.2%	74,761	10.6%
South	2,221,854	8.7%	1,520,693	15.5%	388,715	1.3%	7,731,944	34.9%	2,455,718	19.7%
Alabama	9,037	0.8%	39,563	9.0%	-60,104	-4.7%	266,146	26.2%	77,994	13.5%
Arkansas	31,106	4.6%	22,367	8.5%	-8,872	-1.2%	151,955	25.1%	45,962	12.3%
Delaware	11,178	5.7%	15,577	20.7%	-8,937	-3.8%	68,965	39.3%	27,551	27.1%
District of Columbia	-14,177	-12.3%	14,378	19.8%	15,965	8.4%	14,587	11.7%	-1,089	-1.6%
Florida	355,751	9.8%	409,055	30.7%	151,452	3.3%	1,450,669	40.0%	452,005	16.1%
Georgia	322,318	14.9%	132,425	15.8%	80,336	3.0%	719,361	41.3%	246,760	31.4%
Kentucky	28,553	2.9%	10,943	2.7%	-67,895	-5.6%	252,563	27.2%	73,434	14.5%
Louisiana	-101,784	-8.3%	730	0.2%	-100,096	-7.7%	224,618	23.3%	40,928	7.9%
Maryland	-3,208	-0.2%	106,438	23.6%	-107,063	-6.4%	372,564	30.4%	108,335	18.1%
Mississippi	-19,632	-2.5%	-6,140	-2.0%	-44,970	-5.6%	156,497	25.7%	36,884	10.7%
North Carolina	317,588	16.2%	131,797	16.3%	73,209	2.9%	698,545	38.6%	265,031	27.3%
Oklahoma	37,306	4.2%	24,101	6.7%	-7,477	-0.8%	196,003	25.5%	50,764	11.1%
South Carolina	70,833	7.0%	68,594	16.8%	7,393	0.6%	319,991	34.7%	146,541	30.2%
Tennessee	97,480	7.0%	57,508	10.5%	-40,301	-2.3%	391,984	29.7%	150,151	21.3%
Texas	979,065	16.6%	374,088	17.0%	587,534	9.1%	1,823,700	43.3%	529,354	25.5%
Virginia	115,415	6.6%	122,701	18.1%	-38,308	-1.7%	538,097	33.0%	184,604	23.3%
West Virginia	-14,975	-3.7%	-3,432	-2.0%	-43,151	-8.6%	85,699	18.8%	20,509	7.4%
West	899,950	5.3%	1,014,838	16.1%	350,935	1.8%	4,857,195	36.2%	1,624,703	23.5%
Alaska	-3,339	-1.8%	17,589	30.7%	-7,423	-3.6%	57,233	41.0%	19,239	53.9%
Arizona	262,067	19.2%	119,110	23.2%	167,718	11.1%	498,498	46.6%	213,992	32.0%
California	45,211	0.5%	556,921	16.5%	-213,816	-2.0%	2,343,136	33.7%	650,856	18.1%
Colorado	124,814	11.3%	57,587	13.4%	25,072	1.8%	386,910	40.6%	133,552	32.1%
Hawaii	8,051	2.7%	15,419	13.4%	-630	-0.2%	91,387	32.9%	34,537	21.5%
Idaho	60,042	16.3%	15,589	11.2%	38,173	10.5%	111,073	40.0%	48,752	33.4%
Montana	-6,499	-2.8%	8,854	10.3%	-9,411	-3.8%	68,483	31.1%	25,793	21.3%
Nevada	153,209	29.9%	69,121	38.5%	141,757	22.6%	232,777	50.7%	105,430	48.2%
New Mexico	10,098	2.0%	25,963	14.6%	-332	-0.1%	144,374	35.7%	60,030	28.3%
Oregon	19,927	2.4%	30,894	9.4%	26,400	2.6%	237,098	29.2%	95,356	21.8%
Utah	152,329	21.2%	598	0.2%	151,562	24.2%	166,987	43.9%	59,240	31.1%
Washington	67,511	4.5%	90,692	16.2%	25,869	1.4%	480,818	35.8%	165,529	25.0%
Wyoming	6,529	5.1%	6,501	13.0%	5,996	4.3%	38,421	32.4%	12,397	21.5%

Source: U.S. Census Bureau, Population Division, Decennial Census 2000 and Decennial Census 2010

Prepared by: Research and Statistics Branch, Office of Employment and Training, Kentucky Education and Workforce Development Cabinet

Figure 5.
Change in Population by County: 2000 to 2010

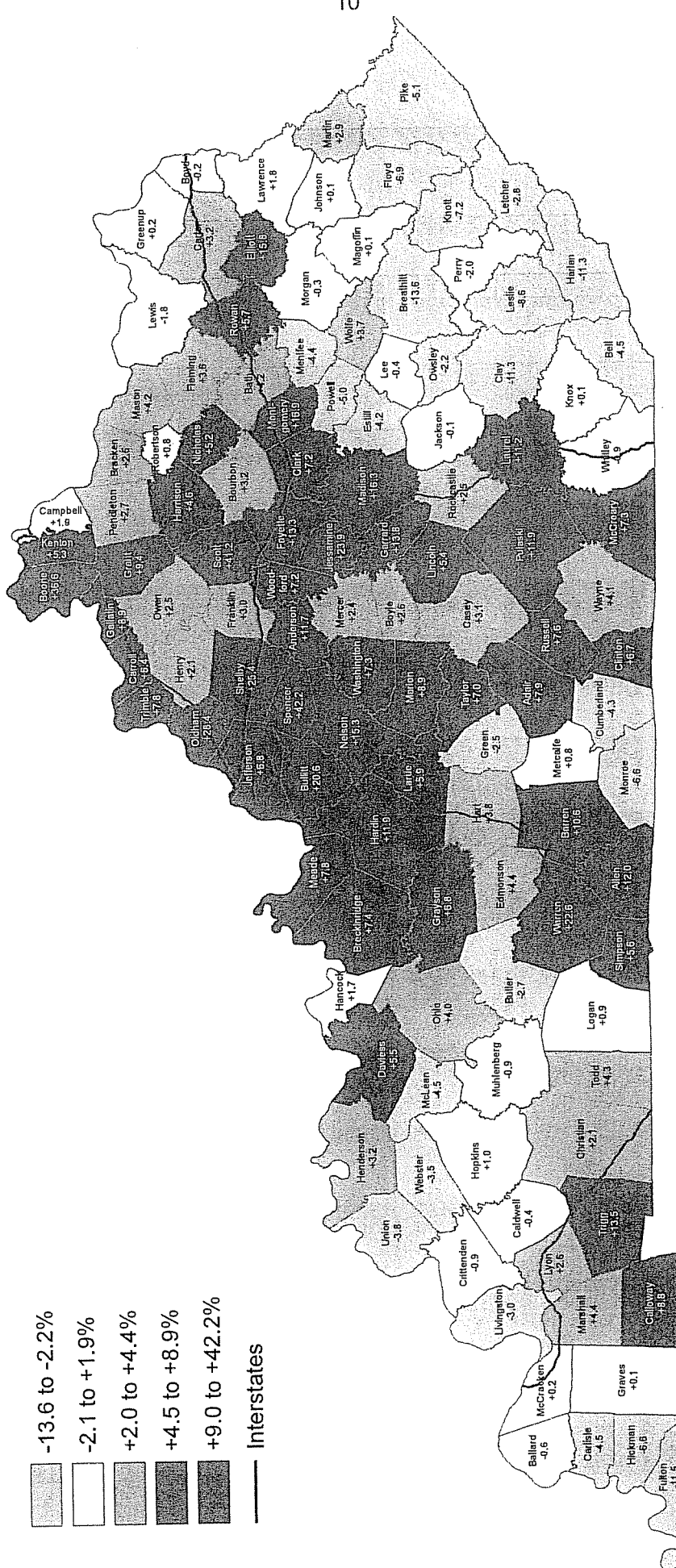
(For information on confidentiality protection, nonsampling error, and definitions, see www.census.gov/prod/cen2010/doc/pl94-171.pdf)



Source: U.S. Census Bureau, 2010 Census and Census 2000.

Percentage Change in Population

2000-2010

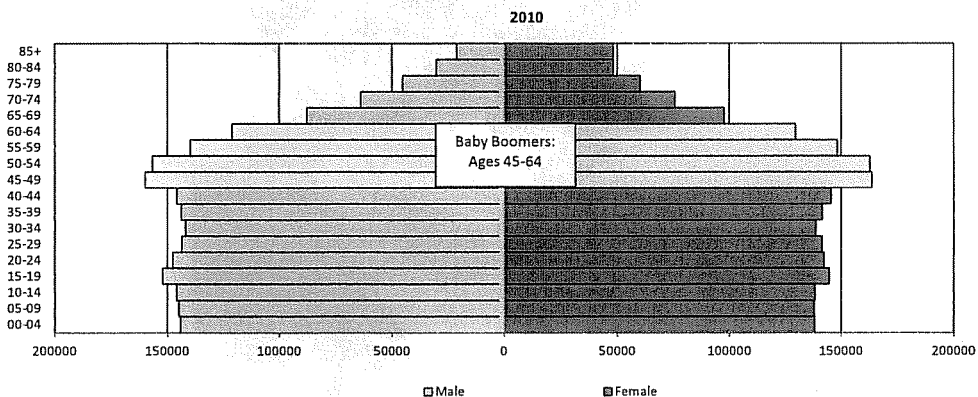
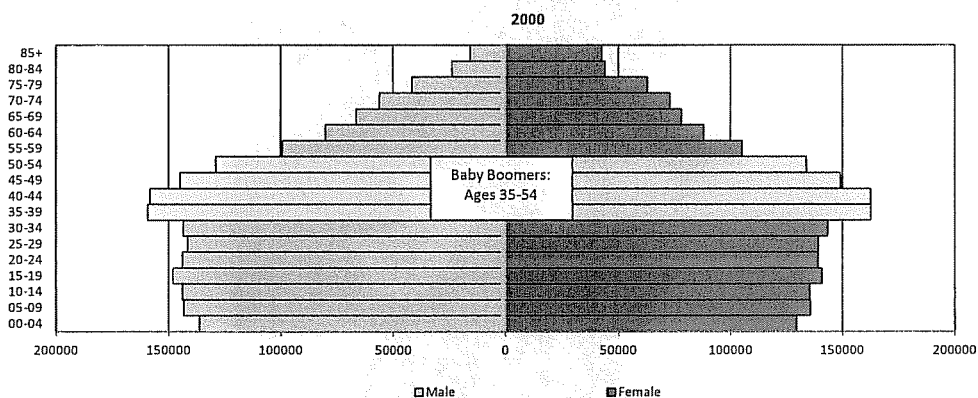
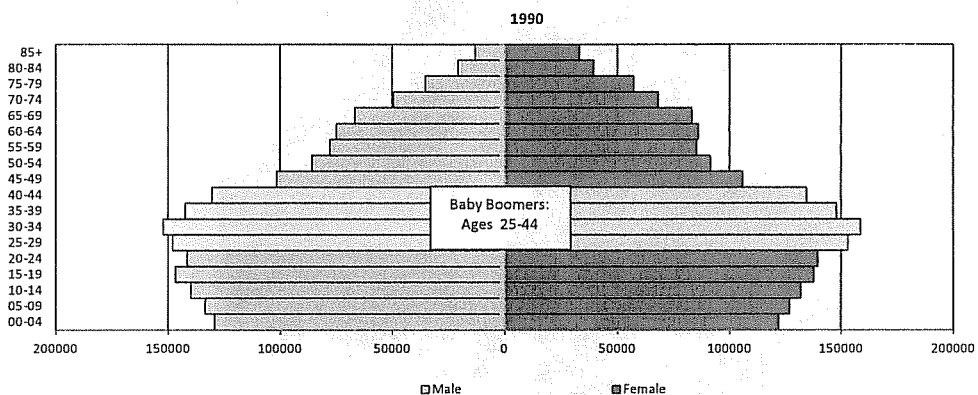
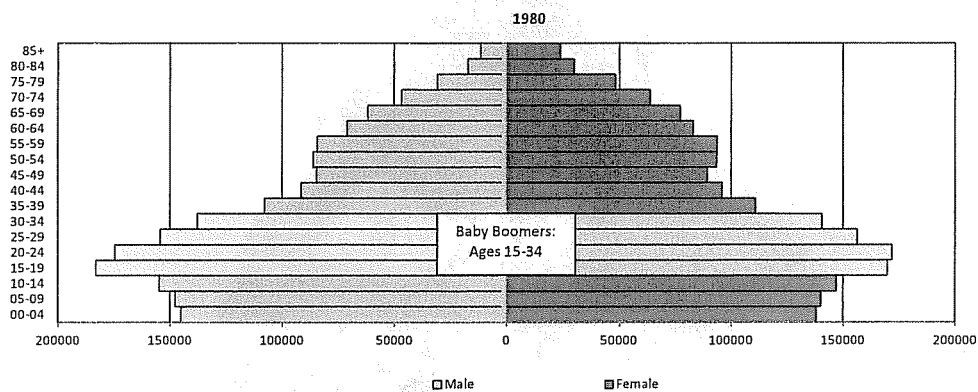


Kentucky: +7.4%

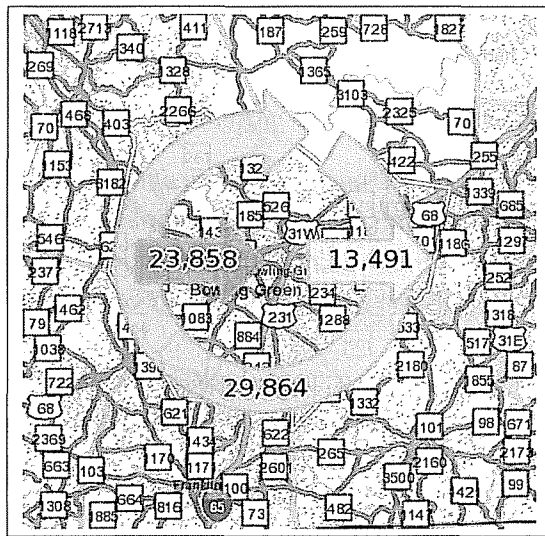
Source: United States Census Bureau, Population Division

Prepared by: Research and Statistics Branch, Office of Employment and Training
Kentucky Education and Workforce Development Cabinet

11
Kentucky



Inflow/Outflow Report

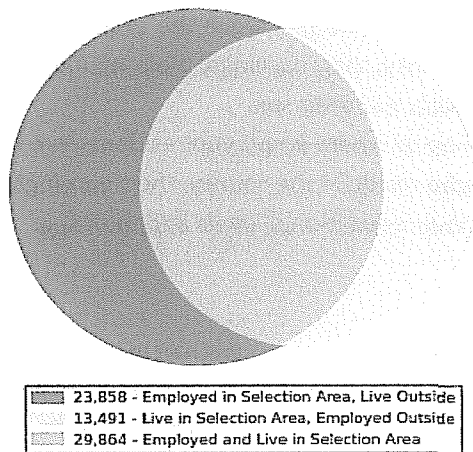


Analysis Selection

Note: Overlay arrows do not indicate directionality of worker flow between home and employment locations.

- ➔ Employed and Live In Selection Area
- ➔ Employed in Selection Area, Live Outside
- ➔ Live in Selection Area, Employed Outside

Inflow/Outflow Job Counts in 2010



Inflow/Outflow Job Counts (All Jobs)

	2010	
	Count	Share
Employed in the Selection Area	53,722	100.0%
Employed in the Selection Area but Living Outside	23,858	44.4%
Employed and Living in the Selection Area	29,864	55.6%
Living in the Selection Area	43,355	100.0%
Living in the Selection Area but Employed Outside	13,491	31.1%
Living and Employed in the Selection Area	29,864	68.9%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2010).

Notes:

1. Race, Ethnicity, Educational Attainment, and Sex statistics are beta release results and only available for 2009 and 2010 data.
2. Educational Attainment is only produced for workers aged 30 and over.

LED OnTheMap Summaries, 2010, for Kentucky's 120 Counties*

LED data currently includes all employed persons covered by unemployment insurance, UI, and excludes uniformed military, self-employed workers and informally employed workers. A project is currently under way to add self-employed workers to the LED data.

Data by page for each of the 5 LED reports in the LED OnTheMap Summaries include:

- (1) Page 1 - Inflow/Outflow Report shows employment commuting patterns into and out of a county. The left arrow indicates the number of persons coming into a county for employment and the right arrow indicates the number of persons leaving a county for employment outside the county. The number at the bottom of the circle indicates the number of persons who both live and work in the county.
- (2) Page 2 and 3 - Home Destination Report has lines coming from counties indicating where the workforce employed in a county live and a ranking by county by percentage of the county's workforce listed by the top 25 counties where the workers come from.
- (3) Page 4 and 5 - Work Destination Report has lines going to counties indicating where the employed residents of a county work and a ranking by county by percentage of the county's residents listed by the top 25 counties where residents go to work.
- (4) Pages 6 to 8 - Work Area Profile Report shows a map of where jobs are in the county and tables showing age of the workers employed in the county, their earnings, their job industry sectors, their race and ethnicity, their educational levels and their sex.
- (5) Pages 9 to 11 - Home Area Profile Report shows a map of where employed residents live in the county and tables showing age of the workers who reside in the county, their earnings, their job industry sectors, their race and ethnicity, their educational levels and their sex.

*LED OnTheMap Summaries, 2010, are available for 118 of Kentucky's 120 counties. Currently there are geocoding errors for Breathitt and Owsley Counties with an estimated 540 out of 700 Owsley County's jobs geocoded to Breathitt County. The Census Bureau has stated they will correct the geocoding error for the 2011 edition scheduled for release in March, 2013.

Kentucky Employment Trends, 2001-2011

Industry	Employment											Change, 2001-2011		Avg. Weekly Wage, 2011
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Number	Percent	
Ag., Forestry, Fishing & Hunting	8,019	7,558	7,274	7,280	7,346	7,643	7,859	8,104	7,932	7,658	7,459	-560	-7.0%	\$598
Mining	19,638	19,501	18,468	19,098	20,920	22,451	21,783	23,462	23,319	21,895	22,679	3,041	15.5%	\$1,339
Utilities	7,107	6,706	6,436	6,360	6,445	6,472	6,573	6,585	6,625	6,423	6,520	-587	-8.3%	\$1,387
Construction	87,616	83,289	83,249	83,227	84,232	83,184	85,135	84,325	73,745	67,822	67,545	-20,071	-22.9%	\$847
Manufacturing	292,594	275,466	265,961	263,648	262,098	260,876	255,294	245,207	213,291	209,130	212,499	-80,095	-27.4%	\$987
Wholesale Trade	72,681	71,507	72,793	74,299	74,599	75,779	77,451	76,461	72,253	71,778	72,233	-448	-0.6%	\$1,032
Retail Trade	216,664	212,458	211,299	211,665	212,657	211,898	214,101	210,644	201,891	200,424	201,152	-15,512	-7.2%	\$463
Transportation and Warehousing	78,979	76,588	75,783	76,431	79,603	81,546	84,254	83,672	78,075	78,107	80,943	1,964	2.5%	\$887
Information	33,327	31,745	30,359	29,061	29,177	29,707	30,032	29,757	27,091	26,186	26,794	-6,533	-19.6%	\$857
Finance and Insurance	61,282	63,321	64,436	66,015	67,142	70,031	72,498	71,192	68,979	66,868	66,614	5,332	8.7%	\$1,133
Real Estate and Rental and Leasing	20,132	19,688	19,649	19,463	19,813	19,942	19,907	19,924	18,474	18,172	17,804	-2,328	-11.6%	\$680
Professional and Technical Services	56,852	56,712	56,649	56,901	59,979	62,102	64,721	68,156	69,186	68,855	68,987	12,135	21.3%	\$1,017
Mgmt. of Companies and Enterprises	13,659	13,451	13,593	15,243	15,783	16,141	17,267	19,542	19,698	19,450	19,556	5,897	43.2%	\$1,769
Administrative and Waste Services	84,495	84,912	84,862	89,894	96,094	100,637	100,110	94,305	82,413	91,087	98,160	13,665	16.2%	\$496
Educational Services	12,675	12,901	13,525	13,980	14,537	14,493	15,440	15,955	15,789	16,450	17,083	4,408	34.8%	\$625
Health Care & Soc. Assist.	182,328	189,627	194,784	196,981	201,324	204,229	207,995	212,377	215,974	219,097	223,064	40,736	22.3%	\$810
Arts, Entertainment, and Recreation	17,521	17,747	17,735	18,219	18,427	18,789	19,135	19,164	19,305	18,499	18,259	738	4.2%	\$389
Accommod. & Food Serv.	134,923	135,372	138,197	142,907	146,183	149,621	153,093	152,509	148,704	148,799	151,077	16,154	12.0%	\$270
Other Services, Ex. Public Admin.	45,488	45,768	45,917	45,114	44,981	45,202	46,048	46,442	45,502	46,542	48,191	2,703	5.9%	\$520
Unclassified	2,006	1,536	2,242	3,244	2,669	2,573	2,774	2,677	640	339	508	-1,498	-74.7%	\$1,074
Private Subtotal:	1,447,986	1,425,853	1,423,211	1,439,030	1,464,009	1,483,316	1,501,470	1,490,460	1,408,886	1,403,521	1,427,128	-20,858	-1.4%	\$756
Federal Government	37,229	37,879	37,362	37,082	37,293	37,712	37,793	38,557	39,992	42,374	40,862	3,633	9.8%	\$887
State Government	82,668	84,155	82,617	81,354	83,199	84,265	86,178	84,435	84,065	87,276	87,214	4,546	5.5%	\$847
Local Government	168,694	170,091	170,873	171,551	173,496	173,911	176,467	177,566	177,817	179,007	179,164	10,470	6.2%	\$987
Government Subtotal:	288,591	292,125	290,852	289,987	293,988	295,888	300,438	300,558	301,874	308,657	307,240	18,649	6.5%	\$847
TOTAL	1,736,577	1,717,978	1,714,063	1,729,017	1,757,997	1,779,204	1,801,908	1,791,018	1,710,760	1,712,178	1,734,368	-2,209	-0.1%	\$756

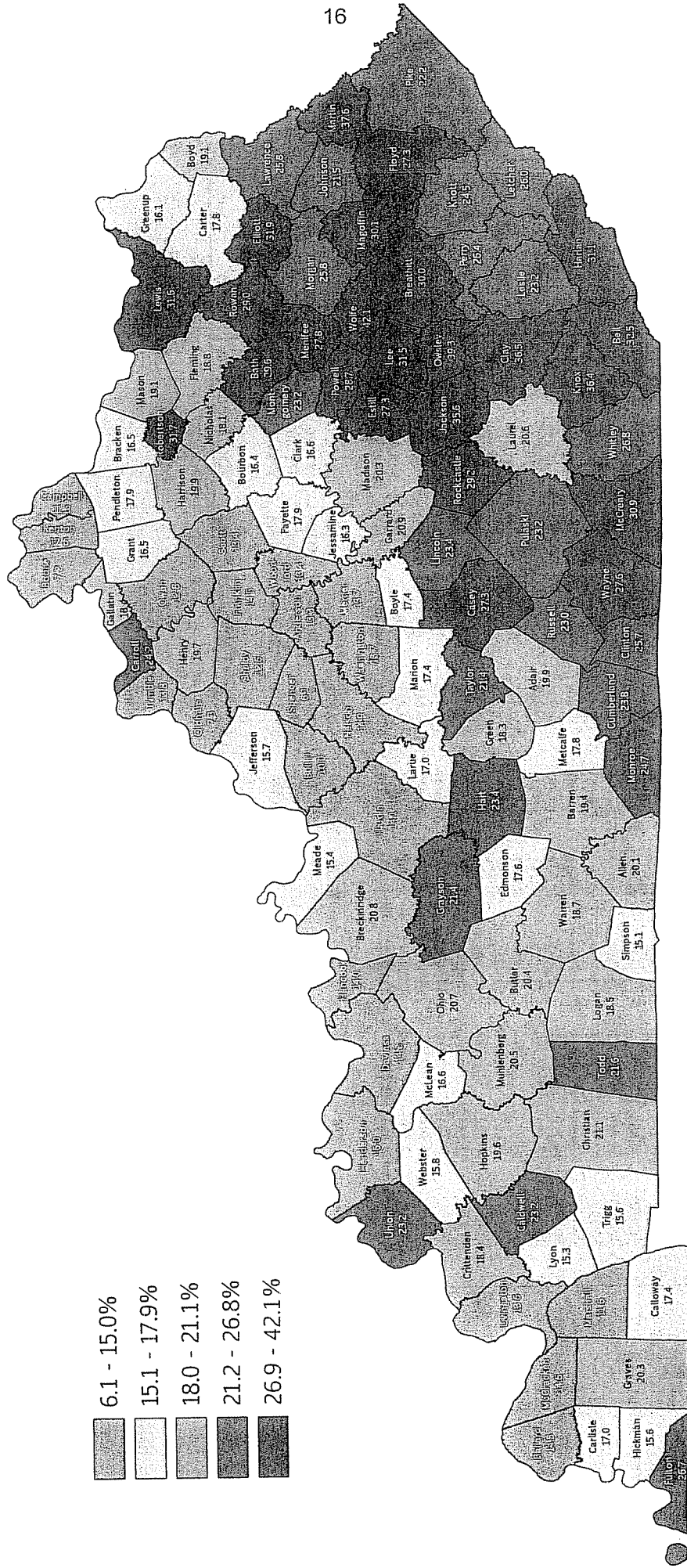
ND - Data is unreleasable.

Source: Quarterly Census of Employment and Wages (QCEW)

Produced by: Research and Statistics Branch, Office of Employment and Training, Kentucky Education and Workforce Development Cabinet

Poverty Rates by County

2011*



Kentucky: 18.1%

* 2011 poverty rates reflect data from the 2007-2011 American Community Survey.

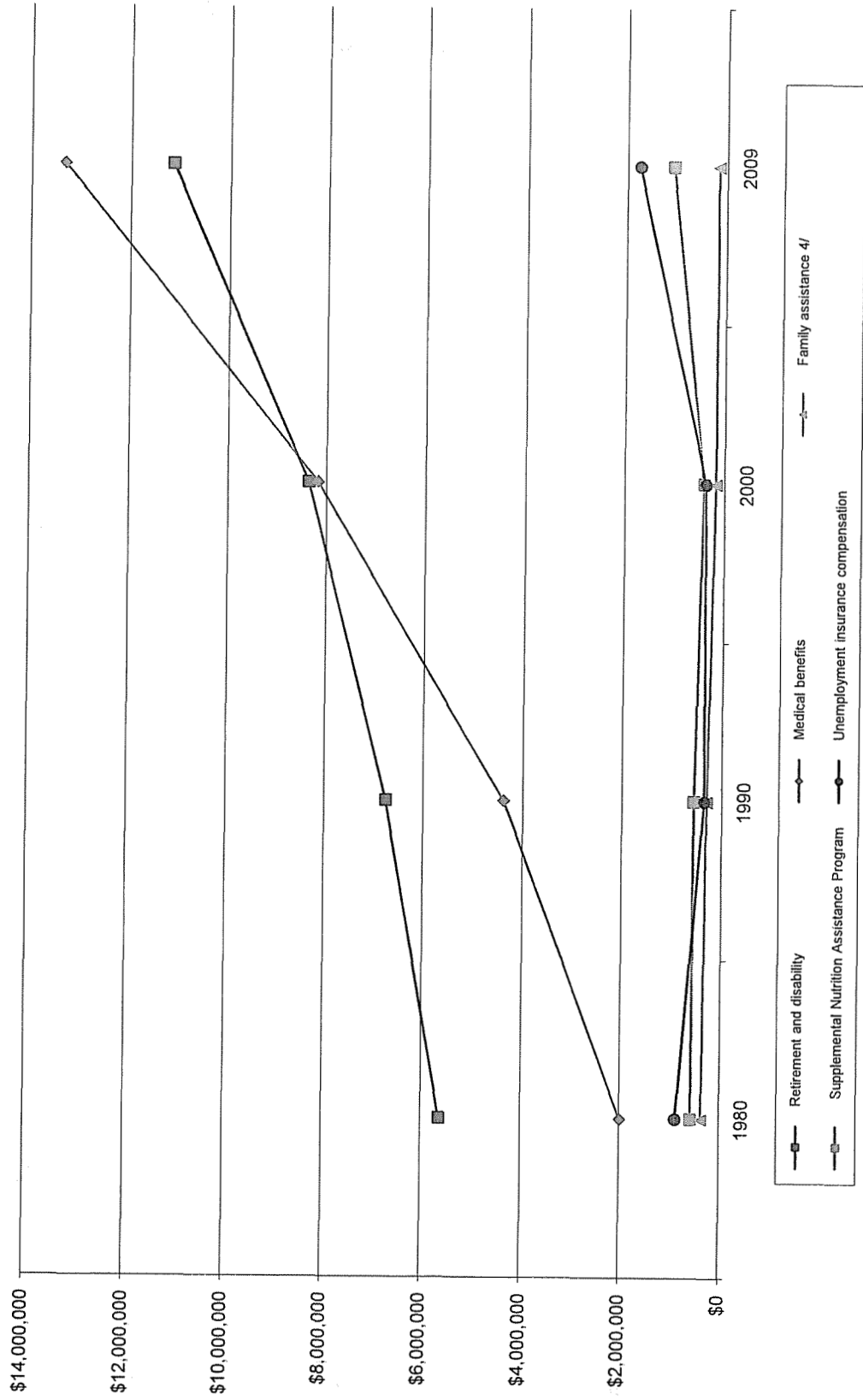
Source: United States Census Bureau, American Community Survey (ACS) 2007-2011

Personal Current Transfer Receipts: Kentucky
(thousands of dollars)

Line	1980		1990		2000		2009	
	Total	Percent of Total	Total	Percent of Total	Total	Percent of Total	Total	Percent of Total
10	4,454,362	100.00%	8,967,126	100.00%	16,848,970	100.00%	33,295,693	100.00%
20	4,219,484	94.73%	8,535,472	95.19%	16,058,069	95.31%	32,512,972	97.65%
30	2,165,211	48.61%	4,121,897	45.97%	6,690,289	39.71%	11,155,804	33.51%
40	1,804,501	40.51%	3,657,844	40.79%	6,207,781	36.84%	10,644,994	31.97%
50	110,096	2.47%	169,512	1.89%	211,504	1.26%	292,872	0.88%
90	50,412	1.13%	127,777	1.42%	147,018	0.87%	135,335	0.41%
100	200,202	4.49%	166,764	1.86%	123,986	0.74%	82,603	0.25%
110	767,132	17.22%	2,674,791	29.83%	6,538,057	38.80%	13,329,027	40.03%
111	443,340	9.95%	1,542,741	17.20%	3,164,133	18.78%	7,512,416	22.56%
113	314,076	7.05%	1,076,484	12.00%	3,308,846	19.64%	5,703,557	17.13%
114	9,716	0.22%	55,566	0.62%	65,078	0.39%	113,054	0.34%
120	594,345	13.34%	1,022,089	11.40%	1,757,147	10.43%	3,731,521	11.21%
130	163,159	3.66%	349,721	3.90%	758,445	4.50%	1,107,787	3.33%
140	139,494	3.13%	183,559	2.05%	136,816	0.81%	167,935	0.50%
150	222,316	4.99%	345,399	3.85%	329,227	1.95%	1,069,716	3.21%
160	69,376	1.56%	143,410	1.60%	532,659	3.16%	1,386,083	4.16%
170	340,514	7.64%	212,900	2.37%	293,733	1.74%	1,751,643	5.26%
180	292,242	6.56%	200,008	2.23%	276,396	1.64%	1,688,159	5.07%
190	5,009	0.11%	4,805	0.05%	4,458	0.03%	9,836	0.03%
200	6,250	0.14%	3,415	0.04%	1,678	0.01%	4,562	0.01%
210	7,497	0.17%	3,269	0.04%	4,715	0.03%	23,558	0.07%
220	29,516	0.66%	1,403	0.02%	6,486	0.04%	25,528	0.08%
230	267,695	6.01%	319,206	3.56%	425,710	2.53%	924,197	2.78%
240	218,726	4.91%	293,524	3.27%	388,831	2.31%	850,464	2.55%
250	32,633	0.73%	4,576	0.05%	20,214	0.12%	58,511	0.18%
260	16,251	0.36%	20,983	0.23%	16,665	0.10%	15,222	0.05%
270	85	0.00%	123	0.00%	0	0.00%	0	0.00%
280	83,929	1.88%	182,816	2.04%	346,434	2.06%	1,207,356	3.63%
290	658	0.01%	1,773	0.02%	6,699	0.04%	413,424	1.24%
300	133,882	3.01%	173,573	1.94%	335,317	1.99%	460,348	1.38%
310	52,181	1.17%	58,731	0.65%	104,650	0.62%	168,078	0.50%
320	43,709	0.98%	44,525	0.50%	77,764	0.46%	108,754	0.33%
330	37,992	0.85%	70,317	0.78%	152,903	0.91%	183,516	0.55%
340	100,996	2.27%	258,081	2.88%	455,584	2.70%	322,373	0.97%

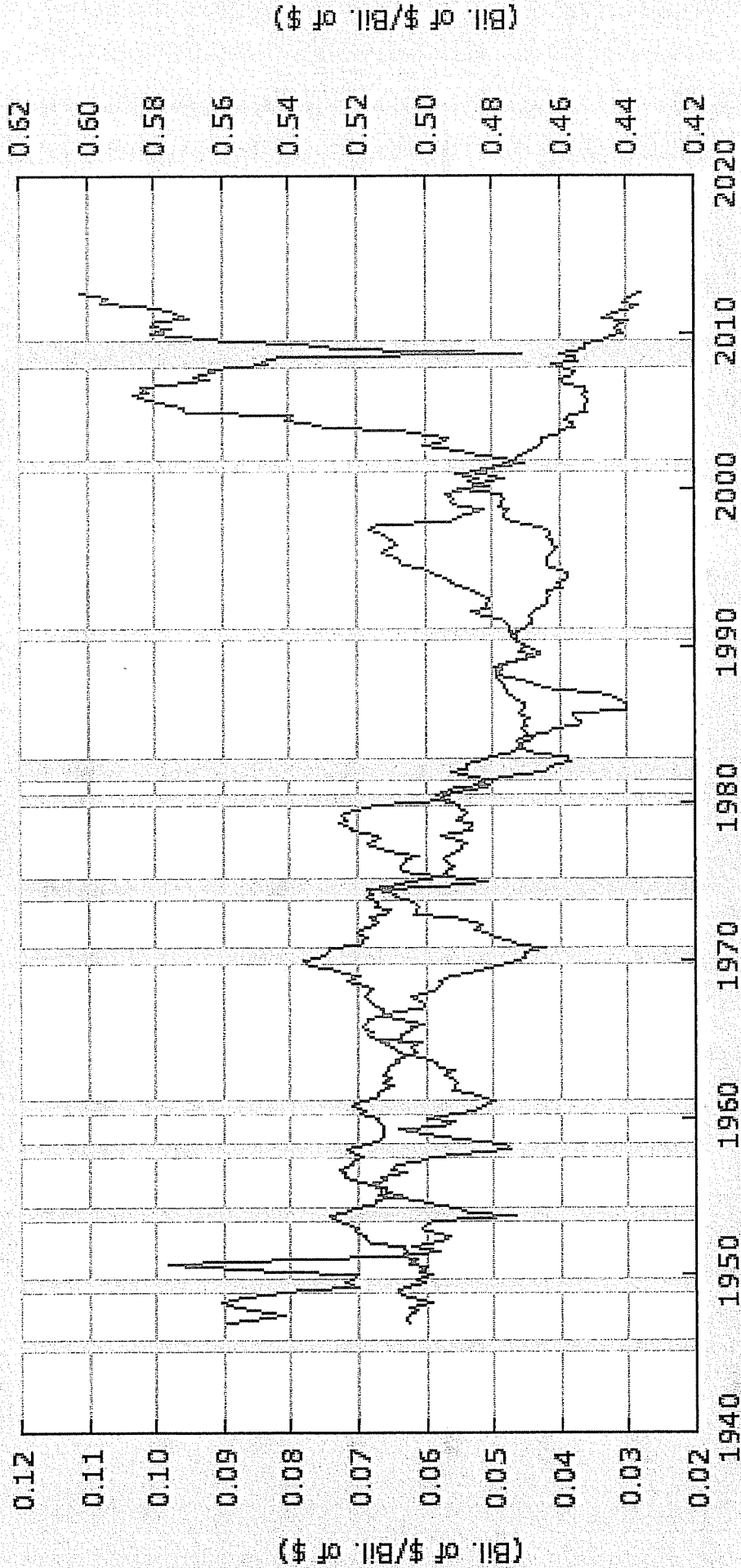
Source: Bureau of Economic Analysis

Personal Current Transfer Receipts in Constant (2009) Dollars: Kentucky



Source: Bureau of Economic Analysis

CP/GDP
WASCUR/GDP



— CP/GDP (Left)
— WASCUR/GDP (Right)

Shaded areas indicate US recessions.
2012 research.stlouisfed.org



US National Debt & Interest Expense by Presidential Term, Percentage of GDP

Year Ending	President	National Debt, Total				Gross Domestic Product		Interest Expense	
		Current \$ (1)	% Change			Current \$ (2)	Debt as % of	Total(6) (As of Sept. 30)	As % of GDP
			Growth Rate, YoY	During Presidency	Avg. Annual				
12/31/1976	FORD	\$653,544,000,000				\$1,825,300,000,000	35.8%		
12/31/1977	CARTER	\$718,943,000,000	10.0%			\$2,030,900,000,000	35.4%		
12/31/1978	CARTER	\$789,207,000,000	9.8%			\$2,294,700,000,000	34.4%		
12/31/1979	CARTER	\$845,116,000,000	7.1%			\$2,563,300,000,000	33.0%		
12/31/1980	CARTER	\$930,210,000,000	10.1%	42.3%	9.2%	\$2,789,500,000,000	33.3%		
12/31/1981	REAGAN	\$1,028,729,000,000	10.6%			\$3,128,400,000,000	32.9%		
12/31/1982	REAGAN	\$1,197,073,000,000	16.4%			\$3,255,000,000,000	36.8%		
12/31/1983	REAGAN	\$1,410,702,000,000	17.8%			\$3,536,700,000,000	39.9%		
12/31/1984	REAGAN	\$1,662,966,000,000	17.9%			\$3,933,200,000,000	42.3%		
12/31/1985	REAGAN	\$1,945,912,000,000	17.0%			\$4,220,300,000,000	46.1%		
12/31/1986	REAGAN	\$2,214,835,000,000	13.8%			\$4,462,800,000,000	49.6%		
12/31/1987	REAGAN	\$2,431,715,000,000	9.8%			\$4,739,500,000,000	51.3%		
12/31/1988	REAGAN	\$2,684,392,000,000	10.4%	188.6%	14.2%	\$5,103,800,000,000	52.6%	\$214,145,028,848	4.2%
12/31/1989	BUSH	\$2,952,994,000,000	10.0%			\$5,484,400,000,000	53.8%	\$240,863,231,536	4.4%
12/31/1990	BUSH	\$3,364,820,000,000	13.9%			\$5,803,100,000,000	58.0%	\$264,852,544,616	4.6%
12/31/1991	BUSH	\$3,801,800,000,000	13.0%			\$5,995,900,000,000	63.4%	\$286,021,921,181	4.8%
12/31/1992	BUSH	\$4,177,009,000,000	9.9%	55.6%	11.7%	\$6,337,700,000,000	65.9%	\$292,361,073,071	4.6%
12/31/1993	CLINTON	\$4,535,687,054,406	8.6%			\$6,657,400,000,000	68.1%	\$292,502,219,484	4.4%
12/31/1994	CLINTON	\$4,800,149,946,143	5.8%			\$7,072,200,000,000	67.9%	\$296,277,764,246	4.2%
12/31/1995	CLINTON	\$4,988,664,979,014	3.9%			\$7,397,700,000,000	67.4%	\$332,413,555,031	4.5%
12/31/1996	CLINTON	\$5,323,171,750,783	6.7%			\$7,816,900,000,000	68.1%	\$343,955,076,695	4.4%
12/31/1997	CLINTON	\$5,502,388,012,375	3.4%			\$8,304,300,000,000	66.3%	\$355,795,834,215	4.3%
12/31/1998	CLINTON	\$5,614,217,021,195	2.0%			\$8,747,000,000,000	64.2%	\$363,823,722,920	4.2%
12/31/1999	CLINTON	\$5,776,091,314,225	2.9%			\$9,268,400,000,000	62.3%	\$353,511,471,723	3.8%
12/31/2000	CLINTON	\$5,662,216,013,697	-2.0%	35.6%	3.9%	\$9,817,000,000,000	57.7%	\$361,997,734,302	3.7%
12/31/2001	BUSH	\$5,943,438,563,436	5.0%			\$10,286,200,000,000	57.8%	\$359,507,635,242	3.5%
12/31/2002	BUSH	\$6,405,707,456,847	7.8%			\$10,642,300,000,000	60.2%	\$332,536,958,599	3.1%
12/31/2003	BUSH	\$7,001,312,247,818	9.3%			\$11,142,100,000,000	62.8%	\$318,148,529,152	2.9%
12/31/2004	BUSH	\$7,596,165,867,424	8.5%			\$11,867,800,000,000	64.0%	\$321,566,323,971	2.7%
12/30/2005	BUSH	\$8,170,424,541,313	7.6%			\$12,638,400,000,000	64.6%	\$352,350,252,508	2.8%
12/29/2006	BUSH	\$8,680,224,380,086	6.2%			\$13,398,900,000,000	64.8%	\$405,872,109,316	3.0%
12/28/2007	BUSH	\$9,229,172,659,218	6.3%			\$14,077,600,000,000	65.6%	\$429,977,998,108	3.1%
12/31/2008	BUSH	\$10,699,804,864,612	15.9%	89.0%	8.3%	\$14,441,400,000,000	74.1%	\$451,154,049,951	3.1%
12/31/2009	OBAMA	\$12,311,349,677,512	15.1%			\$14,256,300,000,000	86.4%	\$383,071,060,815	2.7%
12/31/2010	OBAMA	\$14,025,215,218,709	13.9%			\$14,745,100,000,000	95.1%	\$413,954,825,362	2.8%
12/31/2011	OBAMA	\$15,125,898,976,397	7.8%	41.4%	12.2%	\$15,321,000,000,000	98.7%	\$454,393,280,417	3.0%
6/30/2012	OBAMA	\$15,856,367,214,324	4.8%			\$15,595,000,000,000	101.7%	<1st time: Exceeds 100% of GDP	

Red text: Trend is worsening. Green text: Trend is improving

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'Double Irish With a Dutch Sandwich'

Related Article »

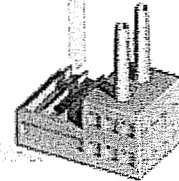
Numerous companies take advantage of loopholes in international laws to move profits around the world, avoiding taxes. Many of these techniques rely on transferring profits on patent royalties to places like Ireland. Here is one technique typical of what Apple and others pioneered.

START HERE

U.S. consumer

If the profits from the sale of a product stay in the United States, they would be subject to a federal tax of 35 percent. But if money is paid to an Irish subsidiary as royalties on patents the company owns, it can ultimately be taxed at far lower rates

PRODUCT



Overseas consumer

When the same product is sold overseas, money from the sale is sent to a second Irish subsidiary.

PRODUCT

Irish subsidiary

Because of a quirk in Irish law, if the Irish subsidiary is controlled by managers elsewhere, like the Caribbean, then the profits can skip across the world tax-free.

Manufacturing subsidiary

At one time, a company would actually manufacture products in Ireland. But today, it's more likely to use factories in China, Brazil or India that ship directly to consumers.

Second Irish subsidiary

Caribbean or other tax haven

The profits can land in an overseas tax haven where they are stored, invisible to authorities, for years.



Netherlands

And because of Irish treaties that make some inter-European transfers tax-free, the company can avoid taxes by routing the profits through the Netherlands ...

... and then back to the first Irish subsidiary, which sends the profits to the overseas tax haven

NO-TAX COUNTRY 0%



31-Jan-11

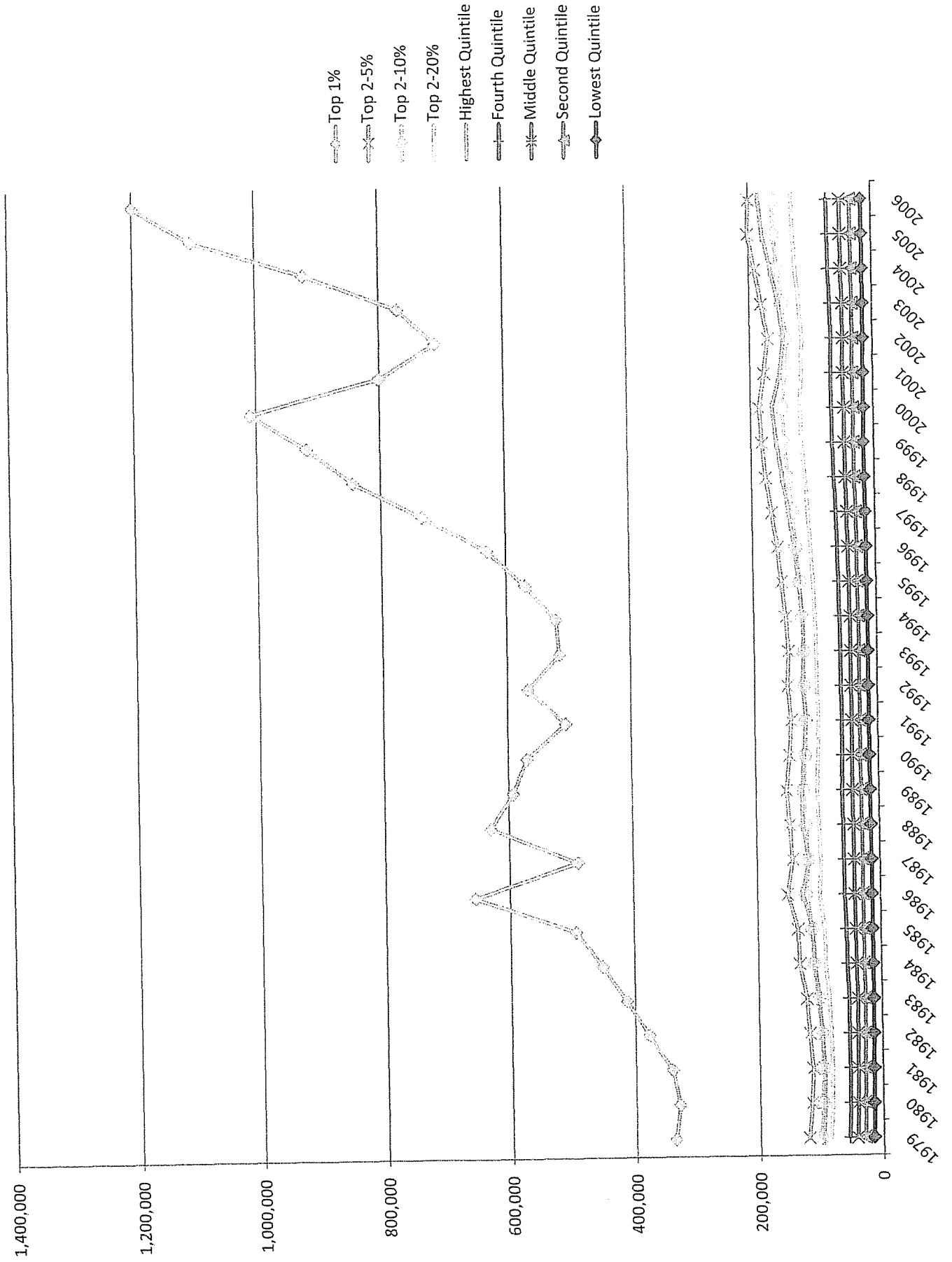
Historical Highest Marginal Income Tax Rates

Year	Top Marginal Rate	Year	Top Marginal Rate	Year	Top Marginal Rate
1913	7.0%	1946	86.45%	1979	70.00%
1914	7.0%	1947	86.45%	1980	70.00%
1915	7.0%	1948	82.13%	1981	69.13%
1916	15.0%	1949	82.13%	1982	50.00%
1917	67.0%	1950	91.00%	1983	50.00%
1918	77.0%	1951	91.00%	1984	50.00%
1919	73.0%	1952	92.00%	1985	50.00%
1920	73.0%	1953	92.00%	1986	50.00%
1921	73.0%	1954	91.00%	1987	38.50%
1922	56.0%	1955	91.00%	1988	28.00%
1923	56.0%	1956	91.00%	1989	28.00%
1924	46.0%	1957	91.00%	1990	31.00%
1925	25.0%	1958	91.00%	1991	31.00%
1926	25.0%	1959	91.00%	1992	31.00%
1927	25.0%	1960	91.00%	1993	39.60%
1928	25.0%	1961	91.00%	1994	39.60%
1929	24.0%	1962	91.00%	1995	39.60%
1930	25.0%	1963	91.00%	1996	39.60%
1931	25.0%	1964	77.00%	1997	39.60%
1932	63.0%	1965	70.00%	1998	39.60%
1933	63.0%	1966	70.00%	1999	39.60%
1934	63.0%	1967	70.00%	2000	39.60%
1935	63.0%	1968	75.25%	2001	38.60%
1936	79.0%	1969	77.00%	2002	38.60%
1937	79.0%	1970	71.75%	2003	35.00%
1938	79.0%	1971	70.00%	2004	35.00%
1939	79.0%	1972	70.00%	2005	35.00%
1940	81.10%	1973	70.00%	2006	35.00%
1941	81.00%	1974	70.00%	2007	35.00%
1942	88.00%	1975	70.00%	2008	35.00%
1943	88.00%	1976	70.00%	2009	35.00%
1944	94.00%	1977	70.00%	2010	35.00%
1945	94.00%	1978	70.00%	2011	35.00%

Note: This table contains a number of simplifications and ignores a number of factors, such as a maximum tax on earned income of 50 percent when the top rate was 70 percent and the current increase in rates due to income-related reductions in value of itemized deductions. Perhaps most importantly, it ignores the large increase in percentage of returns that were subject to this top rate.

Sources: Eugene Steuerle, The Urban Institute; Joseph Pechman, Federal Tax Policy; Joint Committee on Taxation, Summary of Conference Agreement on the Jobs and Growth Tax Relief Reconciliation Act of 2003, JCX-54-03, May 22, 2003; IRS Revised Tax Rate Schedules

Average U.S. After-Tax Household Income by Quintile and Percentile (2006 Dollars)
1979 - 2006



Source: Historical Effective Federal Tax Rates: 1979 to 2006, Congressional Budget Office (<http://www.cbo.gov/publications/collections/taxdistribution.cfm>)

July 10, 2012

The Machine and the Garden

By ERIC LIU and NICK HANAUER

Seattle

WE are prisoners of the metaphors we use, even when they are wildly misleading. Consider how political candidates talk about the economy. Last month President Obama praised immigrants as “the greatest economic engine the world has ever known.” Mitt Romney says that extending the Bush-era tax cuts will “fuel” a recovery. Others fear a “stall” in job growth.

Call it the “Machinebrain” picture of the world: markets are perfectly efficient, humans perfectly rational, incentives perfectly clear and outcomes perfectly appropriate. From this a series of other truths necessarily follows: regulation and taxes are inherently regrettable because they impede the machine’s optimal workings. Government fiscal stimulus is wasteful. The rich by definition deserve to be so and the poor as well.

This self-enclosed metaphor is the gospel of market fundamentalists. But there is simply no evidence for it. Empirically, trickle-down economics has failed. Tax cuts for the rich have never once yielded more net revenue for the country. The 2008 crash and the Great Recession prove irrefutably how inefficient and irrational markets truly are.

What we require now is a new framework for thinking and talking about the economy, grounded in modern understandings of how things actually work. Economies, as social scientists now understand, aren’t simple, linear and predictable, but complex, nonlinear and ecosystemic. An economy isn’t a machine; it’s a garden. It can be fruitful if well tended, but will be overrun by noxious weeds if not.

In this new framework, which we call Gardenbrain, markets are not perfectly efficient but can be effective if well managed. Where Machinebrain posits that it’s every man for himself, Gardenbrain recognizes that we’re all better off when we’re all better off. Where Machinebrain treats radical inequality as purely the predictable result of unequally distributed talent and work ethic, Gardenbrain reveals it as equally the self-reinforcing and compounding result of unequally distributed opportunity.

Gardenbrain challenges many of today’s most conventional policy ideas.

Consider regulation. Under the prevailing assumption, regulation is an unfortunate interruption of a frictionless process of wealth creation in a self-correcting market. But Gardenbrain allows us to see that an economy cannot self-correct any more than a garden can self-tend. And regulation — the creation of standards to raise the quality of economic life — is the work of seeding useful activity and weeding harmful activity.

Is it possible to garden clumsily and ineffectively? Of course. Wise regulation, however, is how human societies turn a useless jungle into a prosperous garden. This explains why wherever on earth one finds successful private companies, one also finds a well-regulated economy, and where regulation is absent we find widespread poverty.

Or take taxes. Under the efficient-market hypothesis, taxes are an extraction of resources from the jobs machine, or more literally, taking money out of the economy. It is not just separate from economic activity, but hostile to it. This is why most Americans believe that lower taxes will automatically lead to more prosperity. Yet if there were a shred of truth to this, then given our historically low tax rates we would today be drowning in jobs and general prosperity.

Gardenbrain, in contrast, allows us to recognize taxes as basic nutrients that sustain the garden. A well-designed tax system — in which everyone contributes and benefits — ensures that nutrients are circulated widely to fertilize and foster growth. Reducing taxes on the very wealthiest on the idea that they are “job creators” is folly. Jobs are the consequence of an organic feedback loop between consumers and businesses, and it’s the demand from a thriving middle class that truly creates jobs. The problem with today’s severe concentration of wealth, then, isn’t that it’s unfair, though it might be; it’s that it kills middle-class demand. Lasting growth doesn’t trickle down; it emerges from the middle out.

Lastly, consider spending. The word spending means literally “to use up or extinguish value,” and most Americans believe that’s exactly what government does with their tax dollars. But government spending is not a single-step transaction that burns money as an engine burns fuel; it’s part of a continuous feedback loop that circulates money. Government no more spends our money than a garden spends water or a body spends blood. To spend tax dollars on education and health is to circulate nutrients through the garden.

True, not all spending is equally useful, and not every worthy idea for spending is affordable. But this perspective helps us understand why the most prosperous economies are those that tax and spend the most, while those that tax and spend the least are failures. More important, it clarifies why more austerity cannot revive an already weak private economy and why more spending can.

Seeing the economy this way does not make you anti-capitalist. In fact, nothing could be more pro-business and pro-growth than a Gardenbrain approach — because by focusing our attention on the long term over the short, on the power of markets to create wealth through evolutionary adaptations and on the health of the whole rather than a part, it gives us prosperity that is widely shared, sustained and self-reinforcing.

Humans, it is said, originated in a garden. Perhaps that is why we understand so intuitively what it takes to be great gardeners. Find the right ground and cast the seed. Fertilize, water and weed. Know the difference between blight and bounty. Adapt to changing weather and seasons. Turn the soil. This is how a fruitful economy grows.

Eric Liu and Nick Hanauer are the authors of “The Gardens of Democracy: A New American Story of Citizenship, the Economy and the Role of Government.”

Taxes: Regressive or Progressive, Income Tax or Fair or Flat or VAT?

- (1) Coming to a reasoned judgment about tax policy requires clarifying your own values about fairness, sifting through some subtle conceptual issues, and, perhaps hardest of all, evaluating the conflicting claims about the economic impact of tax alternatives. (page 305)

Tax Cuts as a Trojan Horse

- (2) For many advocates of tax cuts, the real objective is not the tax system but rather the size of government, and tax cuts are really a tactical weapon in the battle to downsize government. The idea is to lower taxes and hope that politicians' (and voters') fear of deficits and dislike of tax increases will force expenditures below what they would otherwise be. Because the ultimate objective is to limit spending initiatives, this is a good idea only if the benefits of the spending that is cut or forestalled fall short of their cost. So the real issue is not the tax system but the proper size and scope of government. (page 306)

Source: *Taxing Ourselves: A Citizen's Guide to the Debate over Taxes*, Fourth Edition; Joel Slemrod and Jon Bakija, The MIT Press, 2008

- (3) Make no mistake. Estate tax repeal, along with the "fair tax" movement and its cousin the "flat tax" campaign—both of which would replace the income tax—are key pieces of a three decade effort to fundamentally restructure our nation's tax system by eliminating all taxes on wealth and income from wealth. At the inception of the twenty-first century, the great battle over distributive tax justice that culminated early in the twentieth century has been renewed.
- (4) And if progressive taxes and progressive tax rates are purged from the tax system, the amount of taxes the government can raise becomes limited. Low and moderate income people simply cannot afford to pay enough in taxes to finance the government's current expenditures, whether the dollars go to homeland security, national defense, social Security, Medicare, Medicaid or elsewhere. Of course, advocates of proposals like the "fair tax" understand that eliminating the progressive elements of our nation's tax system would be a highly effective way to "starve the beast" of the federal government. For antitax activists such as Grover Norquist, that is indeed the goal. Remember how fond he is of saying, "I don't want to kill the government, I just want to get it down to a size where I can drown it in a bathtub". (pages 277-278)
- (5) Make no mistake, the antitax forces are working tirelessly to dismantle America's system of progressive taxation. They are patient. They are serious. They are determined. They know that what they want cannot be accomplished at a fell swoop. Hence their strategy: death by a thousand cuts. What strategy is there on the other side? (page 282)

Source: *Death by a Thousand Cuts: The Fight over Taxing Inherited Wealth*; Michael J. Graetz and Ian Shapiro, Princeton University Press, 2005.

- (6) At a party given by a billionaire on Shelter Island, Kurt Vonnegut informs his pal, Joseph Heller, that their host, a hedge fund manager, had made more money in a single day than Heller had earned from his wildly popular novel *Catch-22* over its whole history. Heller responds, "Yes, but I have something he will never have...enough." (Page 1)
- (7) But the rampant greed that threatens to overwhelm our financial system and corporate world runs deeper than money. Not knowing what enough is subverts our professional values. It makes salespersons of those who should be fiduciaries of the investments entrusted to them. (page 2)

Enough: True Measures of Money, Business, and Life; John C. Bogle, John Wiley & Sons, 2009.

- (8) The crash has laid bare many unpleasant truths about the United States. One of the most alarming, says a former chief economist of the International Monetary fund, is that the finance industry has effectively captured our government...Recovery will fail unless we break the financial oligarchy that is blocking essential reform. (page 1)
- (9) But these various policies-lightweight regulation, cheap money, the unwritten Chinese-American economic alliance, the promotion of homeownership-had something in common. Even though some are traditionally associated with Democrats and some with Republicans, they all benefited the financial sector. (page 4)
- (10) But the first age of banking oligarchs came to an end with the passage of significant banking regulation in response to the Great Depression; the reemergence of an American financial oligarchy is quite recent. (page 5)

The Quiet Coup; Simon Johnson, *The Atlantic*, May, 2009.