

consumers are still held back by the huge debts they ran up during the bubble years. And the stimulus was both too small and too short-lived to overcome that dire legacy.”⁷⁹ Krugman also argued, “We needed more government spending, not less, to fill the hole left by inadequate private demand.”⁸⁰

However, President Obama’s Counsel of Economic Advisers issued a report in February 2014 praising the impact of the stimulus. It argued that financial crises, like the one that hit the United States in the final year of George W. Bush’s presidency, cause long-term damage on an economy. Comparing policy outcomes with an ideal result—a rapid, sustained recovery that quickly restores the economy to health—poses an impossible test. The correct approach is “comparing what actually happened with what might have happened,” the economic advisers’ report said. By that measure, it said, the stimulus law succeeded because it “helped avert what might have become a second Great Depression and paved the way for stronger economic growth.” While economic growth still lagged behind what most Americans would like, the report noted that the U.S. economy recovered more quickly than many major competitors, including Great Britain and France. Overall, the stimulus law and subsequent economic policies increased employment by about 1.6 million jobs a year through the end of 2012.⁸¹ Other observers agreed with the administration’s evaluation.

In many ways, the contentious debate over the stimulus has shaped our polarized politics today. The very first Tea Party rally came in response to the bill, when a Seattle activist named Keli Carender became upset about its cost. “I started thinking, what are we getting ourselves into?” she said later. “It didn’t make sense to me to be spending all this money when we don’t have it. It seems more logical that we create an atmosphere where private industry can start to grow again and create jobs.”⁸²

That argument was made over and over again in 2010, when Republicans were able to regain control of the House of Representatives. And it has underlined many of the debates about fiscal policy since then. A sizable portion of the Republican Party has become concerned that government spending is out of control and must be sharply reined in. That has caused a countermovement within the Democratic Party to argue just as forcefully that using the power of government—through spending as well as moves like raising the minimum wage—benefits society in the long run even if those moves lead to budget deficits in the short term.

These arguments, in turn, have paved the way for a renewed debate about economic inequality in the run-up to the 2016 presidential election. That issue was what fueled the Occupy Wall Street movement in 2011 and 2012, in which activists around the country protested the vast gap between America’s wealthiest people and the rest of society. It also prompted Obama to devote more time and energy to trying to raise the minimum wage. And it gained even more currency in the spring of 2014, when French economist Thomas Piketty’s book *Capital in the Twenty-first Century* soared to the top of Amazon.com’s bestseller list. Piketty’s central argument was that capitalism inevitably will lead to a growing concentration of economic power into the hands of those fortunate enough to inherit large sums of money from their parents, a state Piketty calls “patrimonial capitalism.” He called for a global tax on wealth to address this. His findings provoked furious debate, as people on the left said it justified the power of government to correct society’s inequities and those on the right accused him of being an adherent of Karl Marx, the founder of communism.⁸³ Obama said the issue of equality will continue to be one of the central themes of his remaining years in office: “I will measure myself at the end of my presidency by whether I began the process of rebuilding the middle class and the ladders into the middle class, and reversing the trend toward economic bifurcation in this society.”⁸⁴