



# Deutsche Welle

## How long can a strong US economy last?

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Despite positive figures, experts from leading US think tanks are exercising caution when speaking about the state of the country's economy. "It's better than so-so," one commented. "Modest is the word that I would use." The US is "doing about as well as we would hope," another said. A third saw "the glass as half full - or half empty."

At around five percent, the US unemployment rate is almost back to where it was before the global financial crisis struck in 2008. Nevertheless, "finding a job is still pretty difficult for someone who didn't graduate from high school," says Mark Calabria from the Cato Institute, a libertarian think tank.

Plus, the unemployment rate masks the rise of underemployment, as companies offer more workers less work. "If you've got one person working 40 hours a week versus two people each working 20 hours a week, you've got two jobs but still 40 hours per week of work," Calabria said.

But this is just one of the many problems that qualify recent reports of the US economy's success.

### **Waning productivity**

Economists are also concerned that increases in productivity aren't keeping up with increases in salary. Good pay can be a sign of economic health, but productivity is vital for an economy to maintain its competitive edge in the international market.

Silicon Valley's reputation as the global hub of innovation may soon be in question

Productivity is closely linked with innovation. And so, according to Barry Bosworth, senior economic fellow at the Brookings Institute, the country's status as a leader in developing new technologies is in peril. "It looks like the high-tech sector has stagnated in the United States in recent years," he said. Meanwhile, other countries, such as China, have caught up.

It's likely out of the hands of politicians to get the ball rolling again. "Productivity is one of those things that I think largely lies in the private sector," Bosworth said. "Government policies can not affect it directly very much."

## **Weak investment in the future**

Joseph Gagnon, senior fellow at the Peterson Institute for International Economics, believes that politics does have a role to play however in fostering the well-educated workforce necessary to support a developed economy. "The best educated Americans are the best in the world," he said, but those not reaching the university aren't stacking up with the rest of the world. "We need to fix that."

Economists have long agreed that education inequality breeds wage inequality. Conversely, a well educated workforce leads to higher productivity, and in turn higher wages.

Economists call for sustained investment in infrastructure to support the economy

Gagnon also expressed concern about the state of infrastructure in the United States. "We had the world's best infrastructure 30 years ago, but we haven't been doing the maintenance since," he said. And the consequences are starting to show: from poorly maintained subway systems in Washington and New York to lead-contaminated drinking water in Flint, Michigan. "We are falling behind the rest of the world," Gagnon said. "And that's obviously the government's responsibility."

## **Economic turning point**

A growing trade deficit is also haunting the US economy. For the past two years, a strong dollar has made it difficult for American companies to sell their goods abroad, while imports have remained high. "This can't go on for long," said Bosworth.

So what does this all mean for the future? "The economy is going to do relatively well in 2016," Calabria believes. "But it may be the last really decent year for a while."