

December 5, 2011

Explaining the Great Recession and Anemic Job Recovery: The Role of Faltering U.S. International Competitiveness

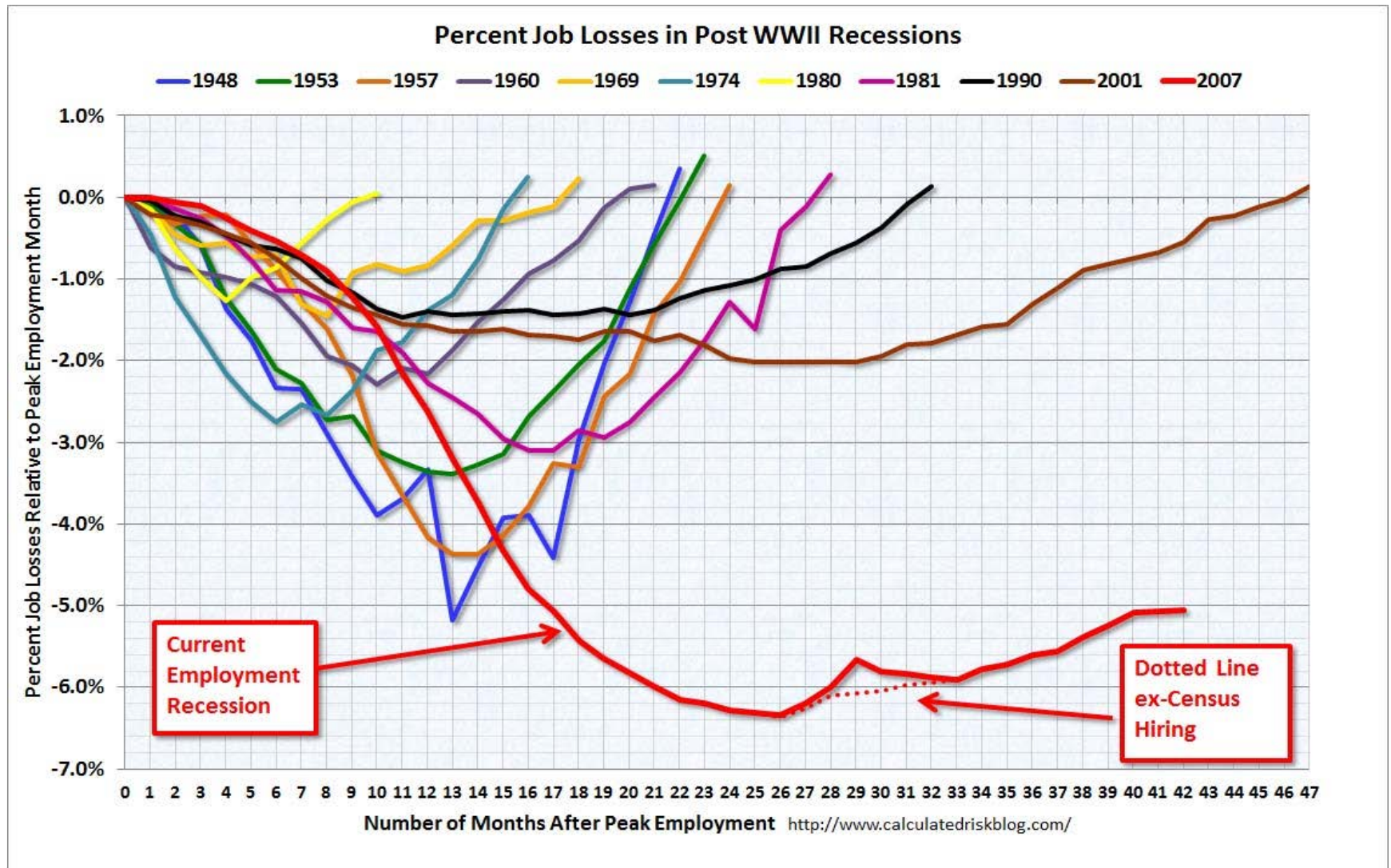
Dr. Robert D. Atkinson

President

Information Technology and Innovation Foundation



How do we Explain These Symptoms?



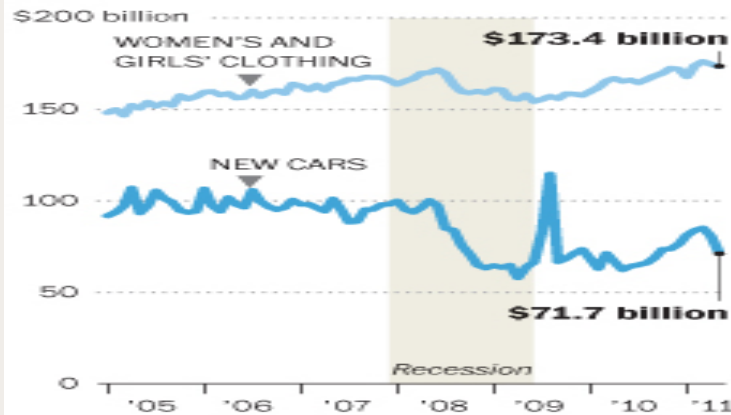
How do we Explain These Symptoms?

Median change in expected family income, in percent

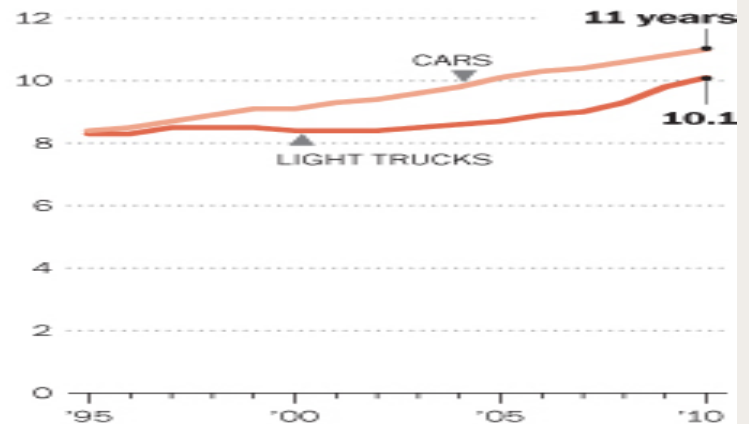


Personal spending

In billions of 2005 dollars, seasonally adjusted annual rates

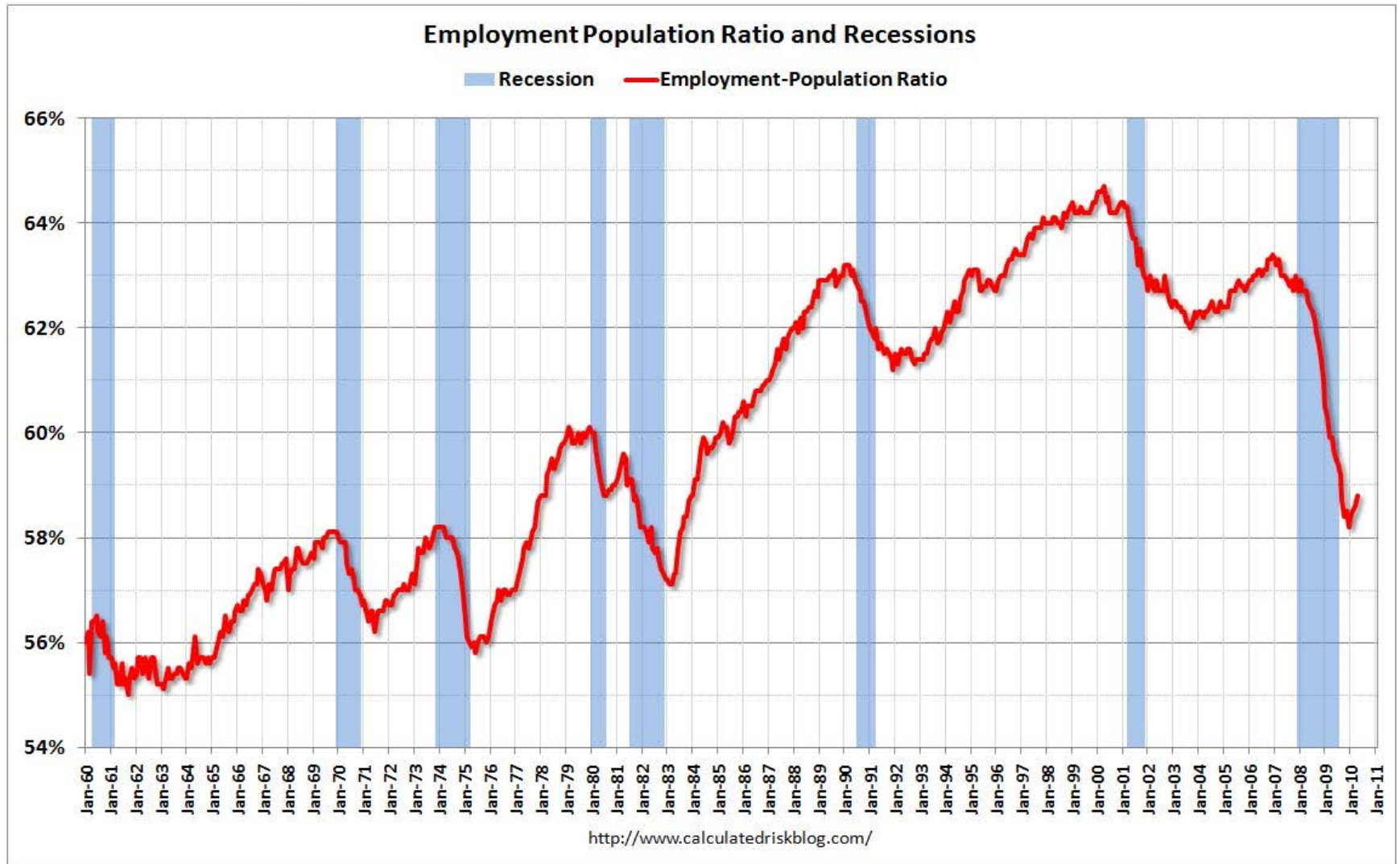


Average age of cars and light trucks

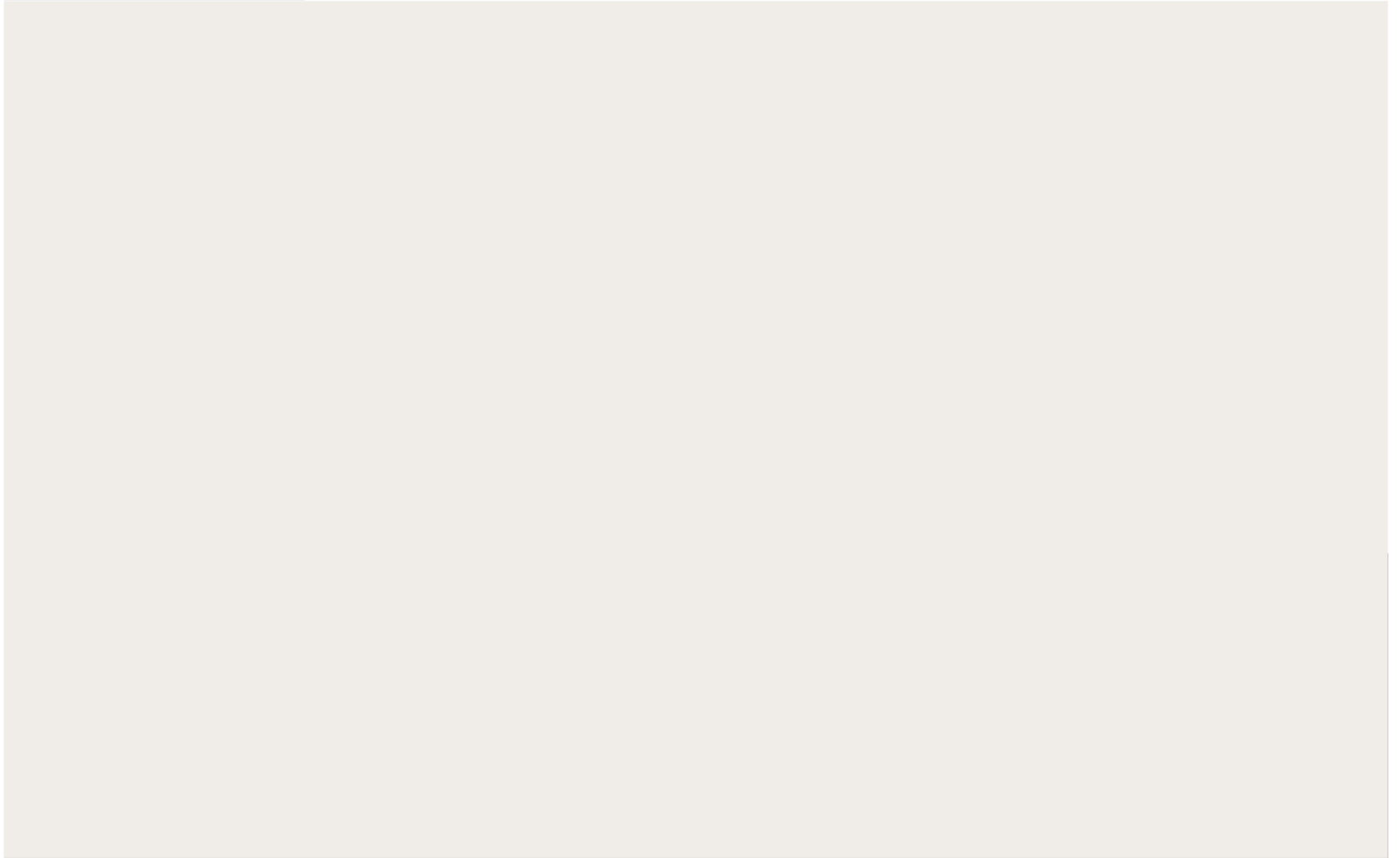


Source: University of Michigan Surveys of Consumer

■ How do we Explain These Symptoms?

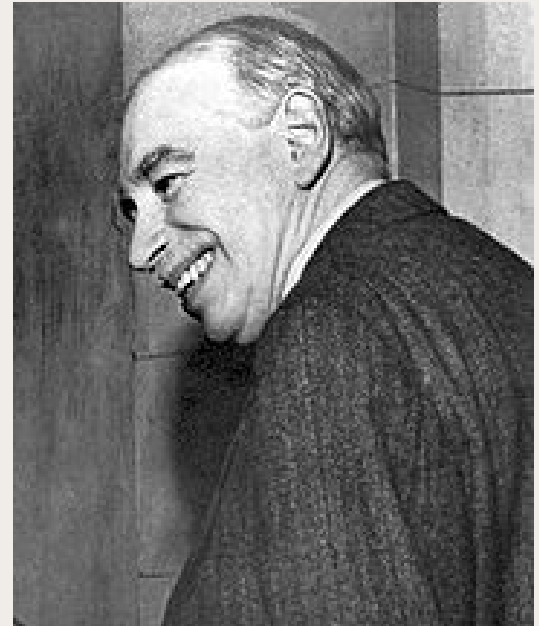


■ The Seven Diagnoses of U.S. Economic Travails



- The Seven Diagnoses of U.S. Economic Travails

1) More Stimulus is Needed: This is a Severe Keynesian Contraction



- The Seven Diagnoses of U.S. Economic Travails

2) Face Facts: Financial Crises Just Take a Long Time to Recover From



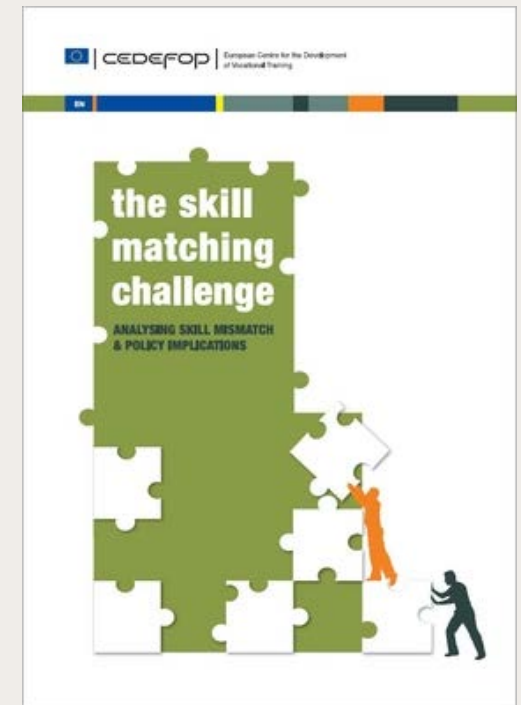
- The Seven Diagnoses of U.S. Economic Travails

3) Why Invest With all This Regulatory Uncertainty?



- The Seven Diagnoses of U.S. Economic Travails

4) There Are Lots of Jobs, But Few Workers With the Skills.



- The Seven Diagnoses of U.S. Economic Travails

5) The Gas Tank of Innovation is Empty



- The Seven Diagnoses of U.S. Economic Travails

6) The Gas Tank of Innovation is Full, and the Robots Are Taking Our Jobs

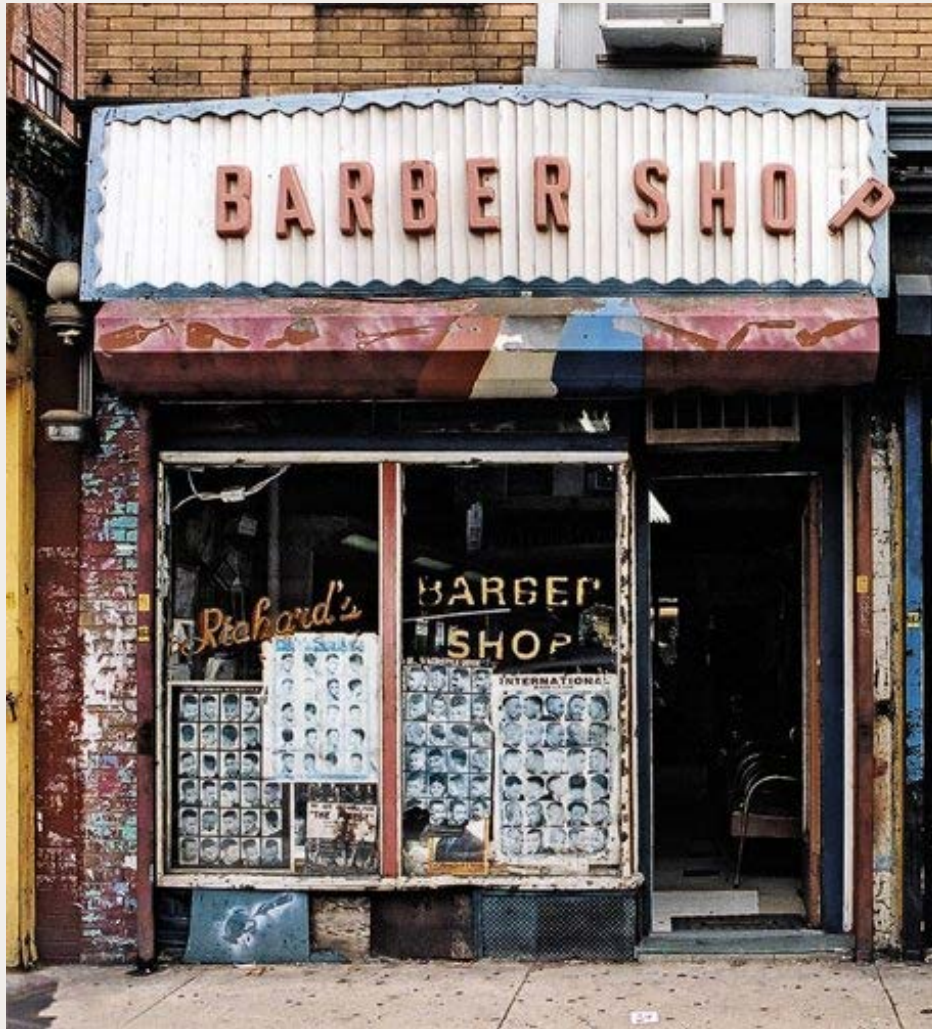


- The Seven Diagnoses of U.S. Economic Travails

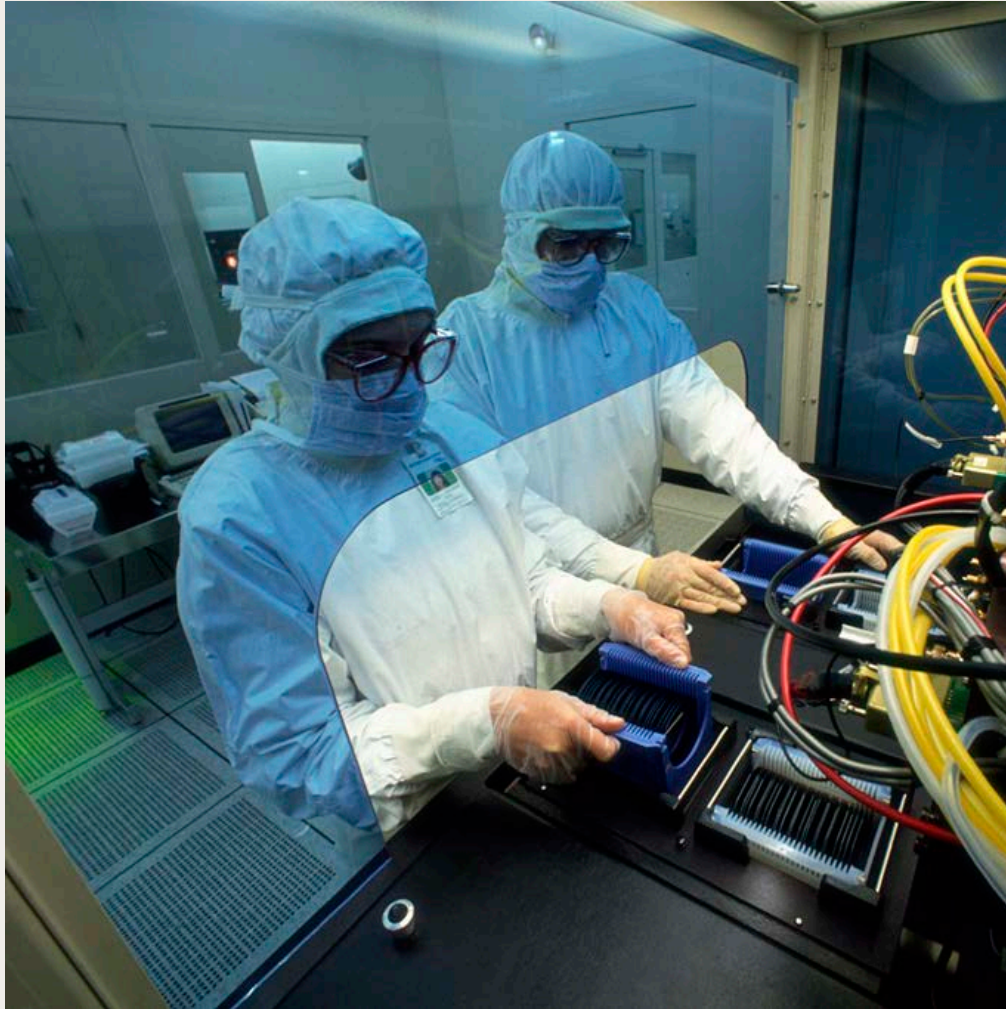
7) U.S. Competitiveness Failure



- Loss of Non-Traded Sector Output Is Quickly Made Up



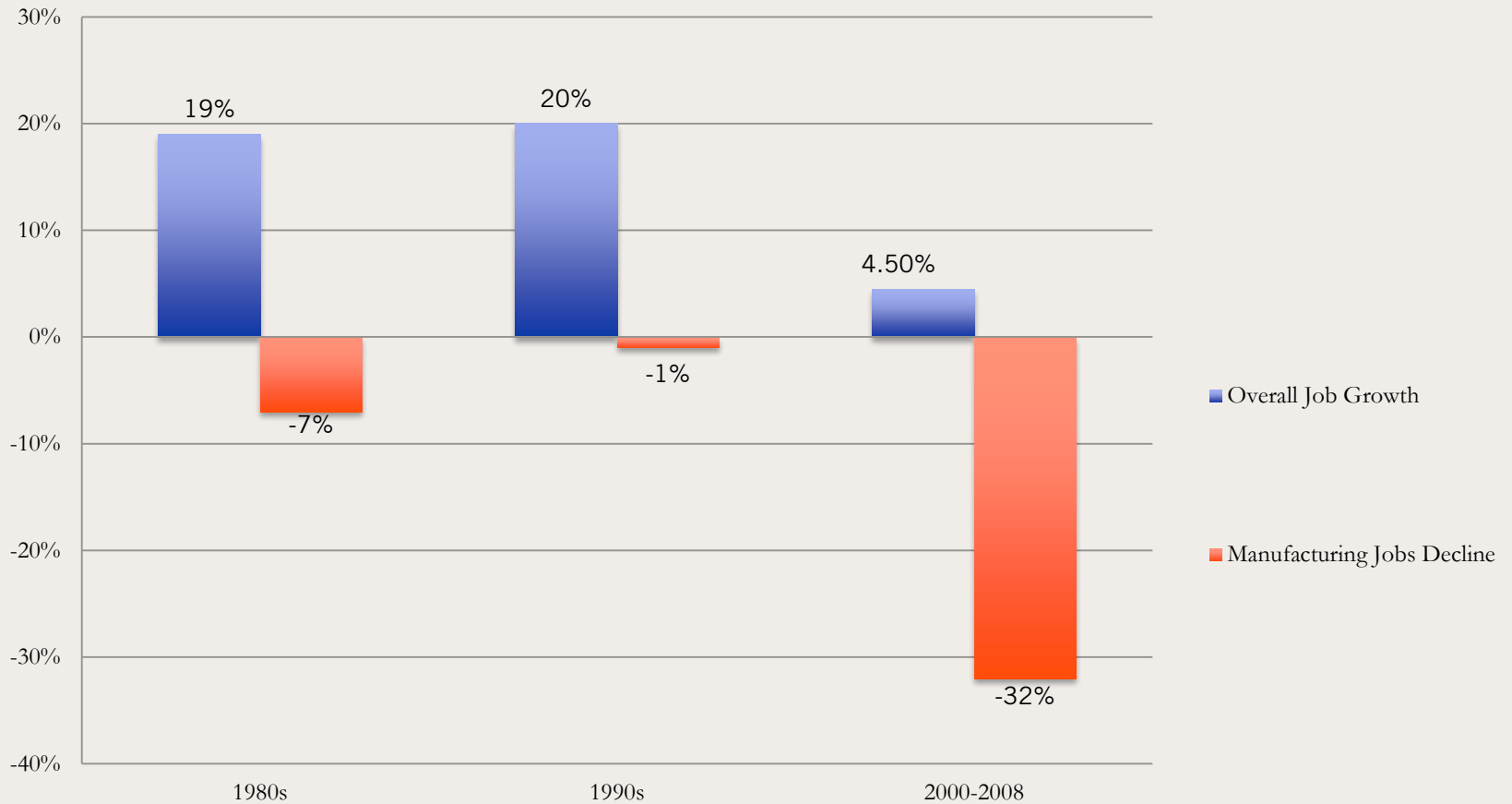
■ Loss of Traded Sector Output Is Not



■ “It’s the Traded Sector Stupid”

- If the U.S. loses traded sector output from imported sector output, demand is met but not in the U.S.
- Laid-off workers don’t get easily reemployed.
- This can be a stiff wind against recovery and growth. For every step forward, there’s one back.

■ Manufacturing Jobs and Overall Job Growth Are Related



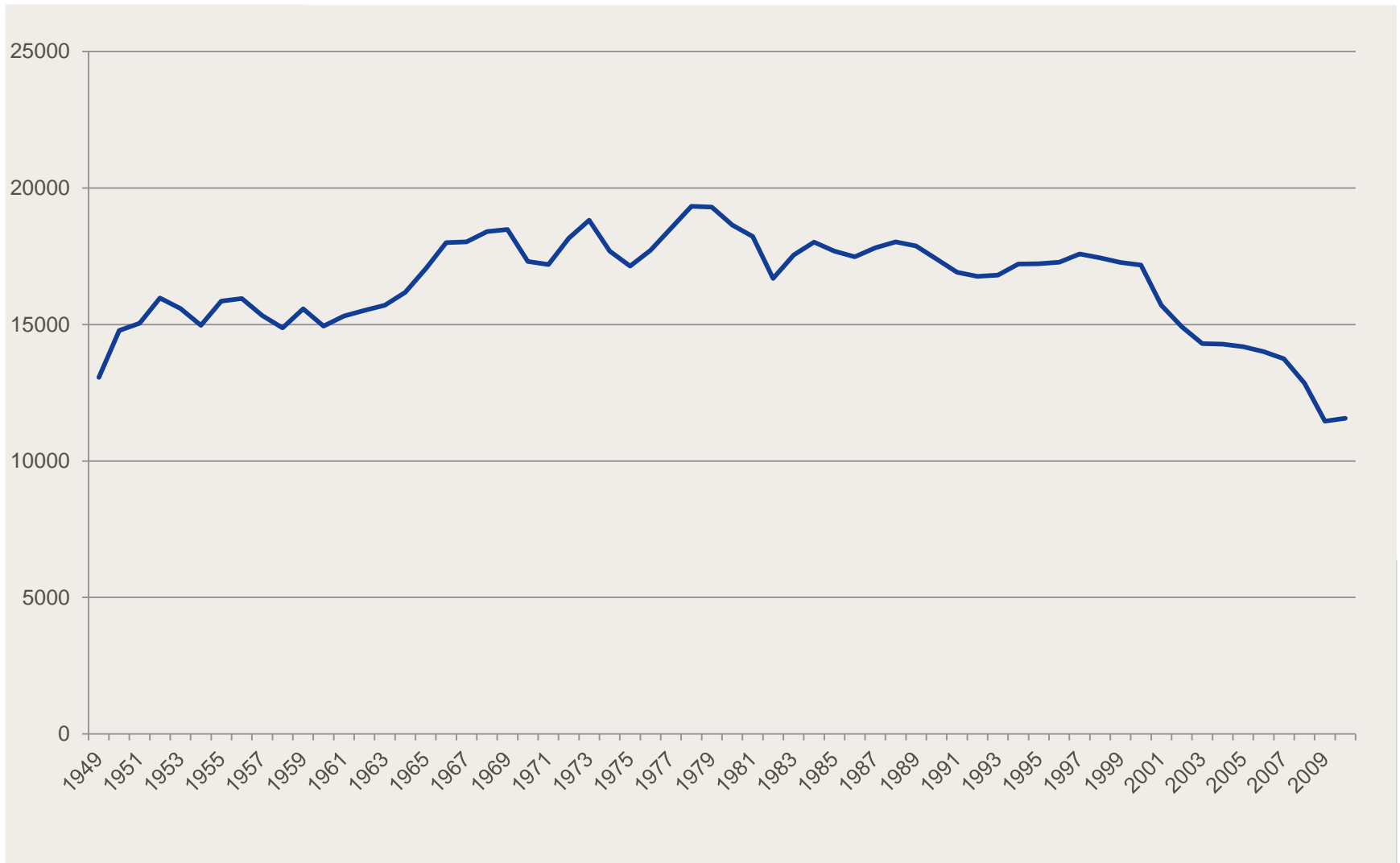
■ U.S. Manufacturing: The Agriculture Story?



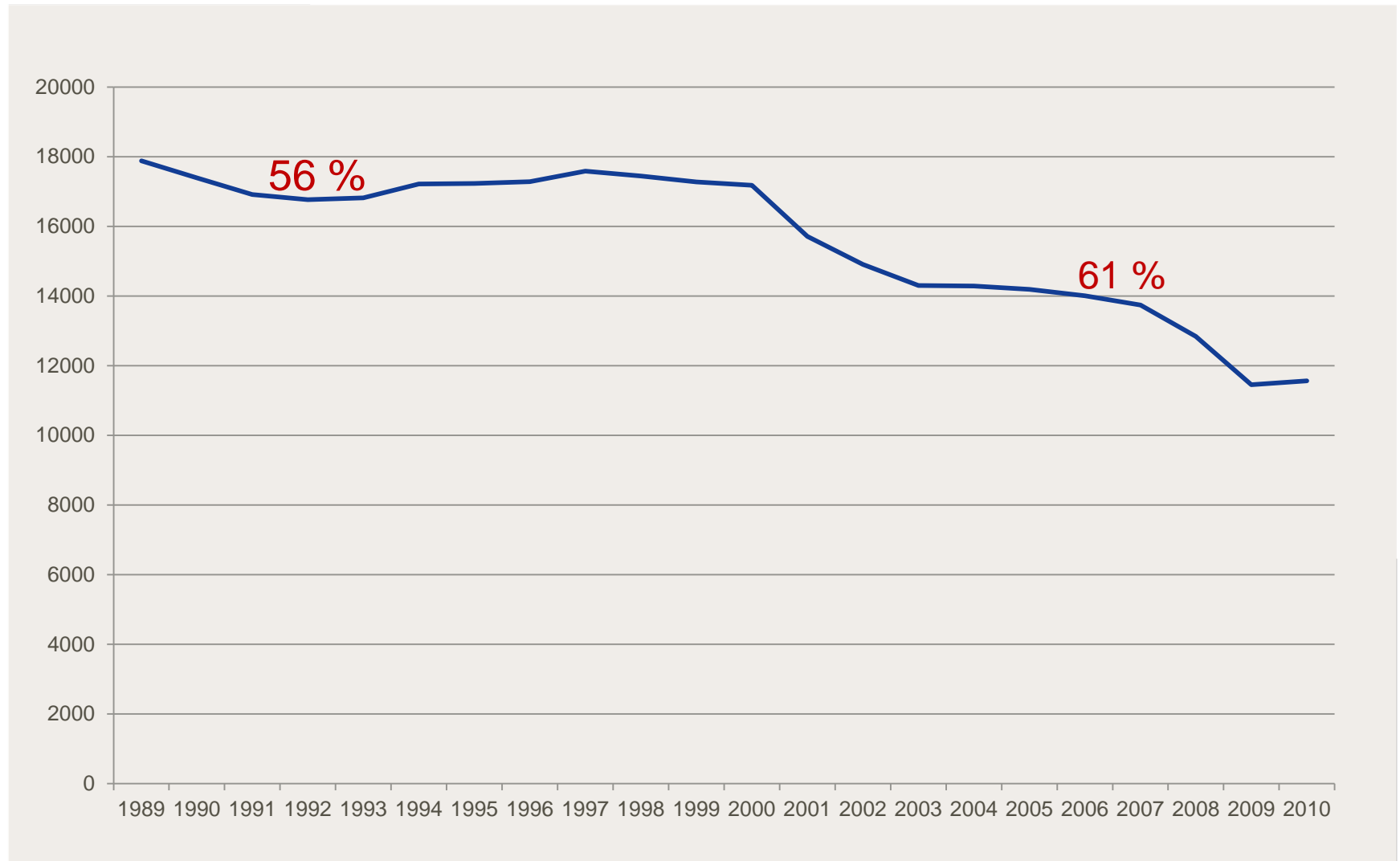
■ U.S. Manufacturing: Or the “Rust Nation” Story?



■ U.S. Manufacturing Jobs Fell Precipitously in the Last Decade

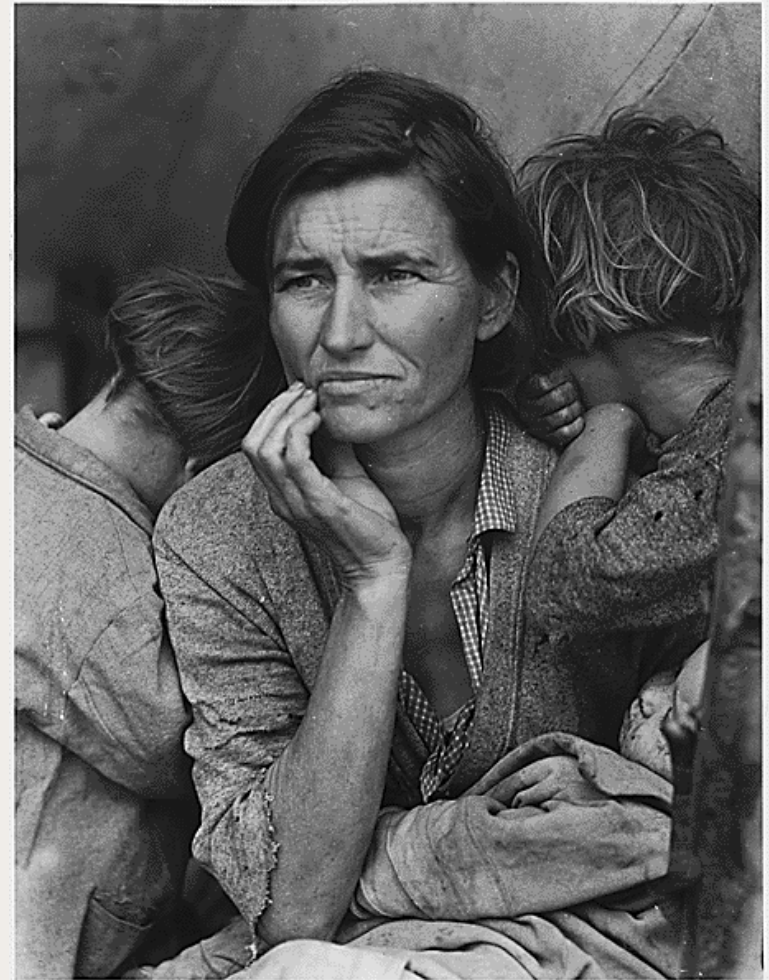
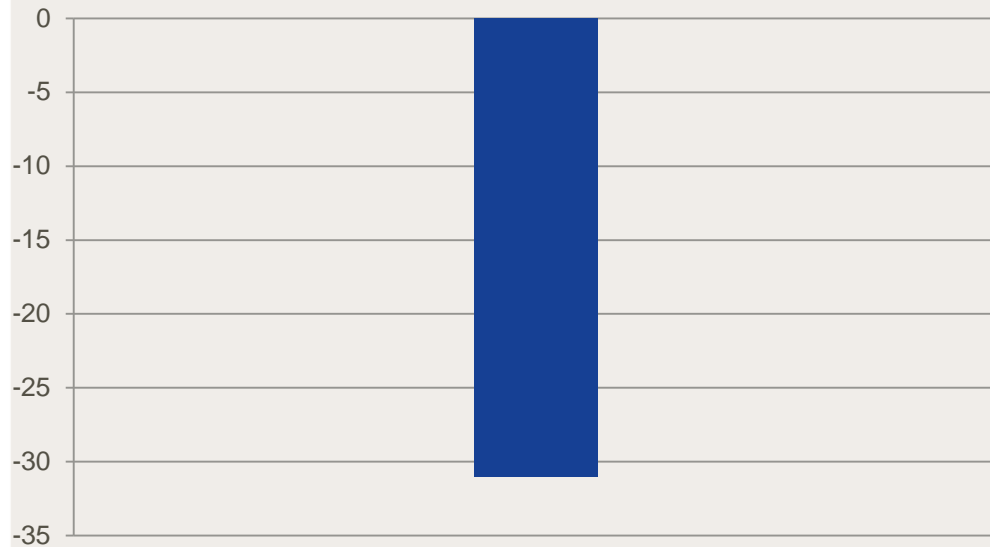


■ But *Not* Largely Because of Productivity

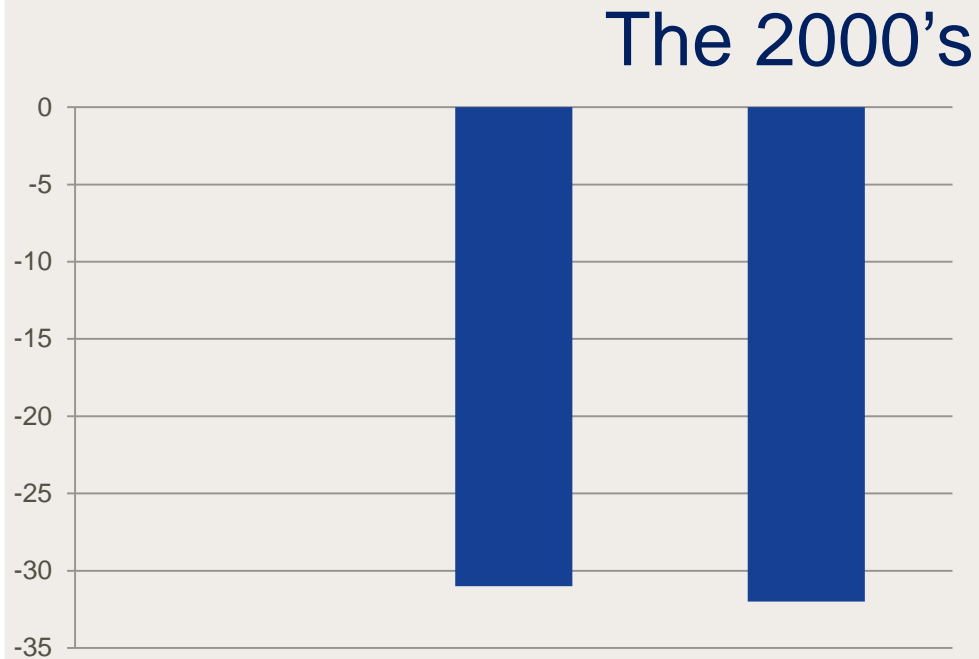


■ Share of Manufacturing Jobs Lost

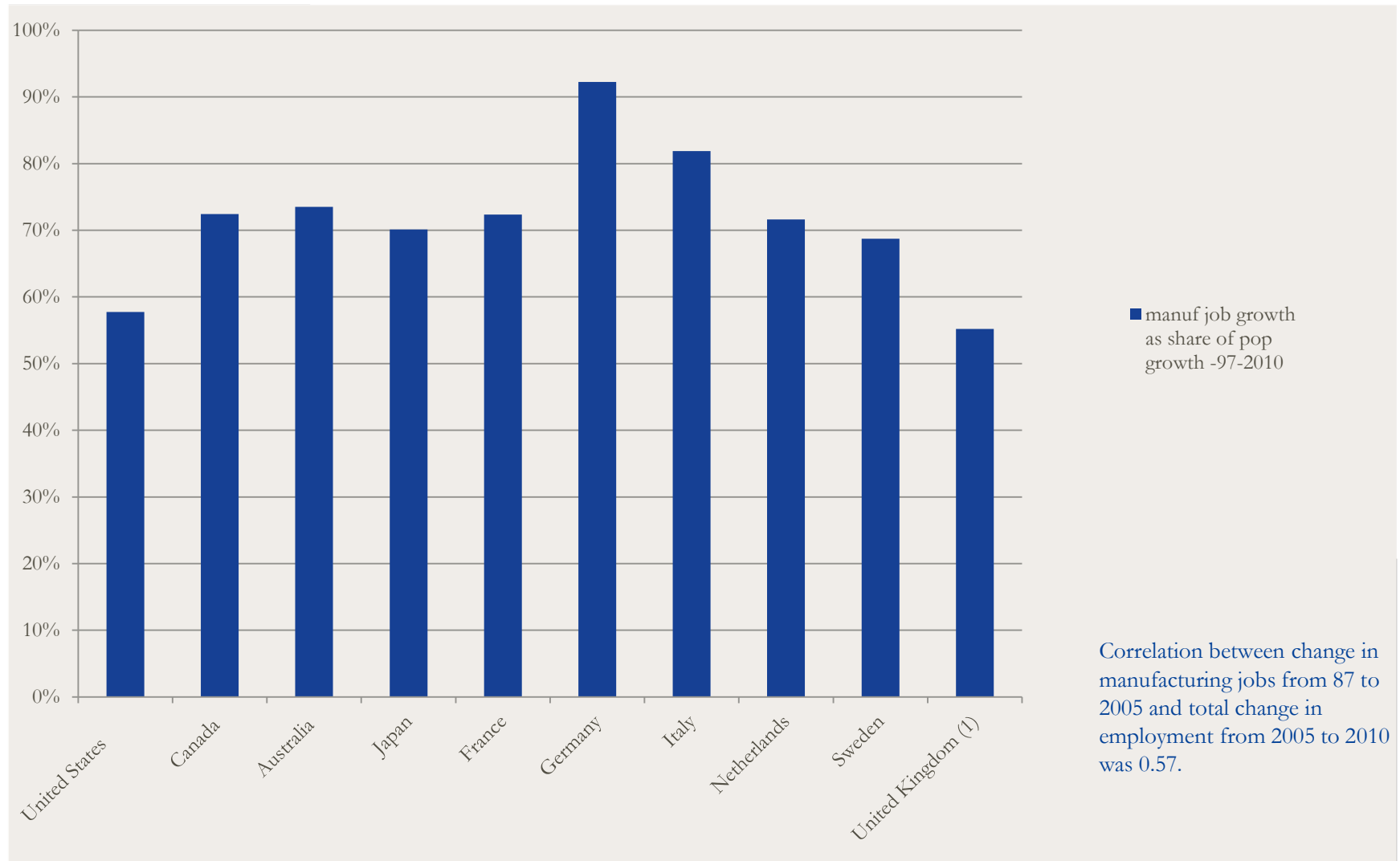
Great Depression



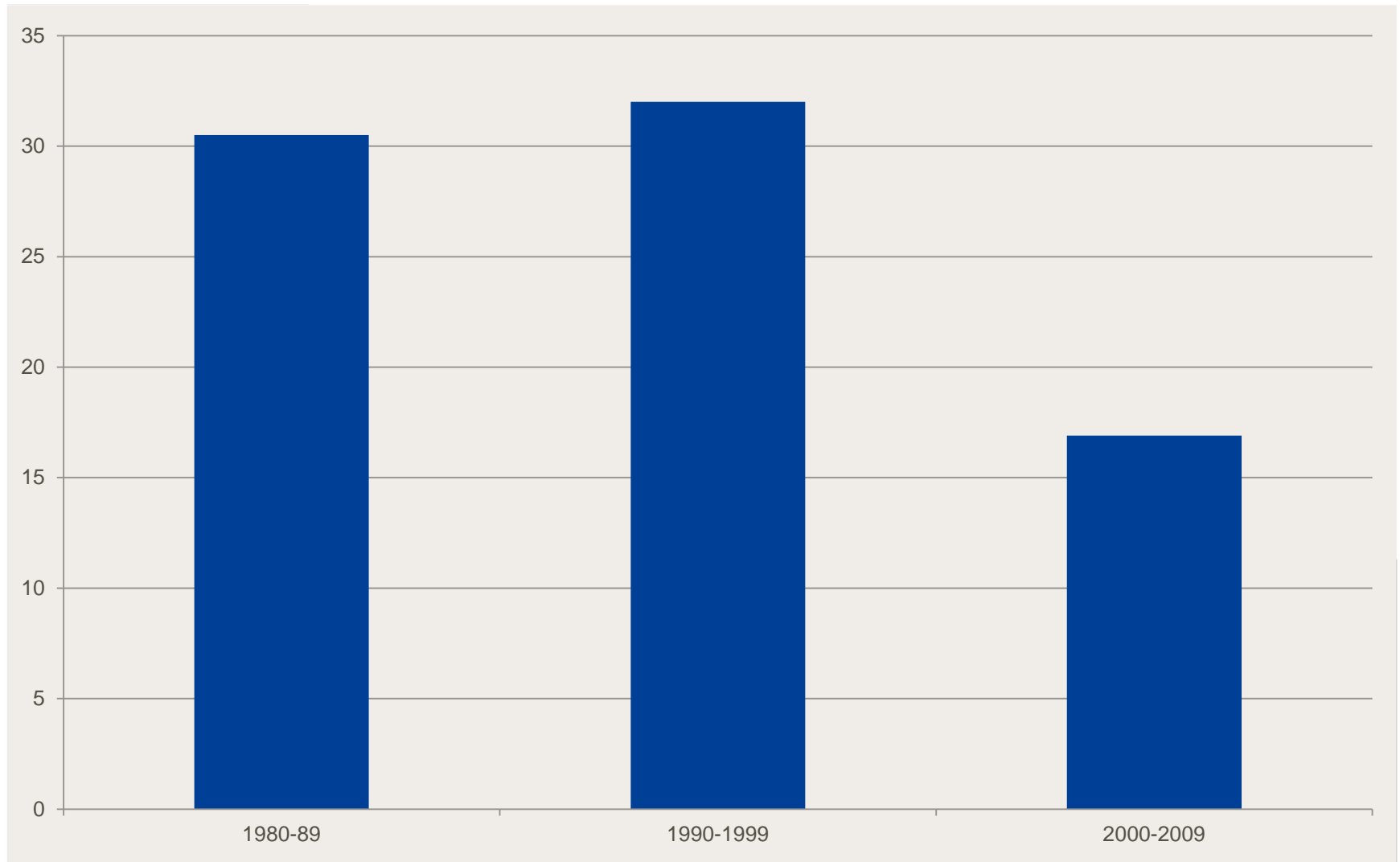
■ Share of Manufacturing Jobs Lost



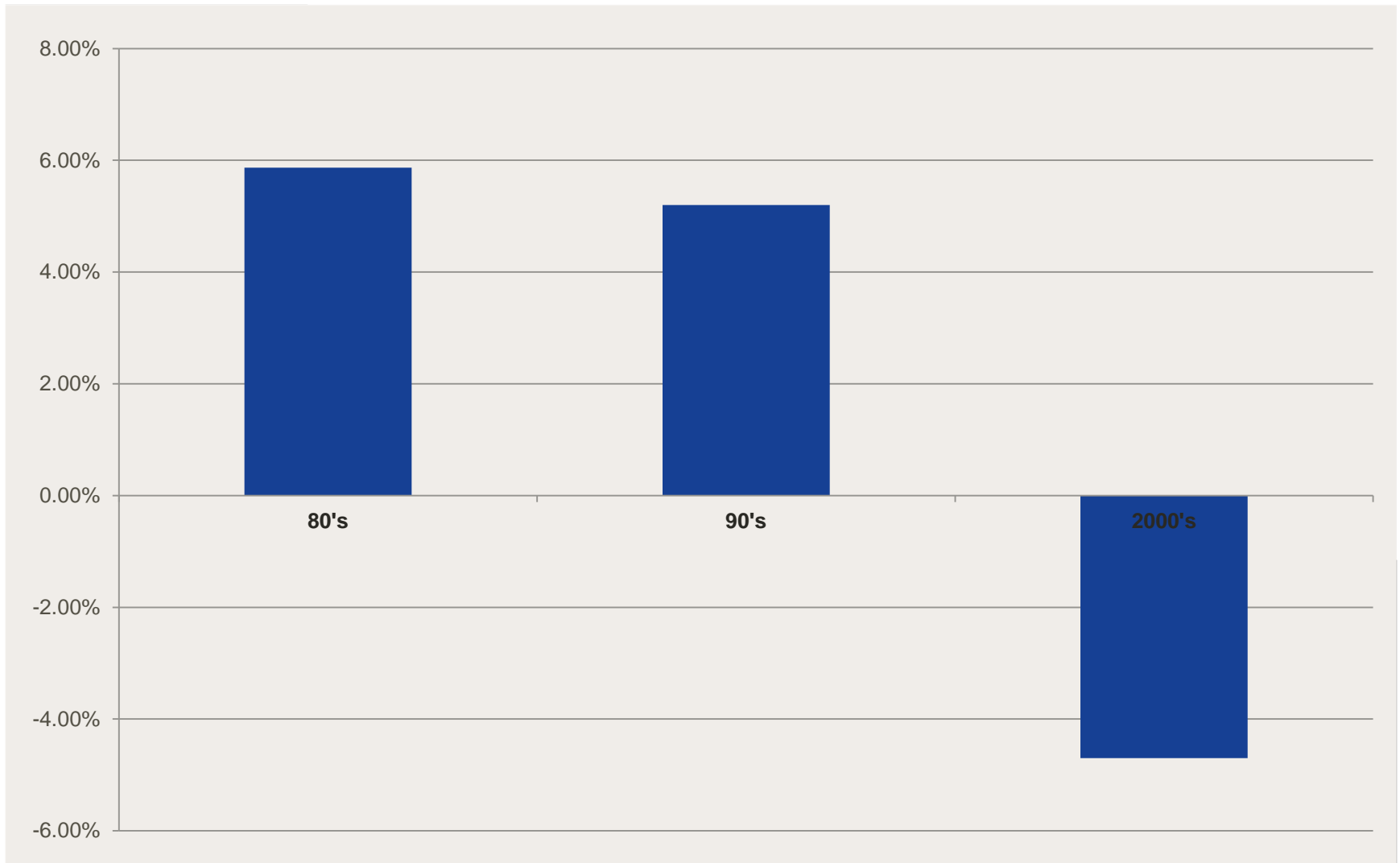
■ U.S. Manufacturing Job Growth is Worst in OECD Sample



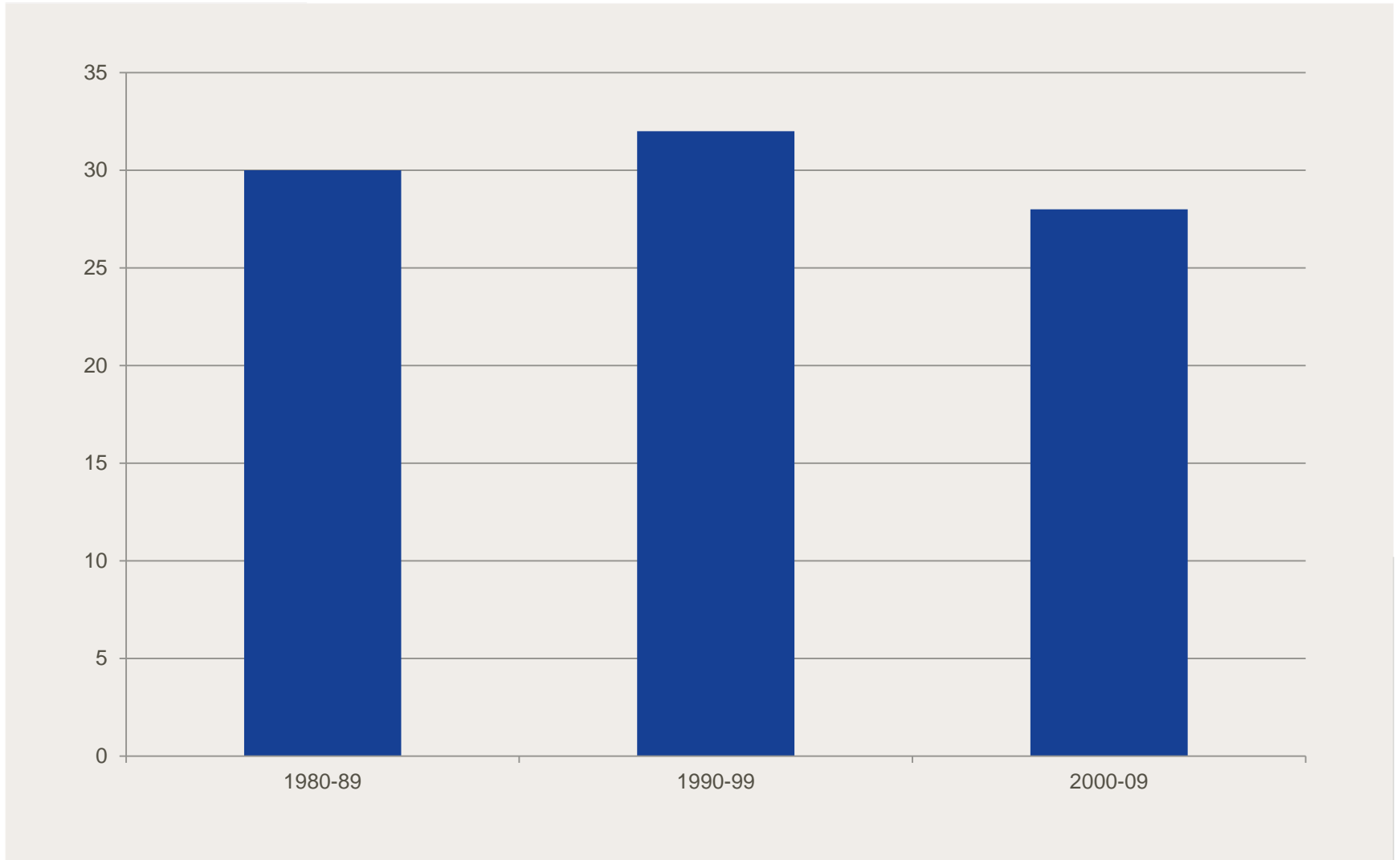
■ Sum of Annual Real GDP Changes



■ Manufacturing Contribution to Sum of Annual Real GDP Change



■ Sum of Annual Real GDP Changes Had Manufacturing Shares Not Declined



- Additional Manufacturing Jobs Had Manufacturing Grown at GDP Rate This Decade

2.2 million

Thank You

Robert Atkinson

ratkinson@itif.org

Follow ITIF:



Facebook: facebook.com/innovationpolicy



Blog: www.innovationpolicy.org



YouTube: www.youtube.com/user/techpolicy



Website: www.itif.org



Twitter: [@robatkinsonitif](https://twitter.com/robatkinsonitif)

