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?

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

- 1980s: Overall Job Growth 19%, Manufacturing Jobs Decline -7%
- 1990s: Overall Job Growth 20%, Manufacturing Jobs Decline -1%
- 2000-2008: Overall Job Growth 4.50%, Manufacturing Jobs Decline -32%
- 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

The 2000’s

THE INFORMATION TECHNOLOGY & INNOVATION FOUNDATION
U.S. Manufacturing Job Growth is Worst in OECD Sample

Correlation between change in manufacturing jobs from 1987 to 2005 and total change in employment from 2005 to 2010 was 0.57.
Sum of Annual Real GDP Changes
Manufacturing Contribution to Sum of Annual Real GDP Change

- 80's
- 90's
- 2000's
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