



# Economist Warns Future Generations May Be Worse Off Than Past

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DURHAM, N.H. - For the first time in America's recent history, future generations may be worse off economically than their parents, warns economist Ross Gittell at the University of New Hampshire.

Gittell, the James R Carter Professor at UNH, outlines what future generations may face in "The New Economic Reality," which appears in the August issue of *The Analyst* (<http://www.iupindia.org/analyst.asp>), a leading financial monthly publication in India. It is a featured article in the edition that includes commentary from leading business and economic analysts in the United States, India, China, Brazil and Europe.

"Slow growth since 2001 and the immediate concerns in U.S. financial, housing and consumer markets are shadows of the longer-term economic challenges that will need to be addressed to ensure the future economic competitiveness and prosperity of the U.S. economy," Gittell says.

The financial picture for the U.S. economy presented in Gittell's article includes:

- The U.S. share of the world's economy has declined 5 percent since 2001, while shares of Brazil, India, Russia and China have increased.
- Real Gross Domestic Product growth from 2001 to 2006 was 16 percent for the United States, well below China at more than 60 percent, India at 45 percent, Russia at 37 percent and Ireland at 28 percent.
- From 2001 to 2006, exports from the United States grew less than 30 percent while exports from China grew more than 250 percent, from India 230 percent, from the United Kingdom 170 percent and from Brazil 160 percent.
- Inflation-adjusted median weekly wages for U.S. workers increased just .3 percent from 2000 to 2007, compared to 7.7 percent from 1989 to 2000.
- In the last year, the U.S. unemployment rate has increased from 4.6 percent to 5.5 percent, and the number of unemployed has increased more than 20 percent.
- Since November 2007, U.S. stock prices have declined more than 20 percent.
- In the last 12 months, housing prices nationwide have dropped more than 15 percent.

- The U.S. dollar has declined more than 40 percent in value during the last six years.
- The U.S. federal debt is now more than \$9 trillion.

Gittell says the main challenges to the U.S. economy include sustaining global leadership in high value-added and wage activities, such as knowledge-based and high technology industries; reducing demand for high cost imported energy; and ensuring an adequate labor force with an ageing and relatively slow growing population, and with restrictive immigration policies.

The U.S. economy has been resilient in recovering from previous recessions, he says. In fact, even with the long-term challenges facing the country, the United States continues to lead the world economy. But the country needs to build on its strengths and improve openness and activities in the global economy to maintain its global economic advantage.

"Most likely, after the current economic malaise, the nation will enter a period of moderate economic growth, albeit with growth rates lower than the strongest performing economics," Gittell says. "And for many U.S. households this may result in a new reality, with declining economic prospects for the next generation."

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