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OPINION | COMMENTARY

Who Will Get the Dreary Economy Going?

The worst U.S. recovery since World War II drags on, with insufficient notice from the White House or candidates aspiring to the Oval Office.



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By **MORTIMER ZUCKERMAN**

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The American economy remains weak, with growth at the lowest level in more than three decades. In April and May, 54,000 fewer jobs were created than originally estimated, and the 215,000 jobs added in July didn't change the picture of a faltering employment market. Wages have been rising at the slowest pace since the 1980s. Current numbers, according to the Financial Times, show a mere 0.2% rise in employment costs, or wages, against the 0.6% that the financial world expected.

It is the nature of recessions that the bigger they are, the bigger the comeback, yet the

World War II. The little improvement we have seen hasn't benefited a significant percentage of Americans. It is also the nature of recessions that they occur about every eight years; America is ill-prepared to weather the one on the horizon.

Yet there is little urgency from the White House these days regarding the economy. And what is the focus of the current presidential candidates and the media covering them? Email servers, the fantasy of overturning the Affordable Care Act, immigration and criminality, CEO pay and other matters with only the barest relation to what matters most: economic growth and the jobs that come with it.

Maybe the White House and those who aspire to it need to be reminded of how grim the past several years have been for millions of Americans and how little has been accomplished in an era of trillions in quantitative easing and near-zero interest rates.

The U.S. has added 11.5 million jobs during the five years of labor-force expansion through June, but the number of full-time jobs today is 0.7%, or 822,000, lower than it was at the prerecession peak—and that was eight years ago. What we have seen within these numbers is a dramatic and unexpected increase in part-time jobs. Millions more are jobless or not looking for work though they are of prime working age.

The broadest measure of employment takes into account Americans who are part-time employees but would prefer to work full-time. The share of the labor force working part time for financial reasons rather than by choice shot up to more than 6% from around 3% before the 2007-09 recession, with an overall unemployment rate at around 10.4%. Those who work fewer than 35 hours a week account for a larger share of employment than before the recession, as this newspaper has reported. With about 2.4 million part-time employees today, that number is 84% higher than the 2003-07 average—a major reason that wage growth has been so sluggish.

The telltale labor-participation rate has fallen to 62.6%. The number of unemployed who stopped looking and dropped out of the workforce increased by 141,000 in June. Discouraged workers totaled 668,000 in July, little changed from a year ago. These are men and women not currently looking for work because they believe no jobs are open to them. Millions of Americans without work have given up in despair.

Business investment is lackluster. Productivity has fallen off. It is much more difficult for wages to rise unless they are supported by growth in productivity. So how can we

... always, better and more practical education for children through college years.

On top of all this, the housing recovery is short of where many economists thought it would be. Consumer spending is shaky. Why wouldn't consumers be cautious? A 2014 survey of large- and medium-size firms by Aon Hewitt reported that many have shifted funds from annual increases for salaried workers into a variety of one-time payments, such as profit-sharing, personal incentive plans and bonuses.

In this way, labor costs have become flexible and variable as a way to pay for performance rather than getting stuck with fixed costs. But if you are a worker, your income uncertainty in this environment is considerable. So the Great Recession and weak hiring since then have created for millions a distinct loss of confidence in where we are headed.

America's overall fiscal health is similarly alarming. We have staggering budget deficits and future obligations to retirees that will result in a steady, unsustainable increase in federal debt. Social Security payments will soon outpace payroll tax revenues, and the fund is expected to bottom out in less than 20 years. A day of reckoning is coming for America's political leaders who have shamefully neglected entitlement reform, more concerned about protecting their political futures than safeguarding the nation for future generations.

In this season of presidential debates, what we need is a public discussion of where, precisely, America is headed economically. So far the answer would be: nowhere in particular.

This is the fuel that is driving the unexpected populist appeal of the old-style Democratic tub-thumper Bernie Sanders. His topping Hillary Clinton 44%-37% in New Hampshire, according to a Franklin Pierce University/Boston Herald poll earlier this month, suggests that his campaign won't fizzle out as swiftly as predicted. I doubt there is much taste for red-meat socialism in America, but millions of workers recognize their predicament when he declares that "we are in the midst of an ongoing unemployment crisis."

On the other end of the populist spectrum we find Donald Trump, whose appeal may partly stem from Americans' perception of him as a successful businessman. Voters may sense that at least he might be able to get the economy going.

but she will have to spell out in detail what she can do about productivity to pay for it. Jeb Bush has pledged to increase growth by 4%, but he too must offer more specifics. Carly Fiorina has edged up in the polls because she has talked specifics—who wouldn't like to see the 75,000 pages of tax code reduced to three?

Other candidates have offered a variety of economic proposals that so far amount to a handful of Band-Aids. More than a year remains before Americans go to the polls to choose a new president. For now, froth is dominating the campaigns; voters deserve a serious, sustained discussion of how the candidates intend to improve their lives by addressing economic problems that have been neglected for too long.

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