

# Beware the Politics of Economics

The issues facing the U.S. are a generation in the making.

By PATRICK S. DUFFY



If you listen to most of the contenders for the GOP nomination for President of the United States, they'd have you believe that if we could only shrink the size of government, reduce regulations and get rid of "Obamacare" then the economy would almost immediately rebound. If you listen to the Obama Administration, they'd have you believe that if we could simply repatriate manufacturing jobs to the U.S. and force large companies to spend the trillions on their balance sheets to hire unemployed workers, then our economic malaise would be magically solved. Both groups are wrong, and count on the economic ignorance on the American public to believe that these simplistic Band-Aids would have any long-run benefit.

The reasons that we're unable to rouse ourselves from our economic doldrums are much more complex than you'll hear from those running for President, and are a generation in the making. This isn't "Obama's economy" or "Bush's economy" or even "Clinton's economy," and to look for a political boogeyman as a scapegoat not only deliberately misses the point, but distracts the national conversation from the tough choices we're going to have to make over the next generation.

Probably the most important point to remember is that the booms in the housing market and for dot.com stocks both masked a troubling reality, which is that average incomes have stagnated for the last 30 years. For workers without high school diplomas or working in many blue-collar industries, their "Great Recession" has been a constant companion since the 1980s.

For many years, having mothers entering the workforce or asking fathers to work an extra job helped families stay afloat, but even the job surge during the Clinton years were service-oriented jobs replacing higher-paying manufacturing jobs that were leaving the country in search of lower labor costs. Of course, we know now that what fueled the housing boom were not higher incomes, but easy debt which allowed aspirational

households to buy now and worry about paying it off later.

So far, the policy prescriptions offered to fix what ails us are not only re-treads of ideas which haven't worked sustainably in the past, but aren't bold enough to replace 30 years of

temporary patches. The immediate austerity solutions offered by groups such as the Tea Party, while worth a look in the long run, risk tumbling the country back into recession. Even worse, the refusal by politicians to compromise and support the economy in the short-term while cutting long-term spending has increased uncertainty to levels which make it difficult for employers to expand beyond their current needs.

What we should demand from our elected government is the truth about our strengths and weaknesses in a global world. Our strengths remain solid, including a younger, less-taxed population versus other developed countries, a more innovative economy and the dollar as the global reserve currency.

But our weaknesses remain formidable, including a two-party system which discourages compromise, self-absorbed seniors who have no problem forcing younger generations to pay for now-outdated retirement plans,

income inequality which hinders growth, an education system which can't seem to churn out globally competitive students and a crumbling infrastructure whose price tag is apparently too high to seriously debate, much less repair.

For the building industry, simply voting for those who want to prop up the housing market as if it exists in a vacuum isn't good enough. What we need are candidates who are willing to support higher education standards, a national infrastructure bank to ensure that our transportation networks and technology are both globally competitive and environmentally sustainable, and the wisdom to refuse getting sidetracked by social issues which only prolong the agony.



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## Fast Facts

- Our economic problems are 30 years in the making.
- Stagnant household incomes were boosted by increasing levels of debt.
- We need bold ideas to improve education and infrastructure to compete in a global world.
- Innovation in green building techniques can boost both exports and increase jobs here in the U.S.