American’s productivity growth has slowed. Does it matter?

Your Name (First M. Last)

School or Institution Name (University at Place or Town, State)

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A storm of both economic and technological factors have been seen produced in the history of America that lowered the productivity gain to an extreme level. At present, it could be seen that there is a considerable drop in productivity growth as experts have called this period, time of recession in which productivity tends to fall. By taking a look at the reports that used give statistics of productivity, it won’t be wrong to say that the United States has become a victim of severe recession since 2004 and it has been seen that digital technology is being used extensively. Even there are pieces of evidence that support the fact that there is a clear decline in productivity growth in 2016. At present, the economists are trying to unlock this puzzle for knowing about the factors that are behind this slow productivity growth rate in the United States. If United States wants to gain the same reputation in the economy that it used to had, it has to find out factors that are becoming reason for this decline in productivity. According to the experts, there is a drastic decrease in the birthrates that is having a direct negative effect on the workforce. Low rates of birthrates, slows the expansion of workforce. At present, both government and experts are focusing on increasing the workforce of the United States.

Many markets are being badly affected by present recession, and their productivity growth has become very slow during the last five years, but one of the main markets is construction market that has been badly affected by slow productivity growth. Labor power usually serves as the backbone of business, market or economy. In the field of construction, it has been seen that from 1972 to 2010, the productivity of US grew by 84% but the median of the wages just increased by 21%. If productivity growth in the healthcare sector/market is measured, it could be seen that their growth rate was better in past than present. Weakness in capital formation is one of the main factors that have slowed labor productivity (Gordon,et,al,2015). Construction sector/market has also shown slow productivity growth as there used to be two policies that increase the rate of investment, firstly is stimulated aggregate demand and the secondly is increased taxation. Both these factors increase the investment amount in manufacturing market and become a cause of slow productivity growth as if there would be fewer investors who would be investing in manufacturing or construction. Economists are much frustrated with this fact that the United States is making less even by using more resources and investing more. According to the US Bureau of Labor Statistics, there is a decline of 3% per year that is enhancing the slowness of productivity growth (di Mauro,et,al,2018). Economists are considering this fact that business owners are not investing much for making it productive; that's why there is a negative impact on the overall productivity growth ratio. So by taking a look at all the above-mentioned markets, it could be said that labor productivity is one of the main issues that is casting negative impacts on the overall economy of United States as economic growth depends on the improved productivity.

There are various negative impacts of slow productivity on various parts of the American economy. Mainly there have been seen various negative impacts of slow productivity growth on **production, consumption, trade, and distribution**. These are the parts of America economy that have been badly damaged because of the slow rate of productivity. Obvious pieces of evidence could be seen as if productivity of any market or sector would be satisfactory only then there would be seen a positive outcome in the American economy and all parts of the American economy would have satisfactory results at the end. When productivity is slow then the rate of production would be lower, when there would be low production, distribution is going to be affected at the same time, when there would be low rates of distribution that would directly affect trade. When things would be produced at low rates than their consumption would be less but the price of the items or things would be high that would increase demand of that particular item as well.

Slow productivity growth is a matter of great concern as it has been seen that many countries are giving the United States a tough competition, but history highlights a fact that the rate of productivity has been observed, reduced to a great level since 2006. It has become a matter of great concern as progress and prosperity of any nation depends on its economy that would be affected directly by the rate of productivity or productivity growth. If productivity growth is good then economy of that country would grow but if productivity growth is slow then economy would be badly affected, and that would cast negative impacts on all the sectors, markets, labors and individuals living in that country (Power,et,al,2018).

It cannot be said that there would be no impact of slow productivity growth on economic growth of a country, so as a whole, it could be said that slow productivity growth has become a matter of great concerns as United States is competing with other tough competitors who are working hard for improving the rate of their productivity growth. Also, it has been seen that productivity growth rate is directly related to the quality of life of a country, so it has been witnessed that if this slow rate of productivity is not going to be improved in few coming years than the life quality of American is going to be compromised for sure. So for maintaining the life quality of Americans, slow productivity growth has become a national concern for the United States and economists are trying their best for finding all the possible solutions that would accelerate productivity growth.

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