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What's wrong with the U.S. economy?

Pat Perriello | Jun. 12, 2013 NCR Today

The economy is starting to fire on at least a few cylinders. Several indicators suggest that things are going pretty well. Unfortunately, Christopher Matthews in a recent *Time* article [1] describes a situation that should be troubling for those of us who care about making sure the economy works for all of us.

Yes, many good things can be said about today's economy. The housing market is finally beginning to gain steam. The stock market has been on a tear. Auto and truck sales are expected to top $15 million.

The reality however, is that families are still struggling. An average family has only gained back 45 percent of what they lost in the recession. Employment continues to lag far behind other indicators and currently stands at 7.6 percent.

The end of government stimulus has had an impact on the recovery. The stimulus has been replaced by cuts in both local and federal government employment. These cuts have dampened increases in private sector job growth. Only the efforts of the Federal Reserve continue to keep liquidity in the market. The difficulty is that these Fed efforts tend to primarily benefit those who need help the least.

Matthews sees the current state of things as a "recipe for stagnation." Mark Zandi, chief economist at Moody's Analytics, notes that "a large part of the population is still struggling financially." What presents an even greater concern is the likelihood that current government policies will ensure such problems become permanent.

It is pretty clear that several steps could be taken to improve the situation. Some new federal stimulus programs would be enormously helpful. Critical infrastructure programs, new government hiring, and an end to the damaging sequester would dramatically change the economy for the better quickly. Yet there is no expectation that Congress will do any of these things. Why is Congress so willing to help those who are doing well with tax breaks yet remains so reluctant to provide a helping hand to those in need?

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[1] http://www.time.com/time/subscriber/article/0,33009,2145063,00.html