

Window On America's Competitiveness in the Global Economy

May 22, 2019



Today's Presenters



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Some of the critical questions and issues we will be discussing today

- How does America's competitiveness compare?
 - ✓ What makes a nation competitive?
 - ✓ Quantitative competitiveness measures and qualitative
 - ✓ How does America's competitiveness compare with other nations?
 - ✓ Has it really become much worse?
- America's competitiveness in the 21st century?
 - ✓ How do businesses become more productive?
 - ✓ What policy levers will matter most for competitiveness?



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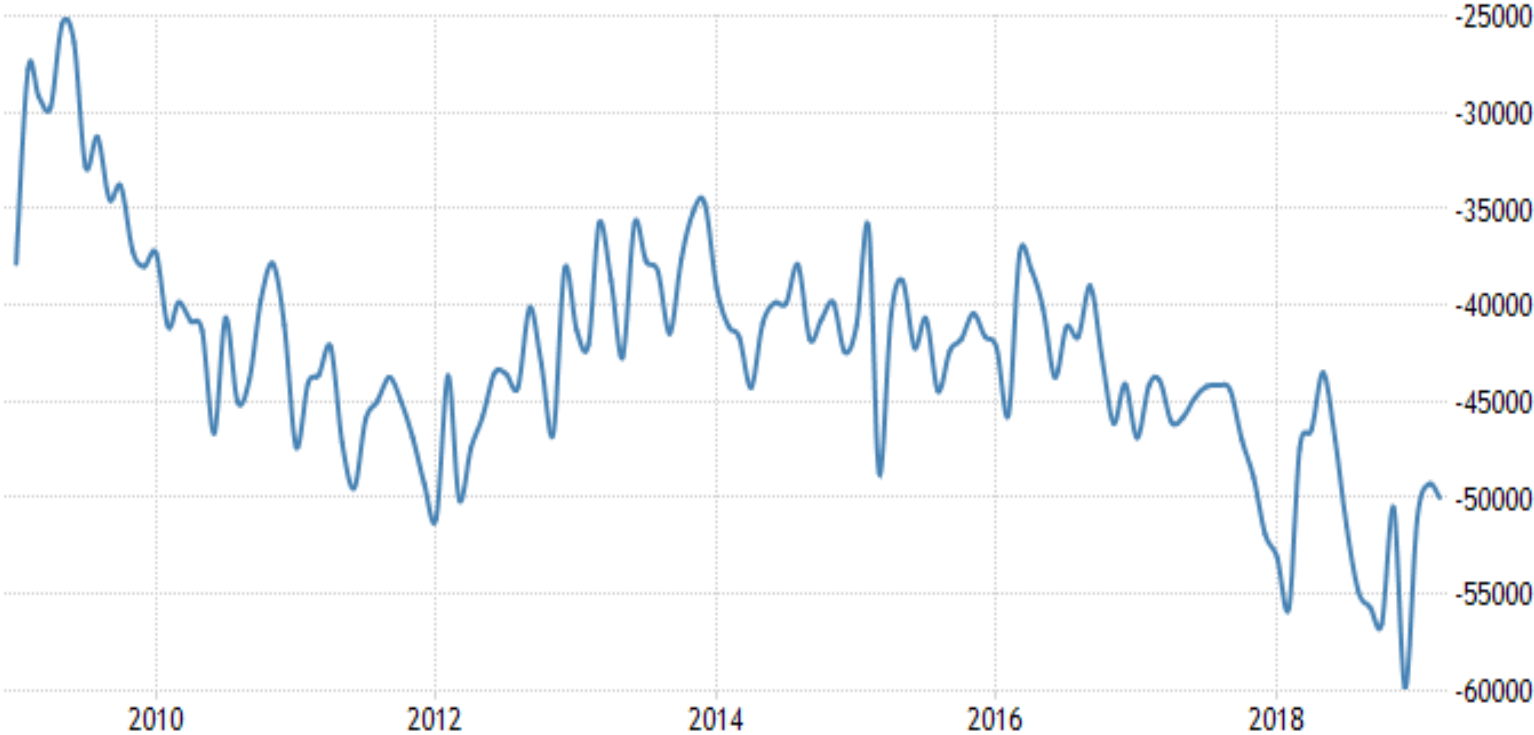
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US trade deficit on declining trend

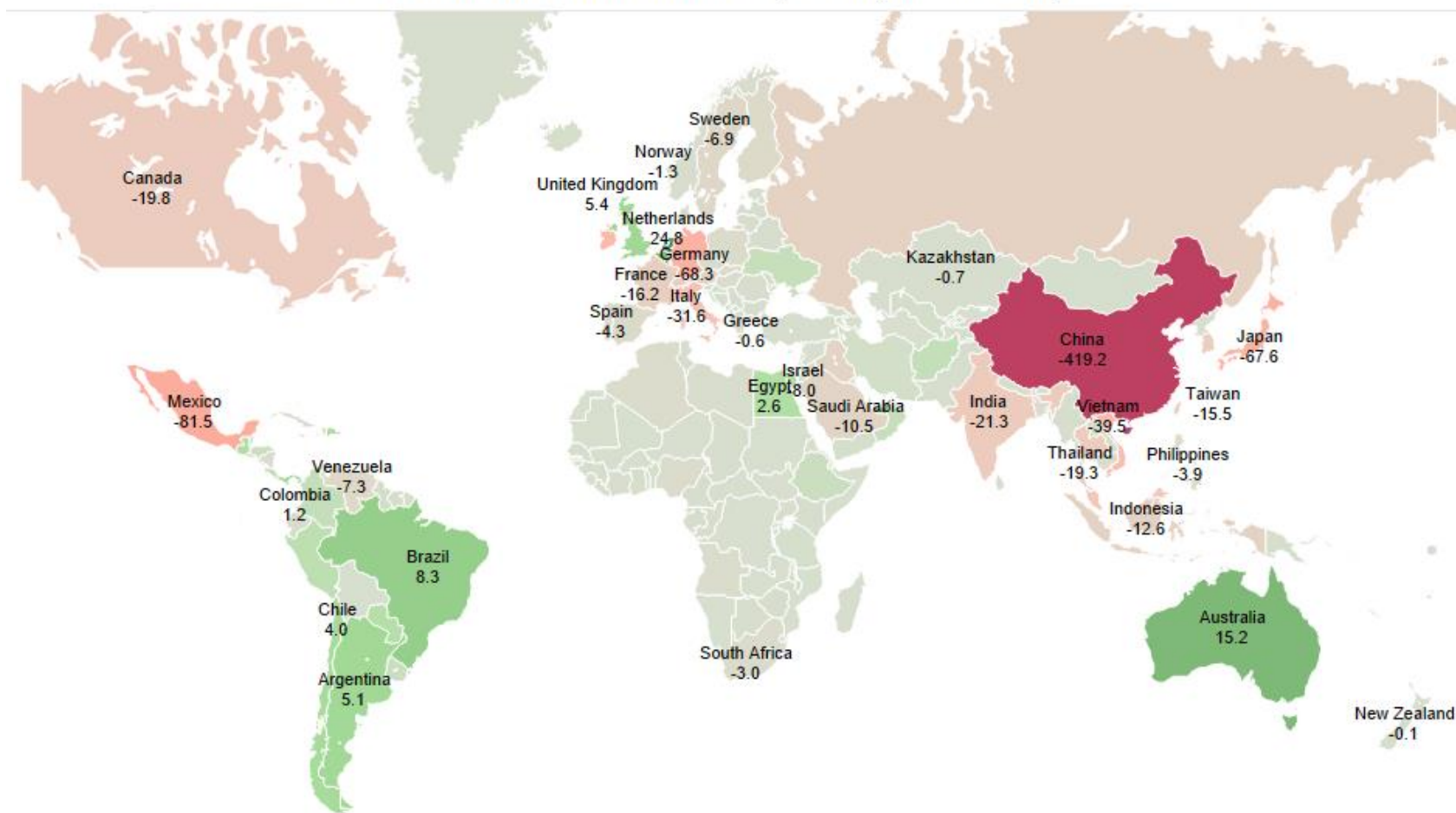


SOURCE: TRADINGECONOMICS.COM | U.S. CENSUS BUREAU



US is in goods trade deficit with most but not all of the world

US Bilateral Trade Balances, 2018 (Bil. of USD)



Sources: The Conference Board; U.S. Census Bureau

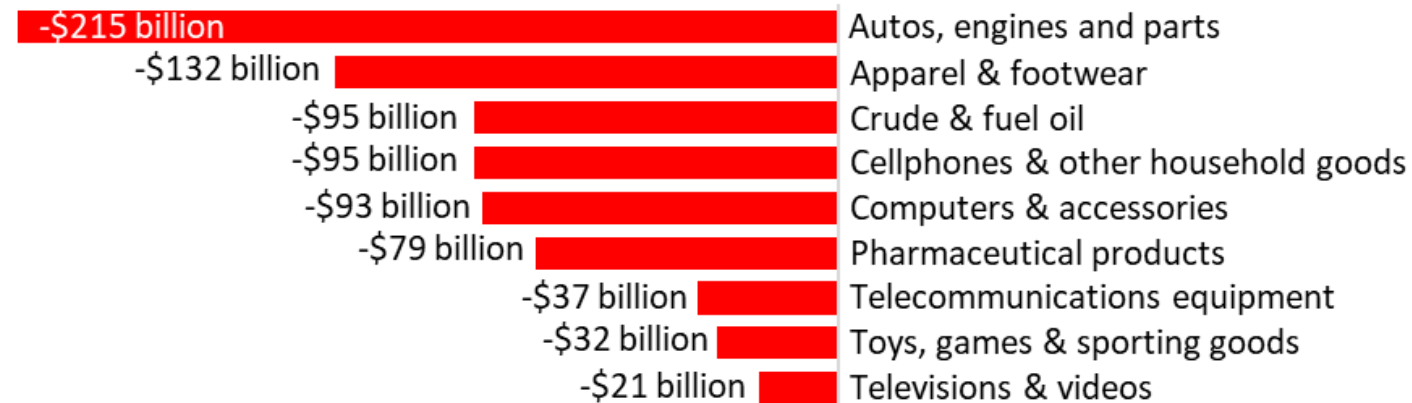


The deficit is a combination of positives and negatives, and it's not about goods only

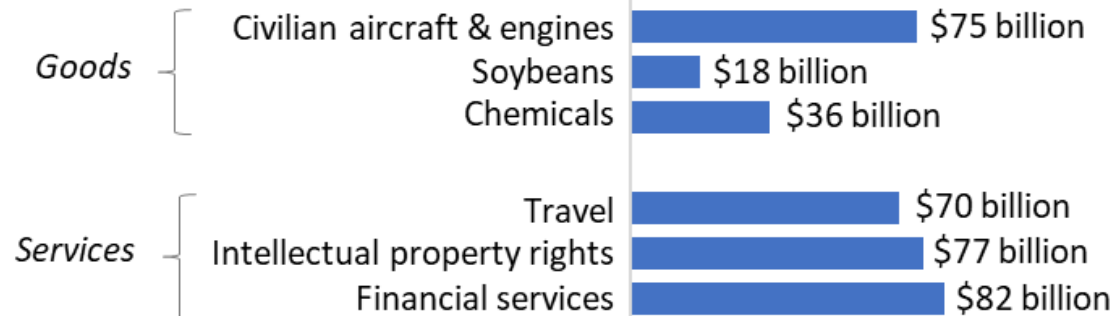
Breaking down the 2018 U.S. trade deficit

Net deficit or surplus in selected goods, seasonally adjusted

Deficit



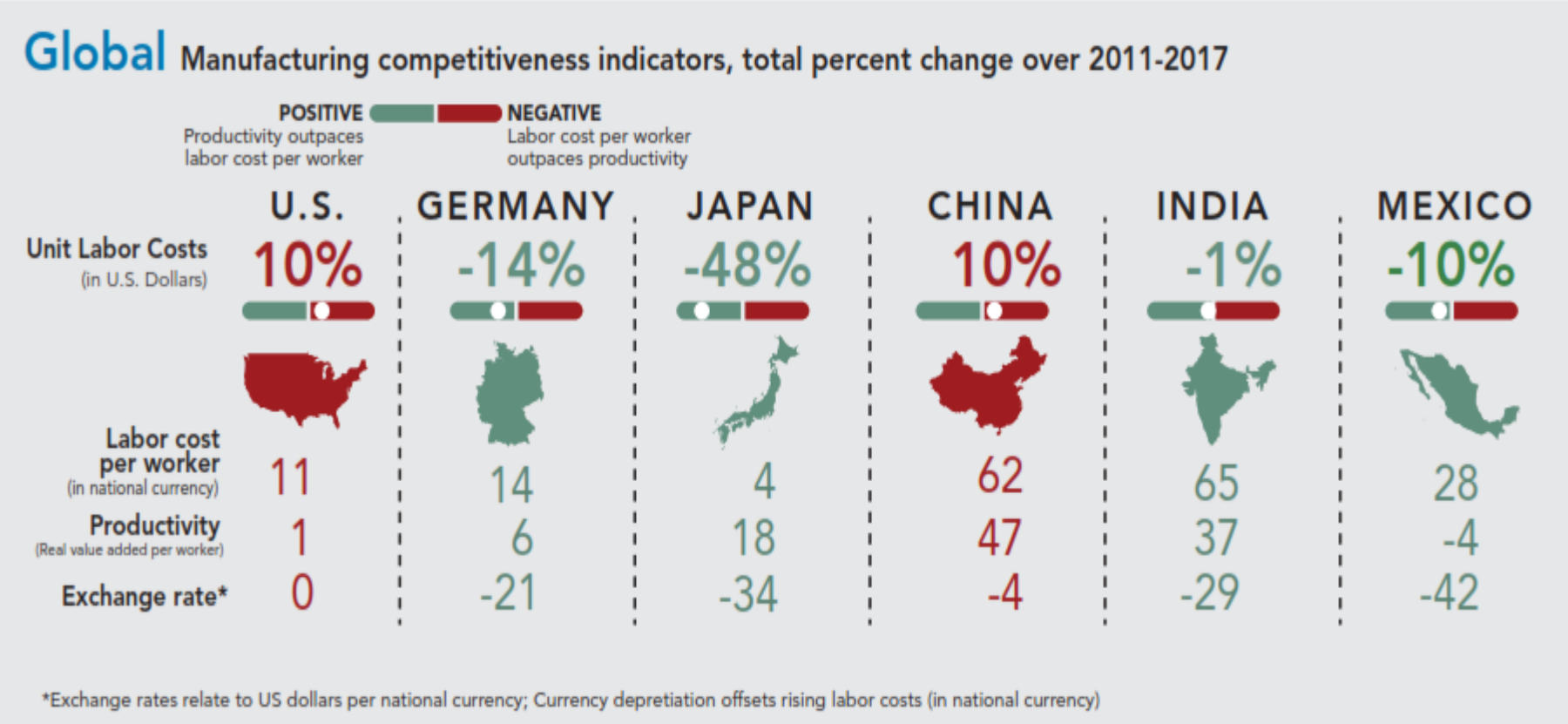
Surplus



Source: BEA, The Conference Board



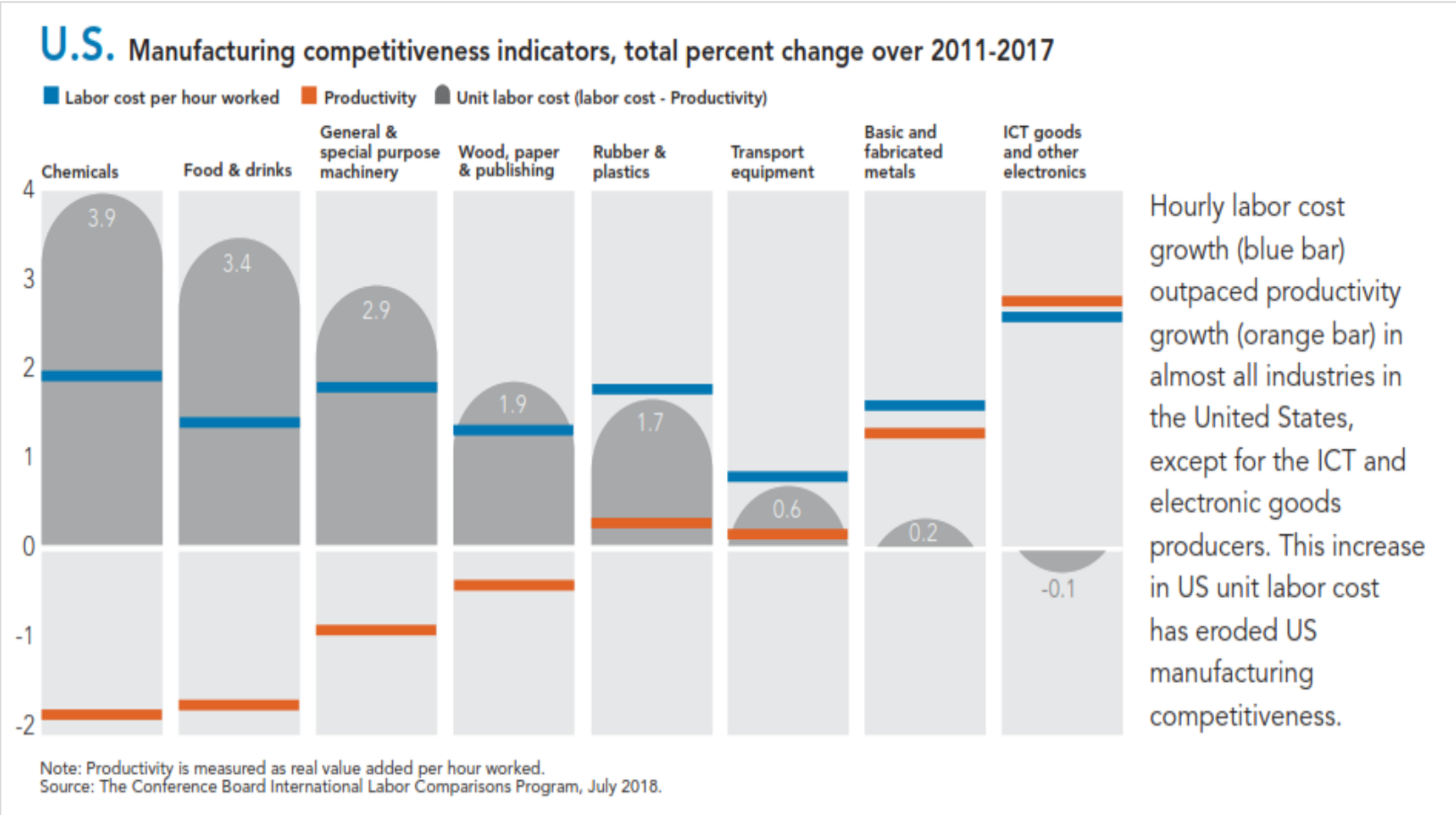
Labor cost per unit of output performed badly in both the United States and China – but for different reasons



Source: The Conference Board, International Labor Comparisons Program, July 2018



Biggest unit labor cost challenges in US are in “traditional” manufacturing where productivity and wages diverge



United States ranks 8th on 2019 Doing Business Index - and the first ranked “large economy”

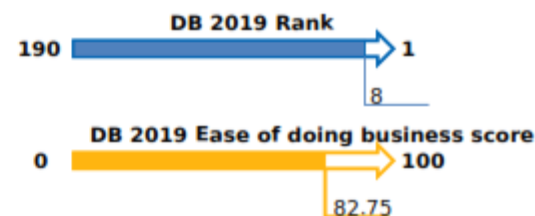
Doing Business 2019

United States

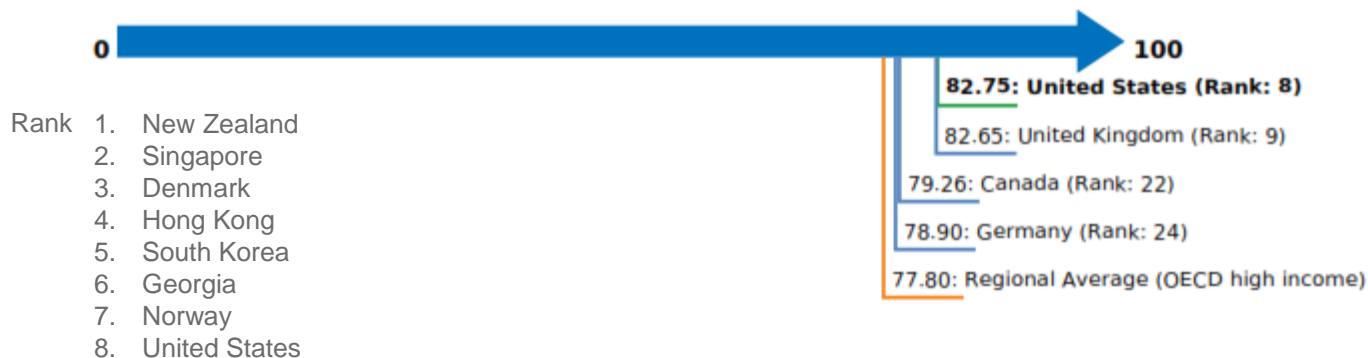
Ease of Doing Business in
United States



Region	OECD high income
Income Category	High income
Population	325,719,178
City Covered	New York City, Los Angeles



DB 2019 Ease of Doing Business Score



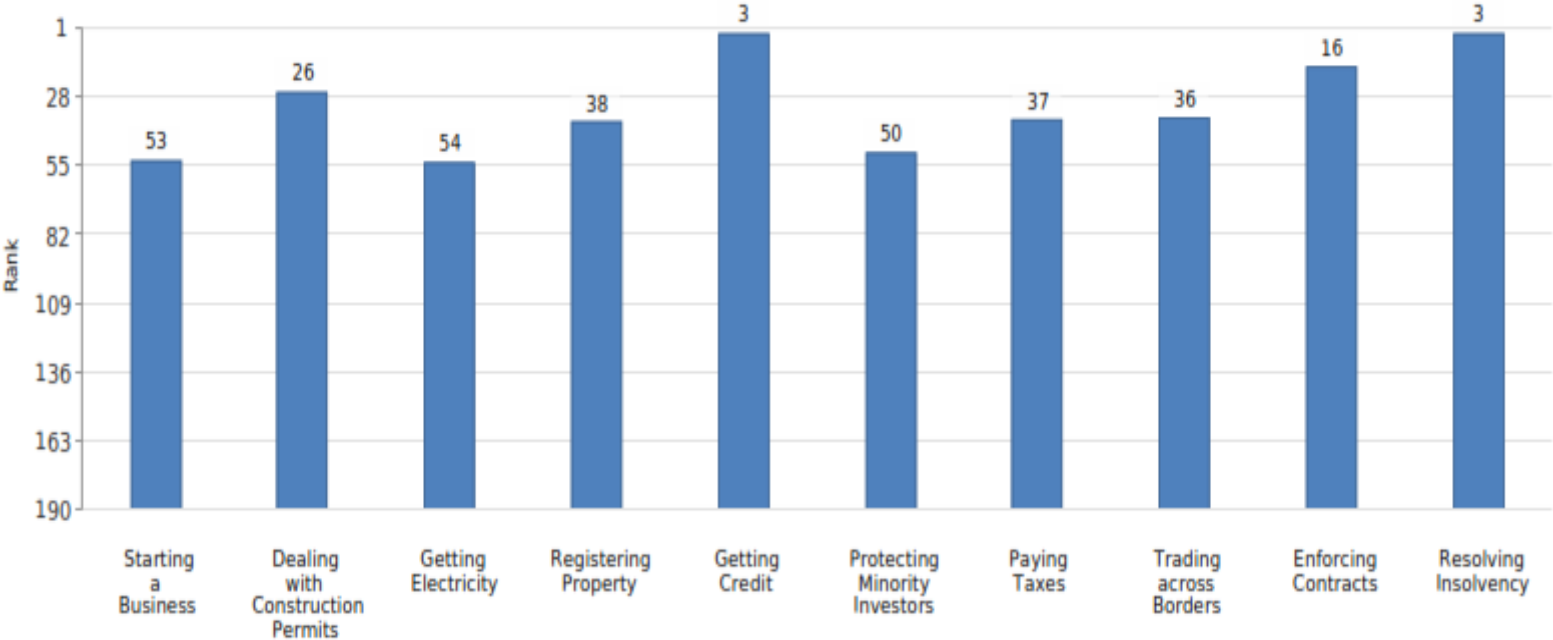
Note: The ease of doing business score captures the gap of each economy from the best regulatory performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005. An economy's ease of doing business score is reflected on a scale from 0 to 100, where 0 represents the lowest and 100 represents the best performance. The ease of doing business ranking ranges from 1 to 190.

Source: World Bank, 2019



US largest challenges are with regulation, infrastructure, and investor diversity

Rankings on Doing Business topics - United States

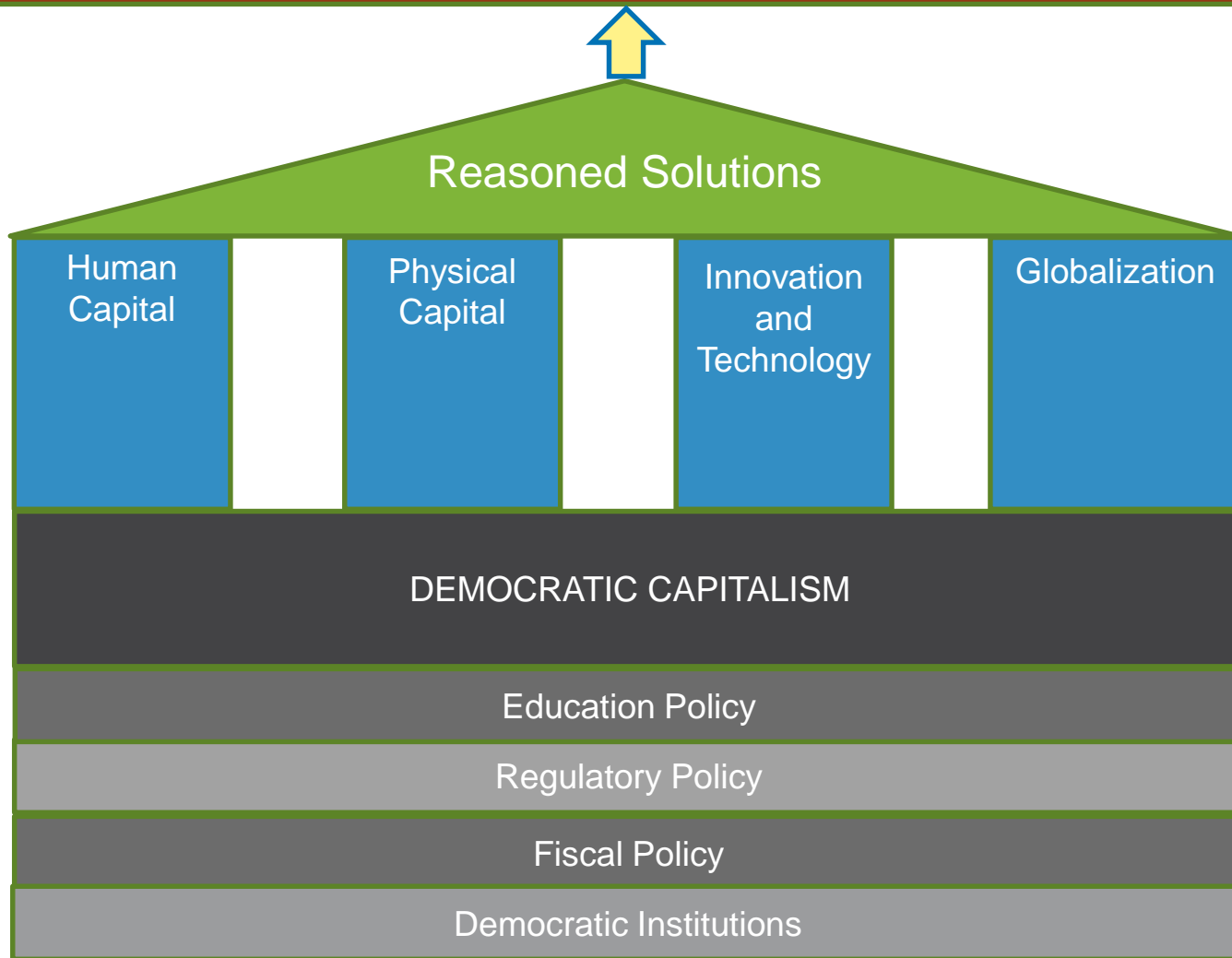


Source: World Bank, 2019



America's Competitiveness in the 21st Century

Identifying public policies that foster prosperity for all Americans and enable continued U.S. global economic leadership in the 21st century economy



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The “profit equation”: productivity is one of the key sources of business profits



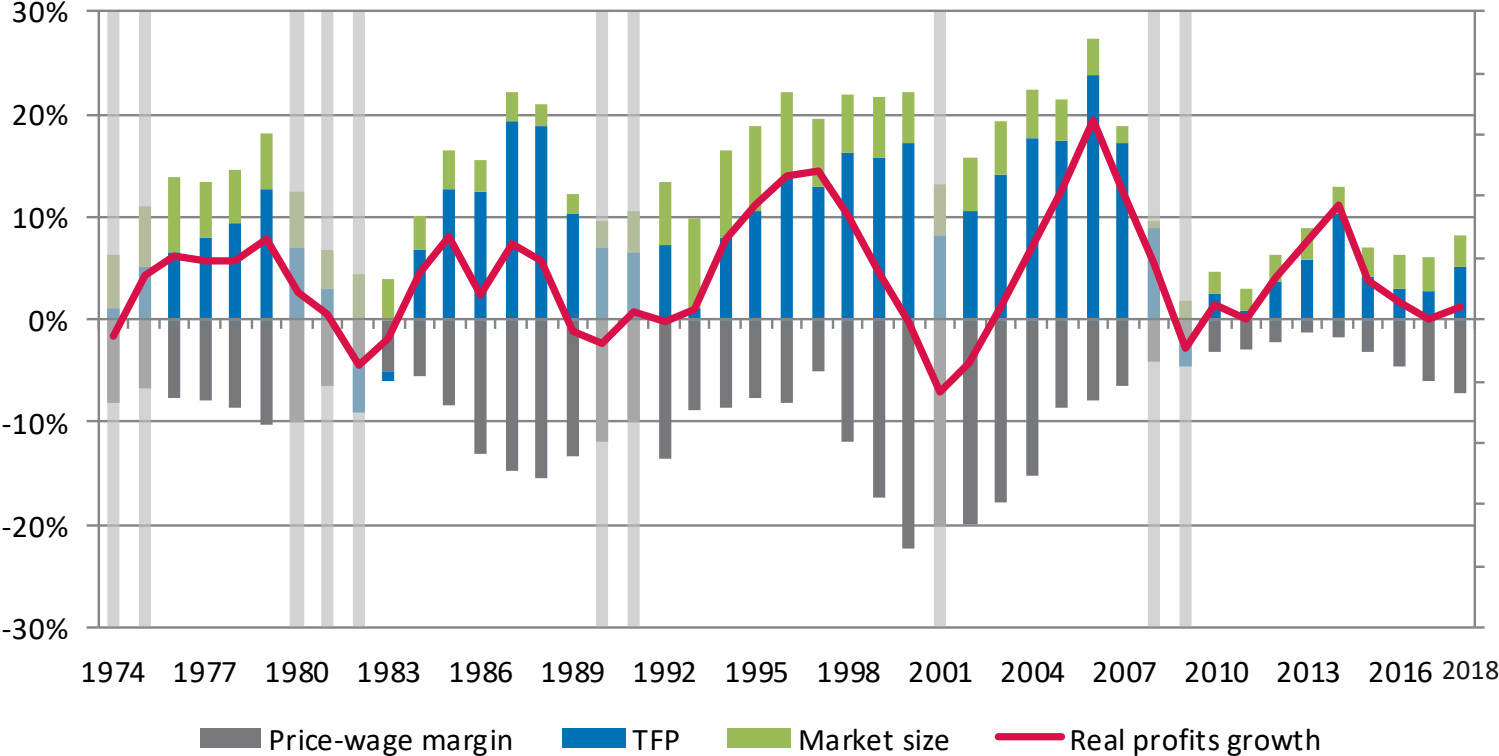
Note: Total factor productivity growth is a key driver of business profits. Further, gains in total factor productivity (via learning from best practices or innovation to strengthen business processes) also influence other drivers of profit growth: efficiency helps to reduce cost and lead to better business products, which can help companies grow their markets.

Source: The Conference Board



Productivity will play a critical role to rescue US profit growth performance in coming years

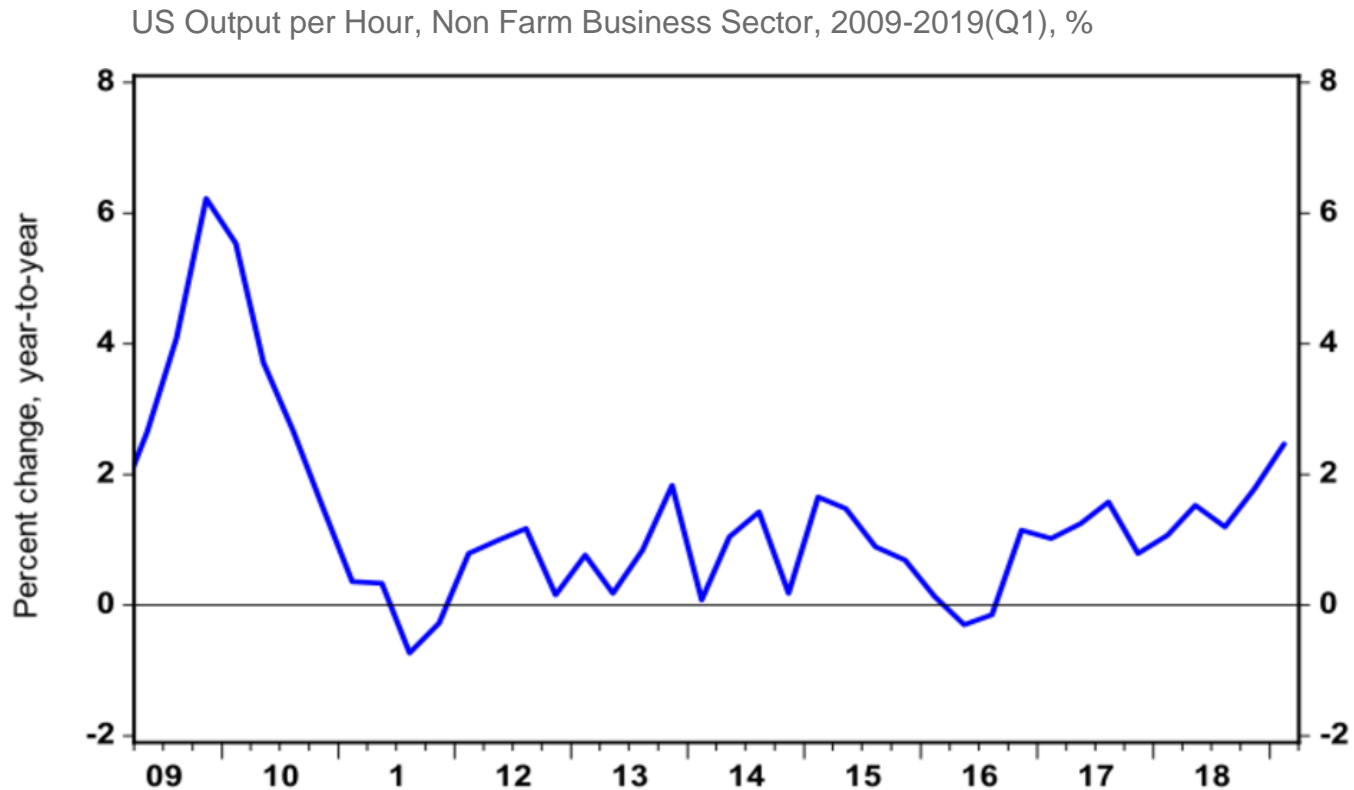
Contributions to real profits growth in the United States, 1948–2018



Note: Shaded areas represent US recessions
 Sources: US Bureau of Economic Analysis, Haver Analytics; calculations by The Conference Board



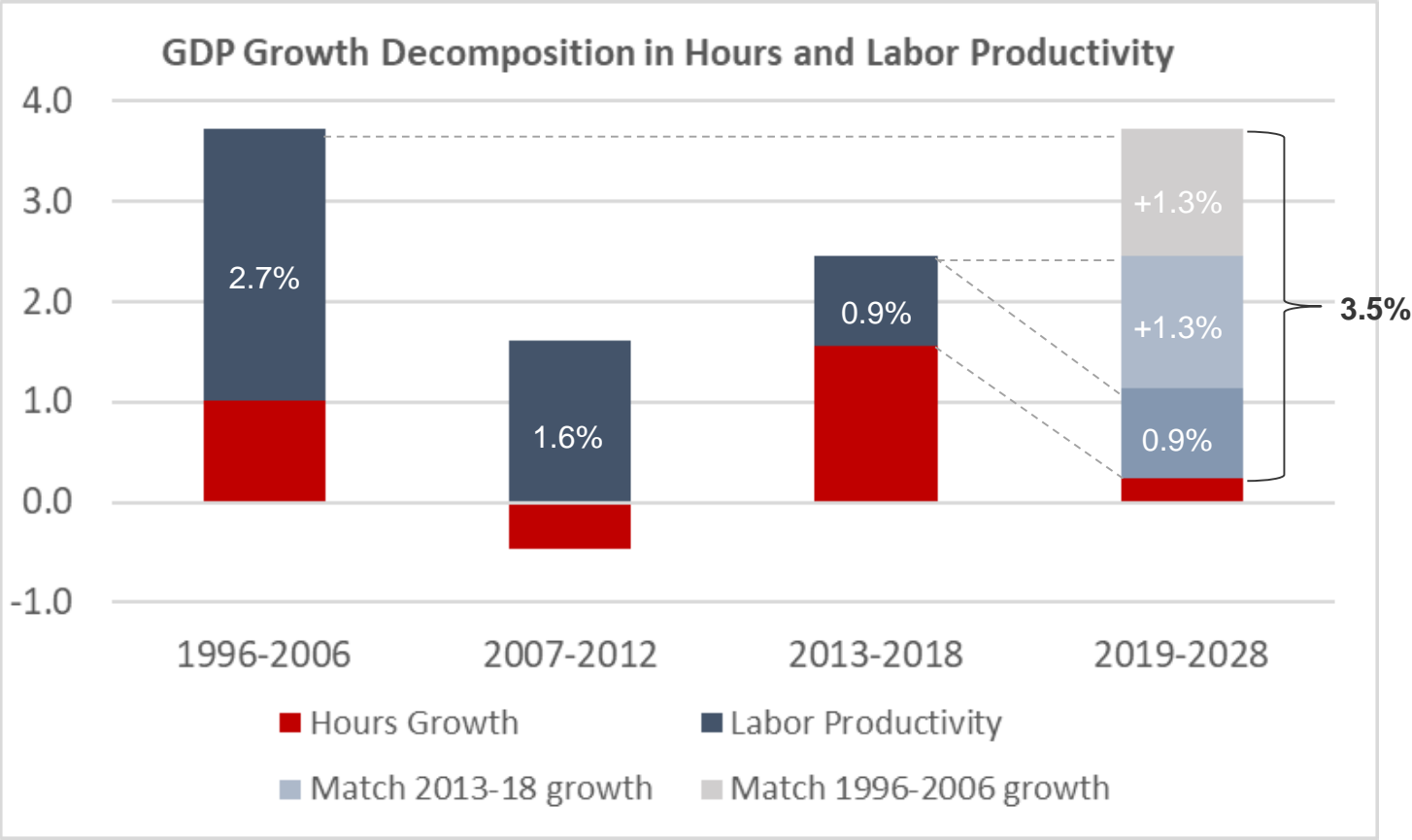
US productivity growth shows some signs of recovery. Are companies automating as cost pressure rise?



Sources: Bureau of Economic Analysis (BEA); Haver Analytics
Four-quarter change in real output per hour of all persons, 2019Q1



Decomposition of US GDP growth shows productivity recovery to be a tall order to return to past growth rates



Note: Contributions are in log points, GDP growth rates are presented as percent changes
Source: The Conference Board Global Economic Outlook 2019 (November 2018)



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Hosted by:



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