

REPORT: US Government Inaction is Hampering Economic Growth

Harvard Business School attributes tepid recovery on inability of White House, Congress to reach agreement on economic programs

By **JOSH BOAK**
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WASHINGTON — As the U.S. economy enters its eighth year of its recovery from the Great Recession, one major factor is slowing its growth: Government gridlock.

That finding emerges from a report by Har-

vard Business School

being officially released last week. The report concludes that the tepid pace of the recovery increasingly reflects the inability of President Barack Obama and the Republican-led Congress to reach agreement on programs to bolster U.S. competitiveness worldwide. Prosperity has become more concentrated among fewer Americans, and the nation's competitive edge is slipping as factors that have helped drive growth in the past are viewed as worsening. The U.S. political system, tax code, health care system, public schools, regulation and infrastructure are now all viewed as weaknesses for the economy, according to surveys of Harvard Business School alumni, students and the public compiled

in the annual report.

"We have reached the conclusion that the paralysis in the U.S. political system is one of the gravest threats to our economic competitiveness," said Jan Rivkin, a professor of business administration and co-author of the report.

The report defines

competitiveness as being characteristic of an economy that enables companies to succeed in domestic and international markets while raising living standards for average people.

itiveness had dropped from 71 percent in 2011 to 42 percent in 2015.

That share then rose to 50 percent this year.

There are still many strengths that help fuel U.S. competitiveness, including established financial markets and major research univer-

sities. But many of those

strengths

often benefit major

companies and clusters

of highly skilled work-

ers without necessarily

spreading through the

entire economy.

The report found that

few Americans have developed

opinions about policies to improve

economic growth. Fully 46

percent, according to

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One challenge is that while average Americans depend on education, roadways, public transit and health care to thrive, the survey found those parts of the economy to be weakening.

A greater share of Harvard alums say the economy is becoming less competitive, reversing improvements documented in prior reports. The proportion who expect declining compet-

the report, held no opinion about infrastructure spending, a vital need touted by both Hillary Clinton and Donald Trump on the presidential campaign trail.

Majorities failed to register any opinion on creating a sustainable federal budget, fixing distortions caused by trade, rewriting the corporate tax code or streamlining regulations for businesses.



Rep. Bobby Scott (D-Va.) said that ensuring that all Americans have the opportunity to make a decent life for themselves and their families is the central challenge of our time. This photo was taken during a forum on criminal justice reform in Northwest Washington, D.C. in July 2015.

Rivkin said those responses point to the com-

plexity of the issues and the lack of information in the public debate.

The findings dovetail with signs that the election is causing many companies to hold back on spending.

Roughly a third of U.S. chief financial officers

surveyed said their companies will limit their investment plans until after the election and the new president shows how he or she will govern, according to a poll released last Wednesday by Duke University.

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