Seven Unsustainable Sectoral Processes; US trade and industry in the last two decades

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Author: Giuliano Toshiro Yajima
Co-Authors: George Soklis, Nikolaos Rodousakis

The US economy in the last two decades has experienced a number of ups and downs, including major events such as the dot-com bubble in the early 2000s, the Great Recession in 2008-2009, and the COVID-19 pandemic in 2020. Drawing upon an inputâ€“output framework, this paper analyses the intersectoral structure of the US economy, using the data from the OECD IO tables for the past two decades. In particular, we argue that the US trade deficit has been affected by the decline in US manufacturing share of GDP in the past two decades. For this purpose we employ, among others, a model of matrix multipliers which, except for the technical conditions of production, also considers imports, income distribution, savings, and consumption patterns out of wages and profits.

Thus, this article focuses on intersectoral analysis and indexes for trade and industry sector and especially on estimation of output, employment and import multipliers, departing from the Classical assumption of the saving propensity out of profits (wages) equal to one (zero) and a common consumption pattern (out of wages and profits). The primary consideration of our results aims to provide insights for policy makers in order to be able to evaluate different plans to combine growth and economic efficiency with social cohesion and justice. For those reasons, our empirical evidence is presented in a simple and easy way that allows the policy makers the evaluation of any possible recovery and sustainable program.

The analysis revealed that the US trade and industry sector has experienced several unsustainable sectoral processes, including a (i) fall in the trade balance in machinery and equipment and HT industries, (ii) a rise in import multipliers in machinery and equipment and HT industries, (iii) a fall in manufacturing share of GDP in machinery and equipment and HT industries, (iv) a rise in commodities share of GDP, (v) a rise in commodities trade balance, (vi) a fall in consumption share of wages, and (vii) a fall in employment multipliers for the US, particularly in manufacturing.

The fall in the trade balance in machinery and equipment and HT industries has resulted in a negative impact on the US economy, as the US is importing more machinery and equipment than it is exporting. This has been further compounded by the rise in import multipliers in these sectors, which means that an increase in imports results in a greater decrease in domestic production. Additionally, the fall in manufacturing share of GDP in these sectors has led to a decrease in the overall contribution of manufacturing to the US economy. The rise in commodities share of GDP and commodities trade balance has led to an unsustainable focus on resource extraction and export, rather than investing in value-added industries.

Furthermore, the fall in consumption share of wages has had a negative impact on the US economy, as households have less disposable income to spend on goods and services. This has led to a decrease in domestic demand and a decrease in economic growth. The fall, finally, in employment multipliers, particularly in manufacturing, has led to a decrease in job creation ability and can lead to a decline in the overall contribution of manufacturing to employment in the US. This can be further exacerbated by the increase in automation and offshoring of manufacturing jobs, which has a negative impact on the US workforce.

To sum up, the unsustainable sectoral processes within the US trade and industry sector have had

a significant negative impact on the US economy, including a decrease in employment and economic growth. In order to address these issues, the US must shift towards a more sustainable and value-added economy, with a focus on innovation and investment in high-tech industries, renewable energy, and sustainable agriculture. Additionally, policies must be put in place to address the negative impacts of resource extraction and to promote a more equitable distribution of income and wealth. By addressing these unsustainable sectoral processes, the US can create a more resilient and sustainable economy for the future.