

# 1. Overview

## 1. President Obama's speeches as a reflexion of US economic issues

### 1.1. 2012 State of the Union Address as a reflexion of US economic issues- (2013 given mid-February)

**Echoed by campaign video:**

- "an America where everybody **gets a fair shot**, everyone does **their fair share** and everybody plays by the **same set of rules**"
- "Or we can fight for where I think we need to go: building an economy that works for **everyone, not just a wealthy few**"
- "**insource**" jobs back to the United States; to double-down on **clean-energy incentives**; and to improve **education and job training** initiatives, especially for the millions of long-term unemployed"

# 1. Overview

## 1.2. Inaugural Address, 24 January 2013

- Together we determined that a modern economy requires **railroads and highways to speed travel and commerce, schools and colleges to train our workers.** Together we discovered that a **free market only thrives when there are rules to ensure competition and fair play.** Together we resolve that a **great nation must care for the vulnerable and protect its people from life's worst hazards and misfortune.**

# 1. Overview

- Through it all, **we have never relinquished our skepticism of central authority, nor have we succumbed to the fiction that all societies ills can be cured through government alone.** Our celebration of **initiative and enterprise, our insistence on hard work and personal responsibility,** these are constants in our character.
- For we have always understood that when times change, so must we, that fidelity to our **founding principles** requires **new responses to new challenges, that preserving our individual freedoms ultimately requires collective action.**

# 1. Overview

## 2. Context

### ➤ **From hegemony to relative decline**

Evolution from post-war era to the present day

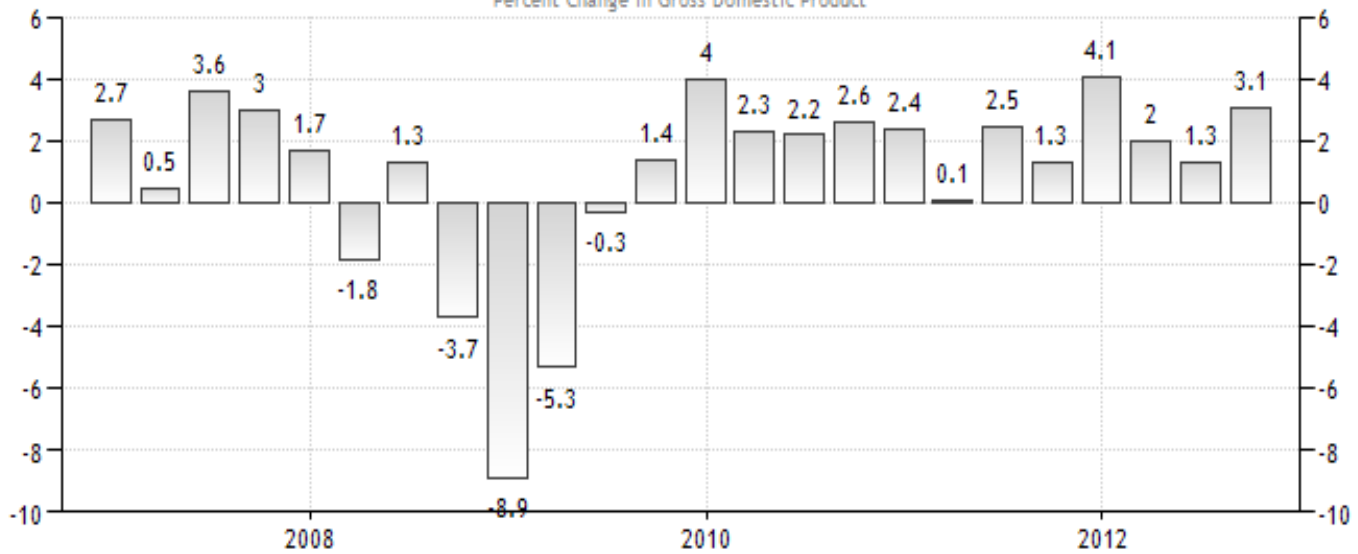
- ❖ Post-war era until early 2000s : economic power/ military power/ cultural power (= « soft power », Joseph Nye)
- ❖ « outsourcing » and deindustrialisation- attempts at reindustrialising the US

### ➤ **Recovery**

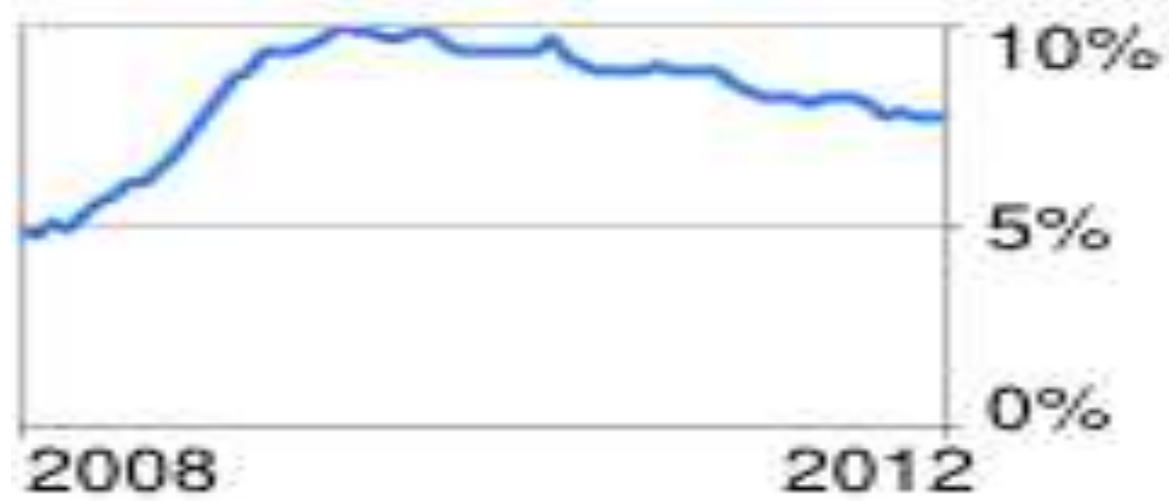
- ❖ Crisis started in 2008 : subprime credit/ housing market/ financial and banking crisis/ « systemic crisis »
- ❖ Managing high unemployment (7.8% in December 2012, Bureau of Labor Statistics)

### UNITED STATES GDP GROWTH RATE

Percent Change in Gross Domestic Product



SOURCE: WWW.TRADINGECONOMICS.COM | BUREAU OF ECONOMIC ANALYSIS



# 1. Overview

- **« Green New Deal »**  
Combining energy issue with stimulus
- **Health-care reform: Obamacare : « Patient Protection and Affordable Care Act », 2010**
- **Government shutdown**
- **Boosting entrepreneurship : American Recovery and Reinvestment Act, 2009**

# 1. Overview

## ➤ **Boosting entrepreneurship : American Recovery and Reinvestment Act, 2009**

### ❖ Goals:

- Create new jobs and save existing ones
- Spur economic activity and invest in long-term growth
- Foster unprecedented levels of accountability and transparency in government spending

### ❖ Means : providing \$787 billion in:

- Tax cuts and benefits for millions of working families and businesses
- Funding for entitlement programs, such as unemployment benefits
- Funding for federal contracts, grants and loans

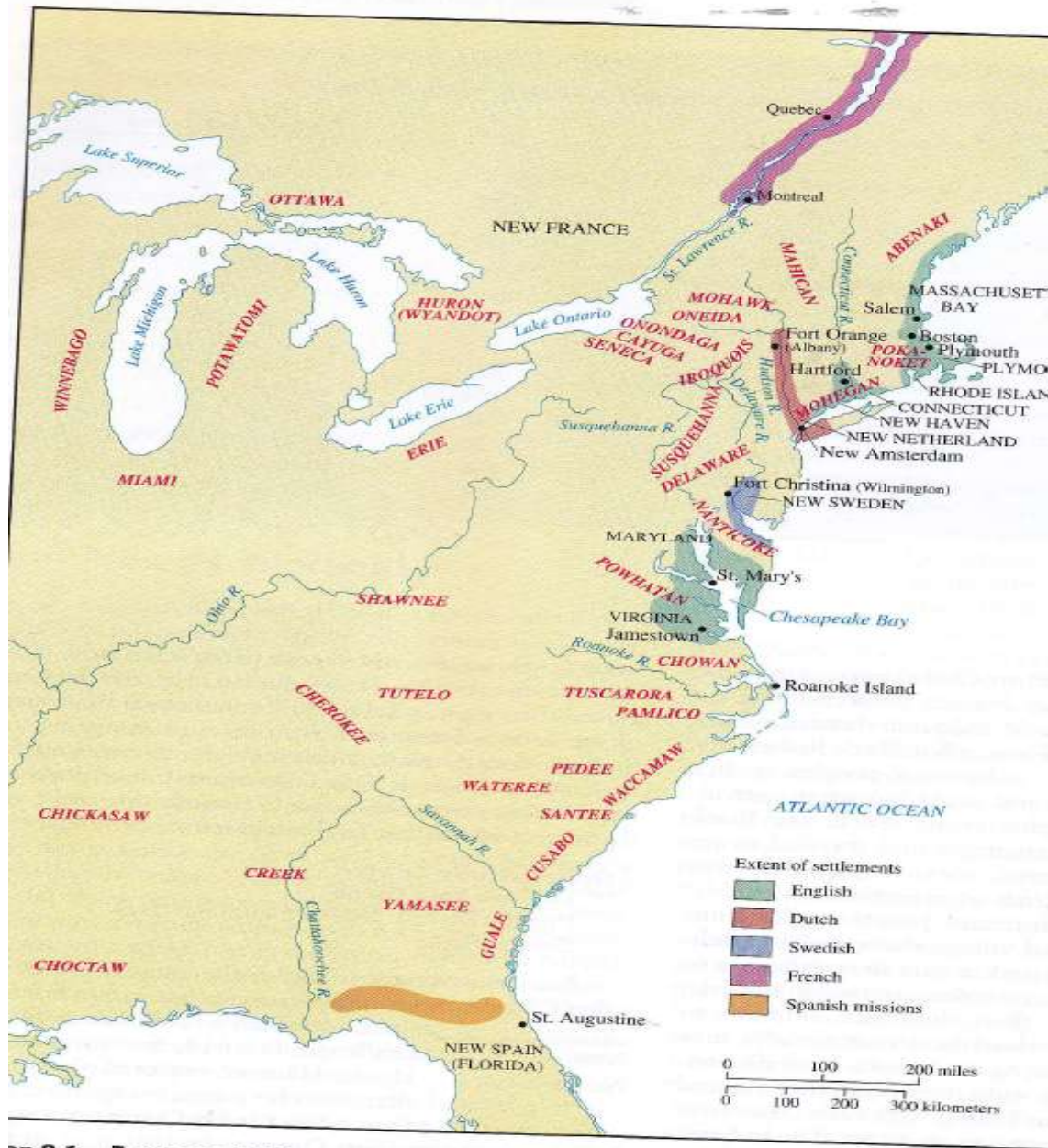


# 2. US economic outlook

## 2.1. Understanding the characteristics of the territory

- Diversity
- Westward expansion





**Map 2.1 European Settlements and Indians in Eastern North America, 1650**

the widely scattered European settlements of 1650



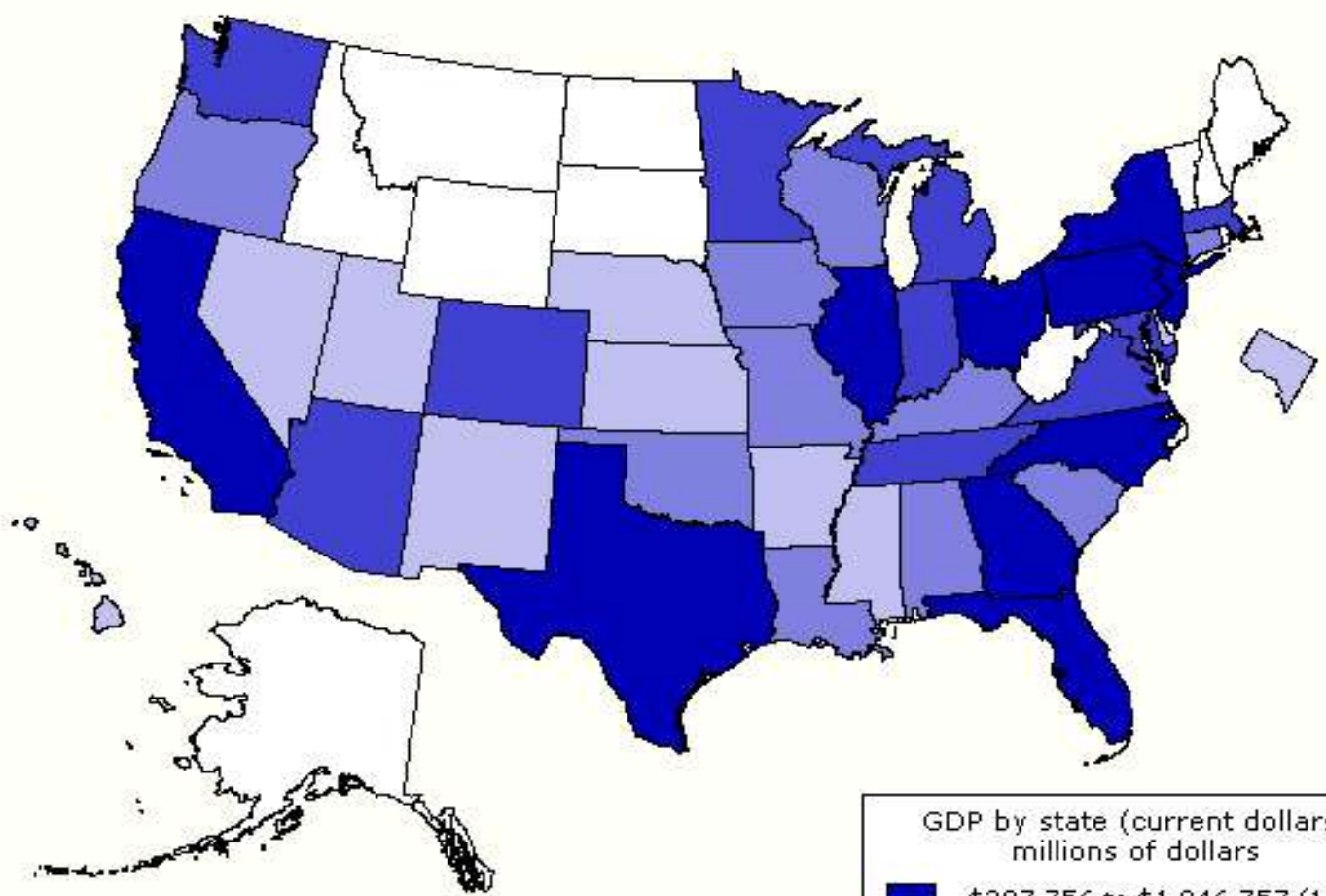
# The 50 states of the United States

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# 2. US economic outlook

- Territory and progress
  - Manifest Destiny (O'Sullivan, 1845)
  - Importance of networks
    - ❖ roads and canals
    - ❖ railways in the 19th C. + reform of 1998 (merchandise)
    - ❖ highways
    - ❖ air
    - ❖ ... but inequality of network
- Global cities
- Pacific rim (Asia-Pacific)
- Inequality



GDP by state (current dollars)  
millions of dollars

	\$397,756 to \$1,846,757 (10)
	\$248,603 to \$397,756 (10)
	\$135,702 to \$248,603 (10)
	\$61,828 to \$135,702 (10)
	\$25,442 to \$61,828 (11)

Source: U.S. Bureau of Economic Analysis, data released on 6/2/2009

# 2. US economic outlook

- Economic engines
  - ❖ New York (state), Texas and California: a third of GDP
  - ❖ Manufacturing Belt
  - ❖ New « cores » (California e.g. Silicon Valley and Texas, but also « deep south »)
  - ❖ NAFTA (1992) (synergies, controversies...)

# 2. US economic outlook

## 2.2. Current situation

### ➤ Economic strategy:

1) to raise demand for U.S. goods and services in the short run to support the ongoing recovery and put more people back to work

2) to develop credible policies to return to a fiscally sustainable path in the intermediate and long term

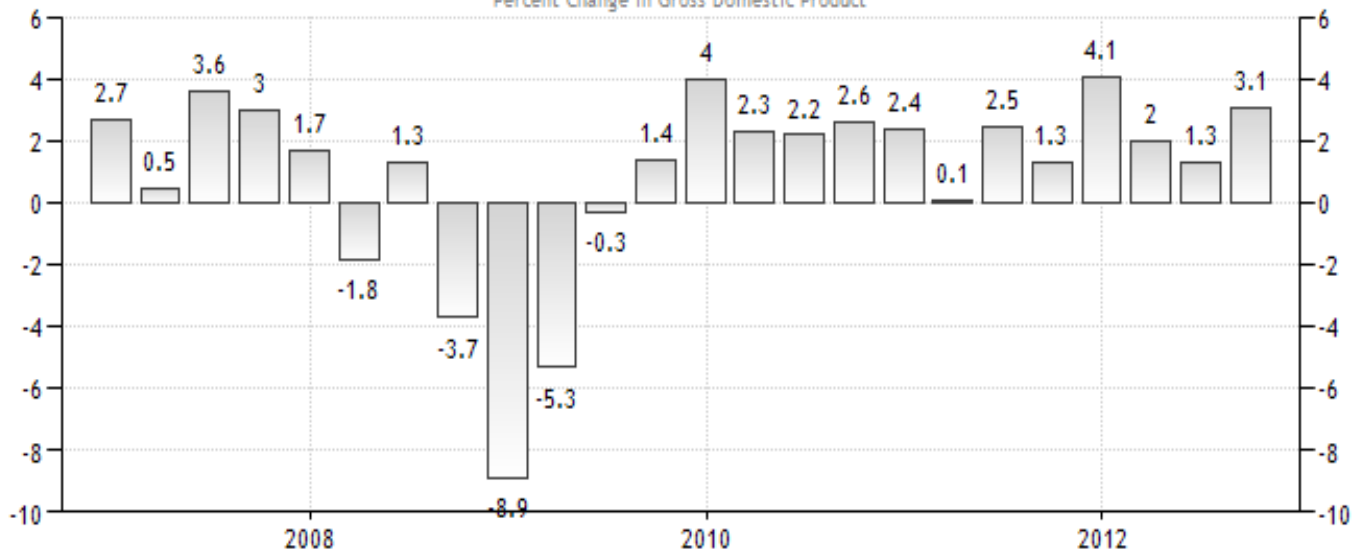
3) to invest in education, innovation, research, domestic energy, and infrastructure in order to build a stronger foundation for future economic growth and an expanding middle class.

### ➤ Recovery Act, 2009



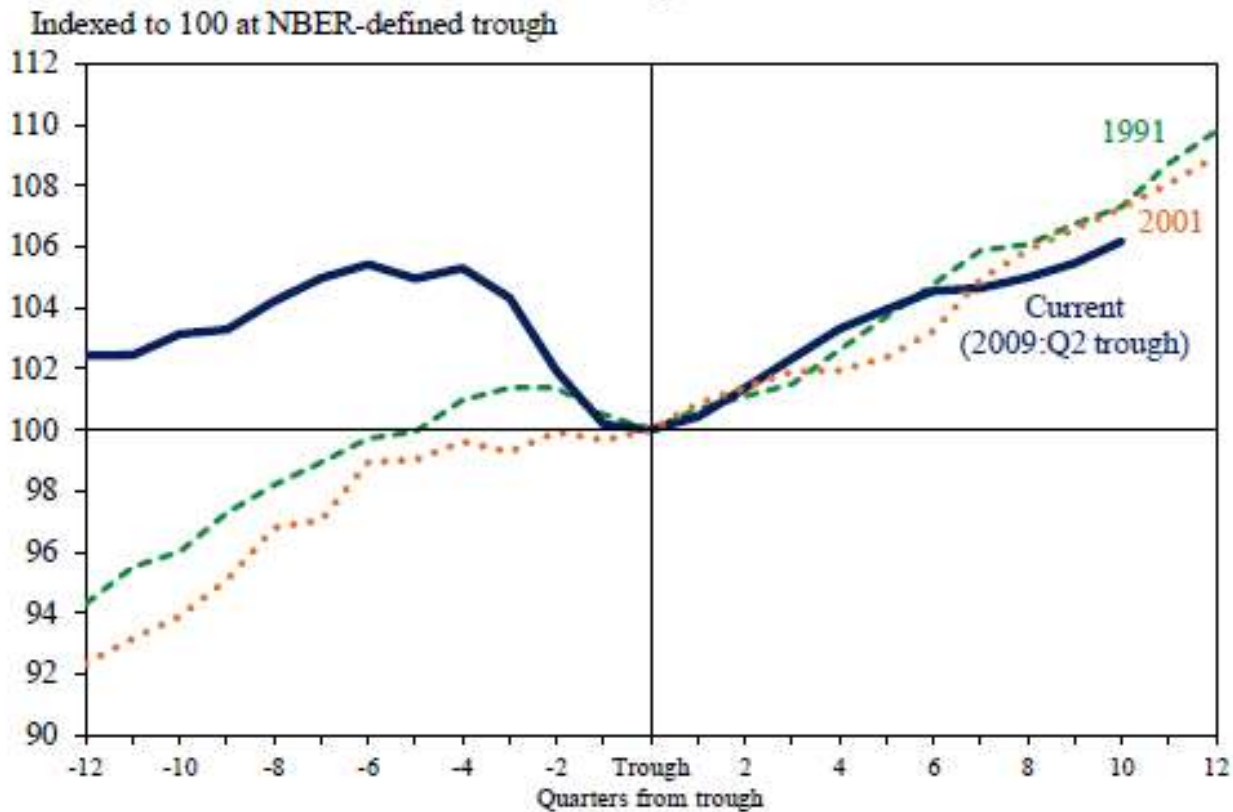
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## Real GDP During Recoveries



Source: Bureau of Economic Analysis, National Income and Product Accounts; National Bureau of Economic Research; CEA calculations.

## 2. US economic outlook

- Business fixed investment (4.6% / 10.3% in 2011)
- Consumer spending (70% of GDP) : grew by 1.9% (easing of credit)
- Inflation (August 2013 figures) : headline inflation (1.5%) / core inflation (1.8.%)

(source: Bureau of Labor Statistics)