

US in Recession

With Full Employment

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US workers are producing less with more.

US gross domestic income just fell for the second straight quarter. That is a recession. The gross domestic income, the sum of all wages and profits, is going backwards in the USA. Incomes go up, but inflation goes up faster, decreasing real incomes. Poor and middle-class Americans are being hurt on their living standards, even when employed. Biden courted Black voters, but his policies over-proportionally hit Black Americans. With unemployment at only 3.7%, the US has full employment, but people are losing real incomes. This is the full-employment recession, as the Wall Street Journal [aptly](#) calls it.

Employment just added another 339,000 jobs in May. Technically, domestic income should be booming. But it isn't. Because the bigger effort of US workers is producing less output. Productivity, the measure of how much the value of a work-hour improves, just fell 2.1% from Q4-2022 to Q1-2023. Productivity was also down 0.8% from Q1-2022, a year earlier. That is the fifth-straight quarter of negative year-over-year productivity growth - such long-lasting loss of productivity has never happened before in recorded US history.

Why is US productivity going backwards more than ever in history since President Biden took office?

We just have to look at what Biden did.

- Biden threw out more trillions of dollars than the economy could absorb. In efforts to collect all that heavenly manna sent from Biden, employers hired more people than they could effectively manage. Some [call](#) it "worker-hoarding".
- Bottlenecks appear in the US as well. With billions in subsidies from Biden and Congress, more than 50 new microchip factories are being built. But there are not enough skilled workers and engineers to operate those factories - and education takes time. The result is a [shortage](#) of no less than 70-90,000 workers

in the US chips industry. By 2030, the shortage in engineers alone could be 300,000.

- Trade unions are being strengthened, and hamper productivity in key places like US ports, where workers resist automation. The ports of Los Angeles and Long Beach, which handle the most ocean cargo of any ports in the USA, are among the [least efficient](#) in the whole World. Dar Es Salaam port is more efficient than Los Angeles, and Mombasa port is more efficient than Long Beach. Africa is doing well, the US is doing bad. Delays, costs, backwardness, and poor logistics in the US destroy efficiency through the whole US economy.
- The protectionism of Trump and Biden is reducing competition and diminishes incentives for companies to increase efficiency. The US steel and automobile industries are good example of [protected](#) and ineffective US industries. With the exemption of Tesla, US automakers are ineffective at producing electric vehicles, but with enormous [subsidies](#) and earnings from their inefficient but protected combustion engine cars, US automakers can produce and sell electric vehicle as a loss.
- US politicians have big dreams, but create a mess of inefficiency and social-economic losses because they don't invent the practical [economics](#) to make it work.

This spells trouble for the US ahead.

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