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Author: Joseph E. Stiglitz

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**(PAPER 4)****America's Great Malaise and What to Do About It**Joseph E. Stiglitz<sup>1</sup>

Department of Economics, Columbia University, 3022 Broadway, New York, N.Y. 10027

Tel.: +1 212 854 0334; Fax: +1 212 662 8474; *E-mail address*: jes322@columbia.edu

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**1. Introduction**

While we celebrate the beginning of the end of the era of zero interest rates, the US economy can hardly be called healthy. GDP is some 15% below what it would have been had the growth rates that prevailed between 1980 and 1998 continued. The percentage of the working-age population employed has increased only slightly since the "recovery" began, and is still lower than it was in the early 1980s, when women were entering the workforce en masse.<sup>2</sup> Median real (household) income is less than 1% higher than it was in 1989.<sup>3</sup> Real wages at the bottom are lower than 60 years ago.<sup>4</sup> More than a fifth of

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<sup>2</sup> See the St. Louis Fed's presentation of Bureau of Labor Statistics data, available at <https://research.stlouisfed.org/fred2/series/EMRATIO>.

<sup>3</sup> Census Historical Income Table H-6, available at <https://www.census.gov/hhes/www/income/data/historical/household/2014/h06AR.xls>

<sup>4</sup> Minimum wages (adjusted for inflation) were some 24% lower than they were in 1968. Real wages at the 10th percentile are below what they were in 1980, while those at the 30th percentile have barely increased. See statistics from the Economic Policy Institute, available at <http://www.epi.org/publication/why-americas-workers-need-faster-wage-growth/>.

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