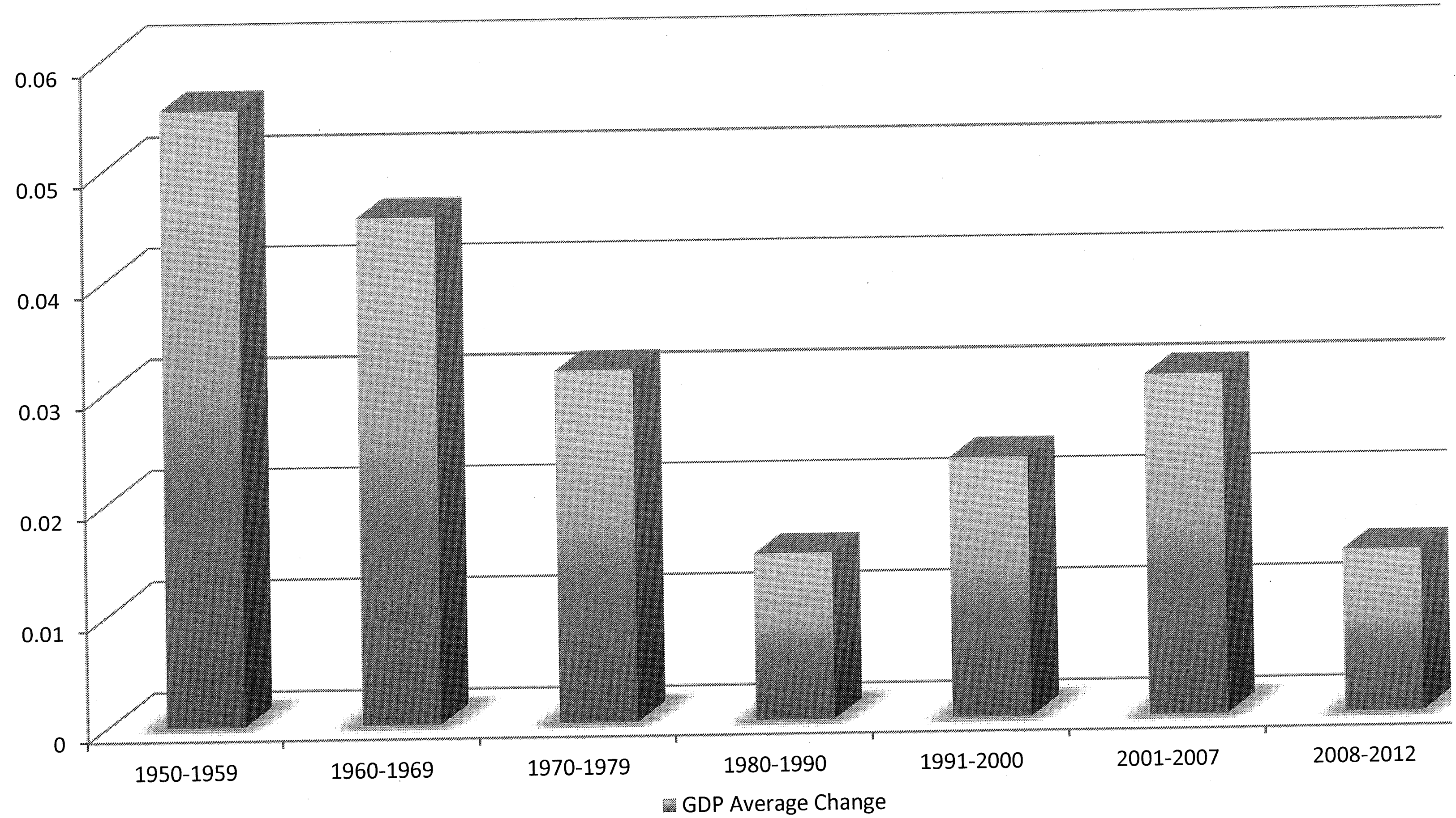
DECLINING ECONOMIC DYNAMISM, 1960-2012

(average annual per cent change)

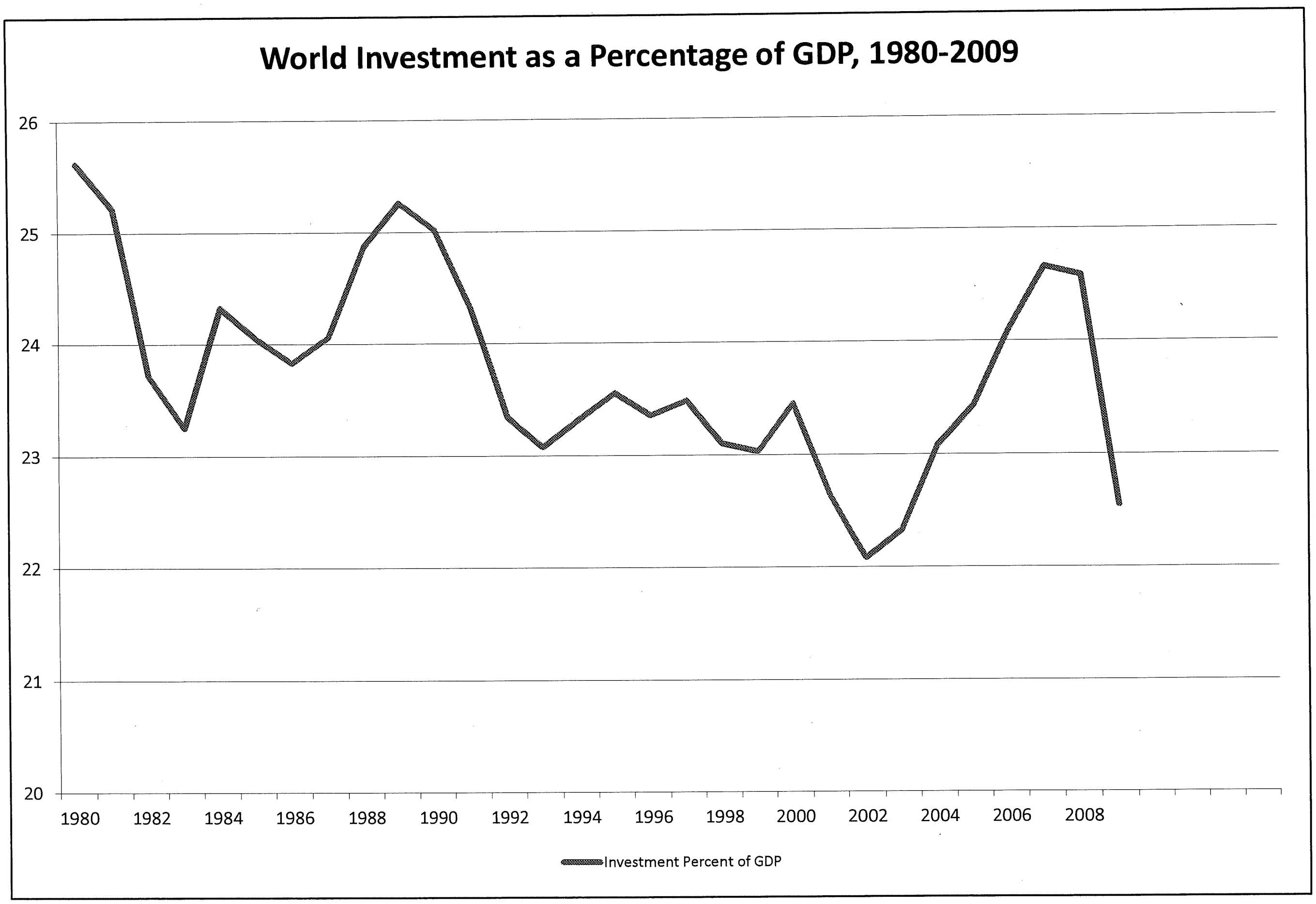
GDP (2005)	60-69	69-79	79-90	90-95	95-00	90-00	2000-07	2007-12
US	4.2	3.2	3.2	2.5	4.4	3.4	2.0	0.6
Japan	10.1	4.4	3.9	1.4	0.9	1.1	1.1	0.2
Germany	4.4	2.9	2.3	2.0	1.9	2.0	1.4	0.7
Euro 12**	5.3	3.4	2.4	1.6	2.7	2.1	1.7	0.2
G7 (1995)	5.1	3.6	3	2.5	1.9	3.1		
Non-Residential Capital Stock (private business economy)								
US	3.9	3.7	3.0	2.0	3.8	2.9	1.8	
Japan	12.5*	9.4	6.1	5.4	3.6	2.9	1.1**	
Germany	6.7	5.2	3.3	3.4	1.5	2.4	1.2	
Industrial	5.0	4.2	3.1	5.3	3.6	3.3	2.1	
Labor Productivity Total Economy (GDP/worker)								
US	2.3	1.2	1.3	1.3	2.3	1.8	2.1	1.4
Japan	8.6	3.7	3	0.6	1.3	1.0	1.6	0.3
Germany	4.2	2.5	1.3	1.9	1.0	1.5	0.8	-0.2
Euro 12	5.1	2.9	1.8	1.9	1.3	1.6	0.7	0.2
G7	4.8 (60-73)	2.8 (73-79)	2.6	2.1	1.7	1.9	1	
Real Compensation Total Economy (per employee)								
US	2.7	1	0.8	1	2.6	1.9	0.6	0.8
Japan	7.5	3.9	1.7	1.2	0.9	0.8	0.1	0.8
Germany	5.7	3	0.8	2.8	2.2	2.3	0.2	0.4
Euro 12	5.8	3.2	0.6	1.6	0.9	1.1	0.4	0.5
GDP Per Capita Real		69-79	79-90	90-95	95-00	90-00	2000-07	2007-12
US		2.1	2.1	1.1	2.8	2.0	1.4	-0.2
Japan		3.4	3.7	1.8	0.5	1.3	1.4	-0.1
Germany		3.3	1.9	1.9	1.4	1.8	1.4	0.9
Euro 15		3.0	2.0	1.4	2.3	1.9	1.6	-0.6
Private Employment								
US	1.8	2.1	1.9	0.6	0.8	1.3	0.2	-0.5
Japan	1.4	0.8	0.9	1.0	1.8	0.2	0.9	-0.5
Germany	0.2	0.3	1	0.9	-0.5	0.4	-0.2	0.8
EU-12	0.2	0.4	0.7	0.3	1.6	0.7	1.1	-0.4
Real Personal Consumption Expenditure								
US	2.7	1	0.8	0.8	2.4	1.7	1.4	0.9
Japan	7.5	3.9	2	1.1	0.3	0.6	-0.3	0.7
Germany	5.7	2.9	0.7	2.2	0.3	1.3	-0.5	0.4
EU-12	5.9	3.1	0.6	1.3	0.4	0.7	0.3	0.6

2

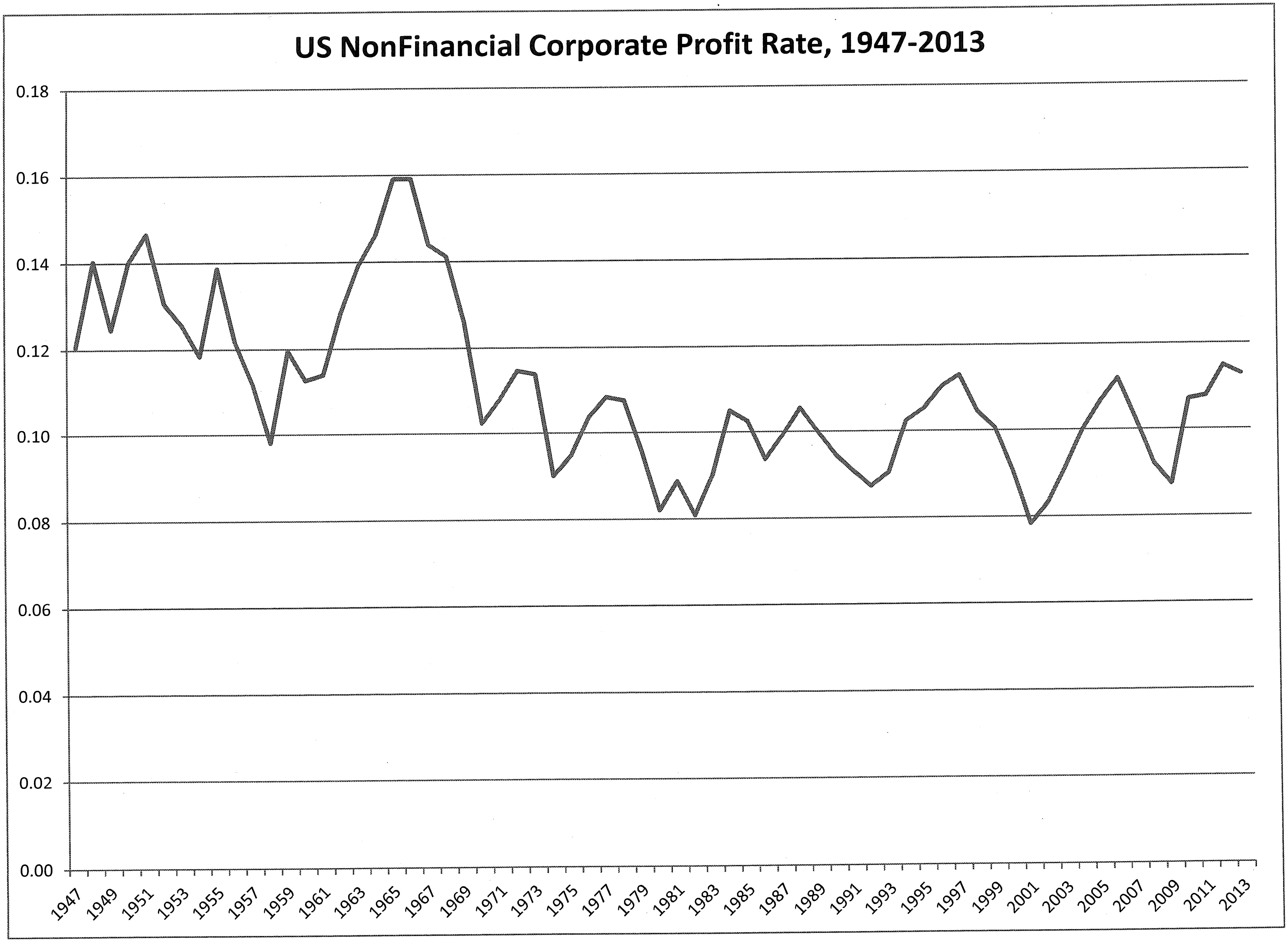
World Real GDP Growth
1950-2012



World GDP Growth = Weighted Average of Economies' Real GDP Growth
Weights = Shares of Economy in 2005 World Nominal GDP Converted to Dollars at Market Exchange Rates
Source: WTO


World Investment as a Percentage of GDP, 1980-2009
26
25
24
23
22
21
20
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
Investment Percent of GDP

(ω)

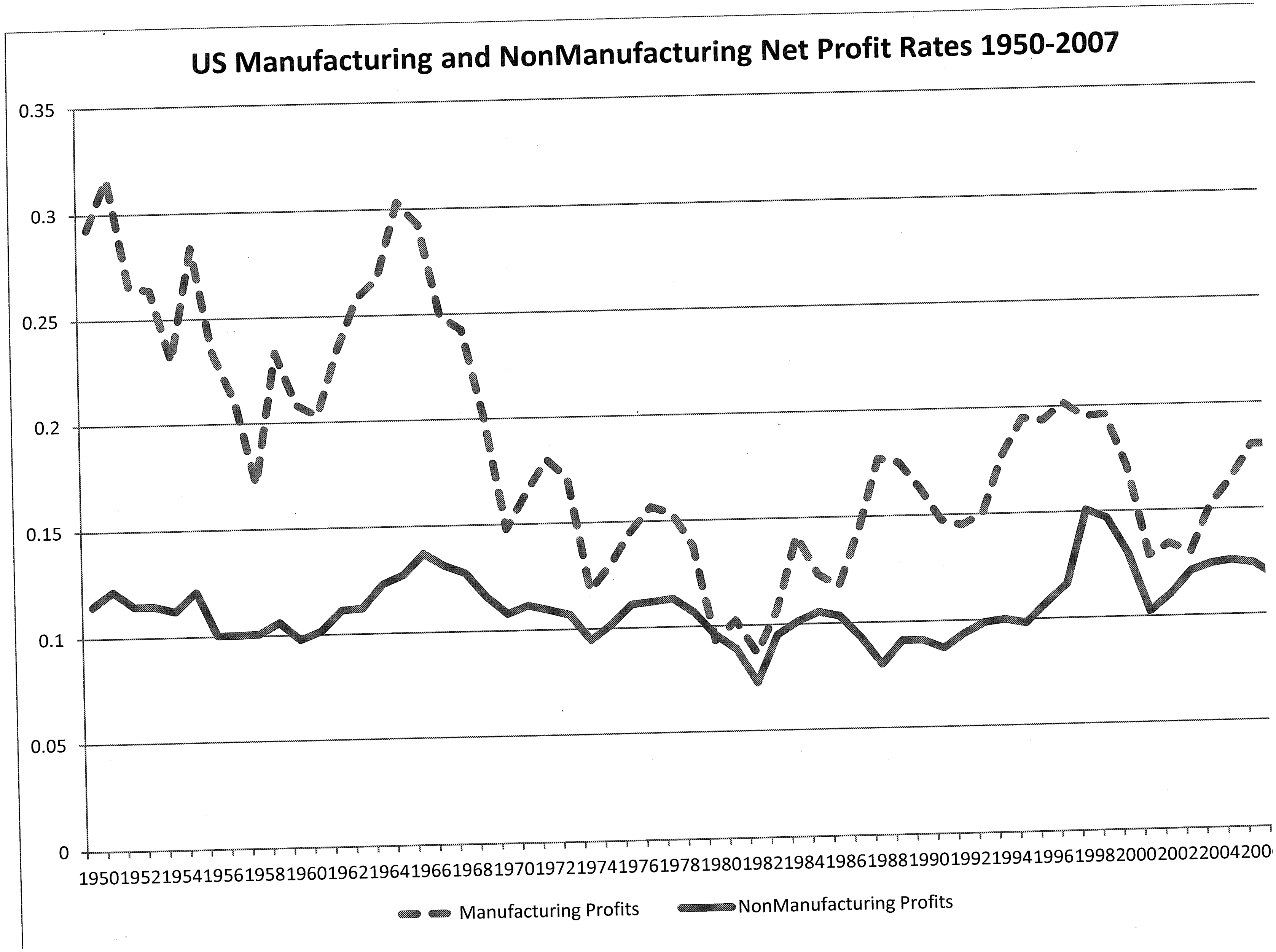

US NonFinancial Corporate Profit Rate, 1947-2013
0.18
0.16
0.14
0.12
0.10
0.08
0.06
0.04
0.02
0.00
1947
1949
1951
1953
1955
1957
1959
1961
1963
1965
1967
1969
1971
1973
1975
1977
1979
1981
1983
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013

PROFIT RATES AND THE GROWTH OF COMPENSATION: US, Germany, Japan

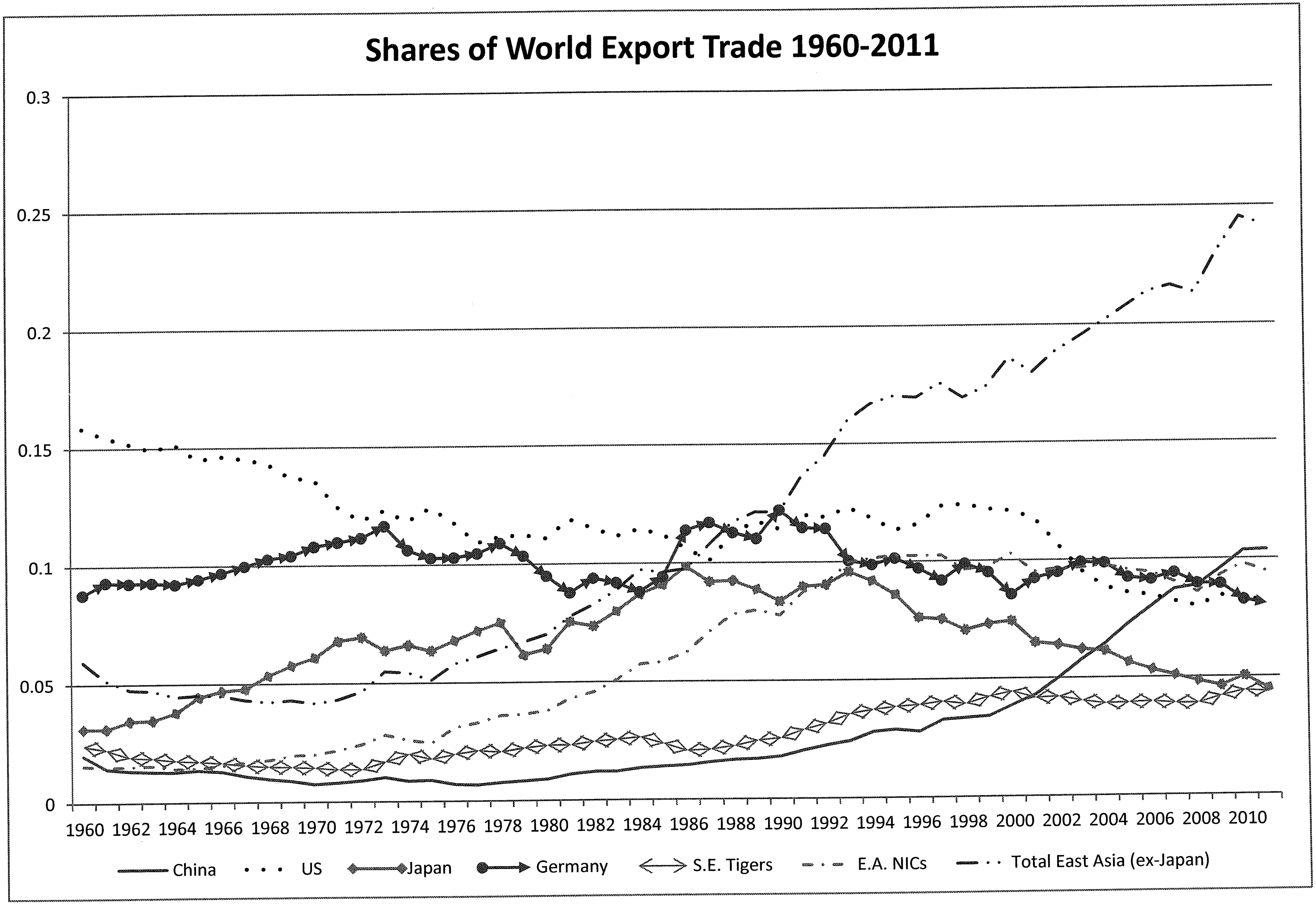
(Business cycle averages)	1949-59	1960-69	1970-79	1980-90	1991-2000	2001-2007*
PRIVATE BUSINESS SECTOR						
US Non-Financial Corporate Profit Rate	0.133	0.146	0.105	0.098	0.108	0.100
US Non-Financial Growth of Real Compensation p(	0.031	0.020	0.010	0.001	0.010	0.011
Germany Profit Rate		0.177	0.132	0.128	0.094	0.095
Germany Growth of Real Compensation per person		0.028	-0.005	0.009	0.012	-0.004
Japan Profit Rate		0.190	0.126	0.119	0.085	0.086
Japan Growth of Real Compensation per person		0.069	0.051	0.015	0.008	-0.001
MANUFACTURING SECTOR						
US Profit Rate	0.250	0.245	0.134	0.118	0.164	0.141
US Growth of Real Compensation per person	0.041	0.019	0.013	0.007	0.014	0.013
Germany Profit Rate		0.189	0.124	0.104	0.052	0.122
Germany Growth of Real Compensation per person		0.022	-0.001	0.014	0.027	0.004
Japan Profit Rate		0.364	0.297	0.198	0.103	0.083
Japan Growth of Real Compensatio per person		0.106	0.085	0.027	0.026	0.036

* 2001-2006 for Japan

Germany=West Germany thru 1990


US Manufacturing and NonManufacturing Net Profit Rates 1950-2007
0.35
0.3
0.25
0.2
0.15
0.1
0.05
0
1950195219541956195819601962196419661968197019721974197619781980198219841986198819901992199419961998200020022004200
Manufacturing Profits
NonManufacturing Profits

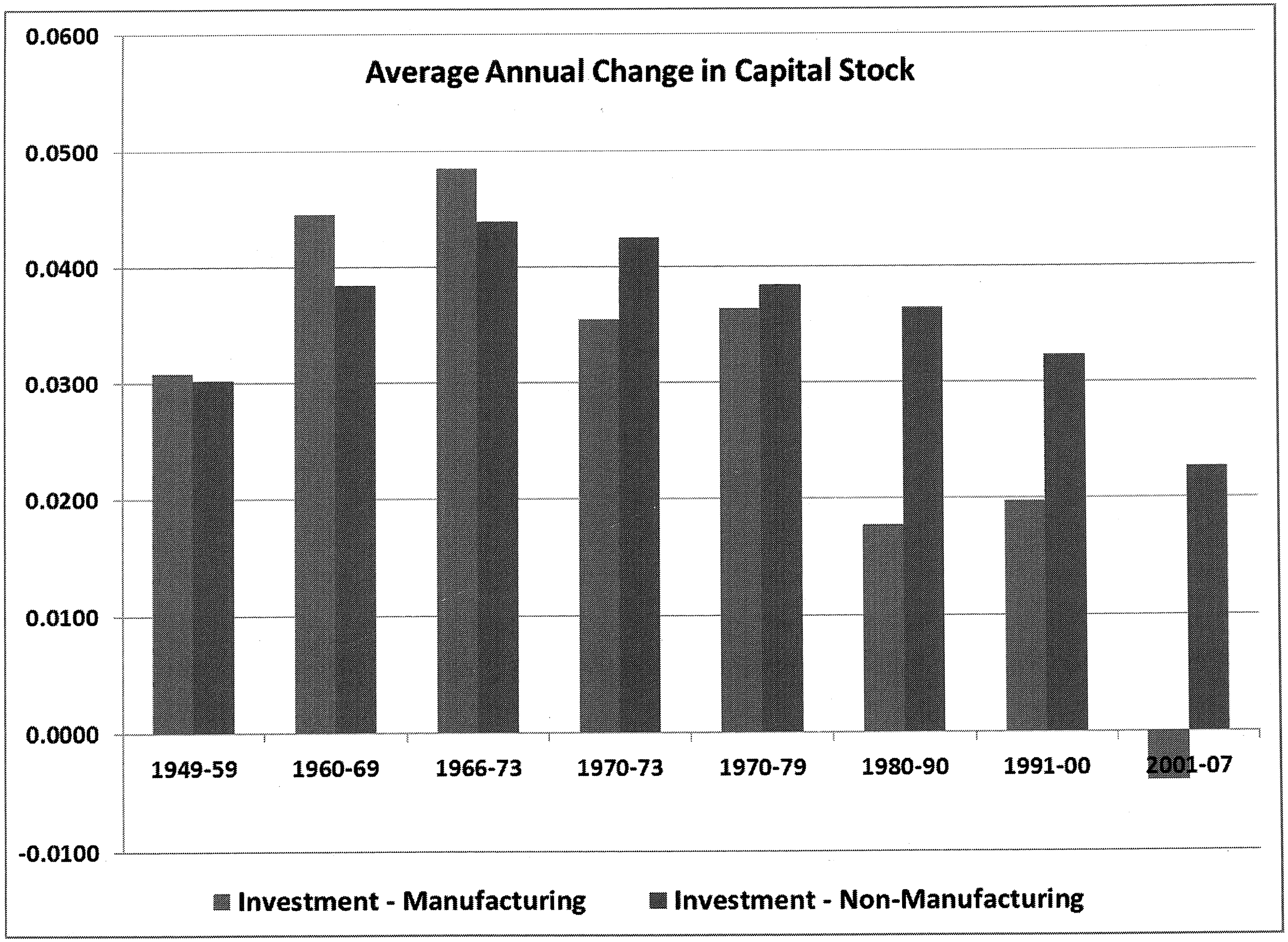
(7)



Shares of World Export Trade 1960-2011
0.3
0.25
0.2
0.15
0.1
0.05
0
1960 1962 1964 1966 1968 1970 1972 1974 1976 1978 1980 1982 1984 1986 1988 1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010
China
US
Japan
Germany
S.E. Tigers
E.A. NICs
Total East Asia (ex-Japan)

8

Falling Investment



Immediate and Successful Employers' Offensive, 1973-

The Growth of Real Hourly Earnings in Manufacturing

	1960-1973	1973-1979	1979-1989`	1989-1995
G-7	3.5%	1.4%	0.5%	0.4%
US	1.4%	0.0%	-0.9%	-0.7%
Germany	5.45%	2.5%	1.4%	1.4%
Japan	6.9%	1.7%	1.6%	1.0%

OECD, Historical Statistics 1960-1995 (Paris, 1997), p.100, Table 9.1

The Growth of Real Social Expenditures

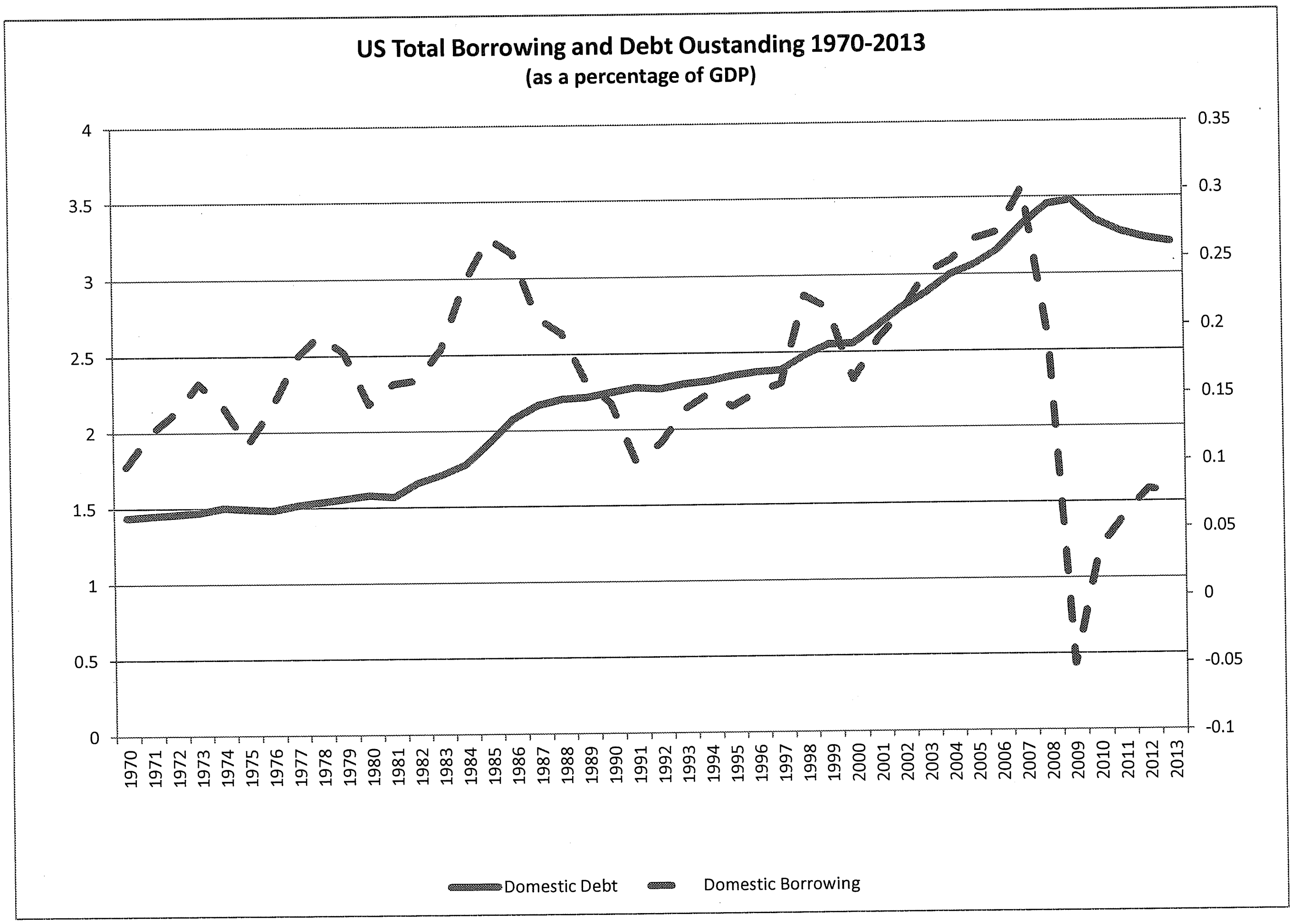
	1960-1975	1975-1980	1980-1985`	1
U.S.	6.5%	2.0%	2.7%	
Germany	4.8%	2.0%	0.7%	
Japan	8.5%	8.2%	3.2%	

OECD, Social Expenditure 1960-1989 (Paris, 1985), p.28; OECD, The Future of Social Protection (Paris, 1988), p.11.

The Growth of Real Government Final Consumption Expenditure

	1960-1973	1973-1979	1979-1989	1989-1995
U.S.	2.3%	1.7%	2.5%	0.1%
Japan	5.9%	4.9%	2.7%	2.0%
Germany	4.5%	3.0%	1.3%	1.8%
G-7	3.2%	2.4%	2.2%	0.9%

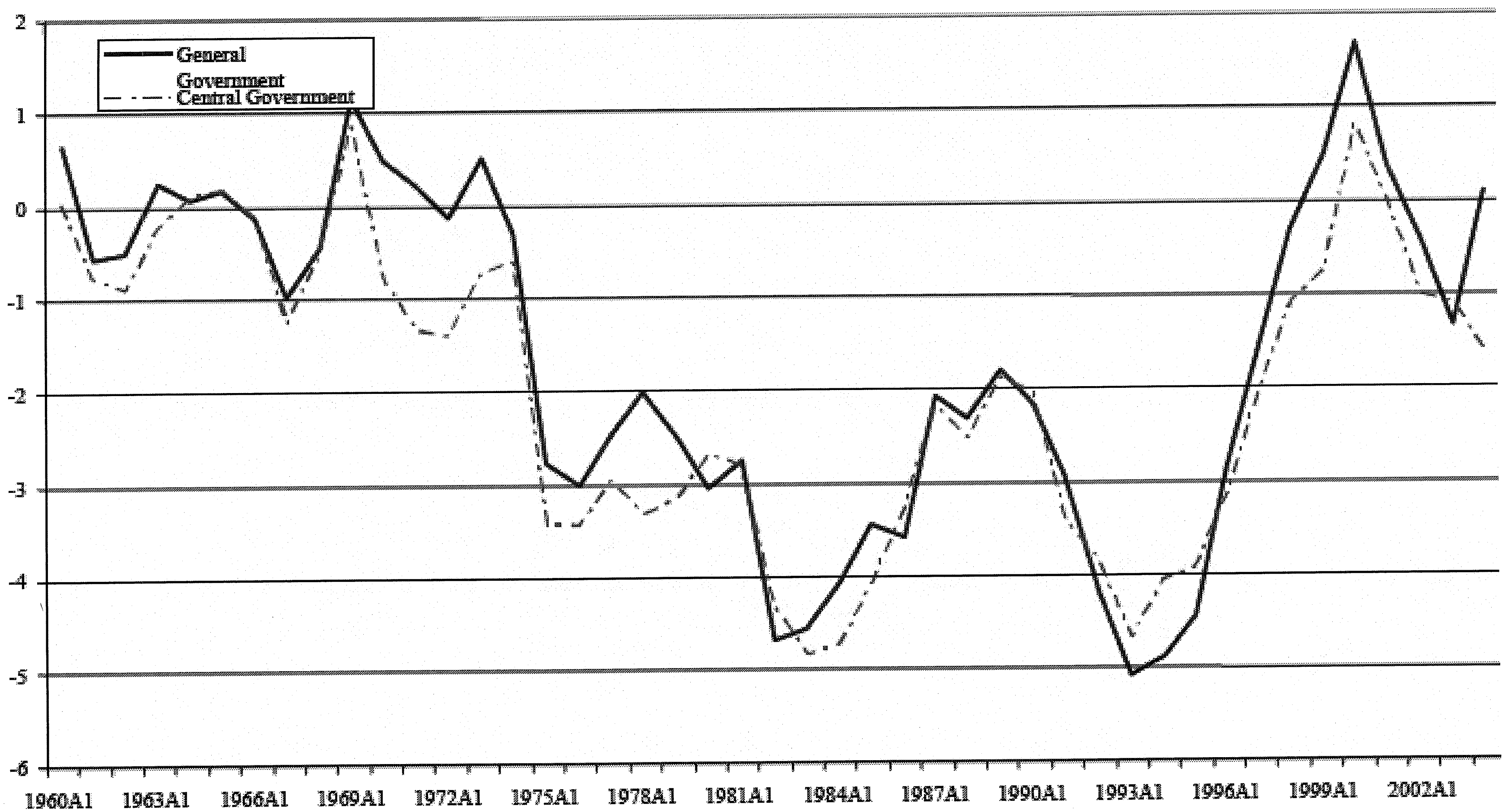
OECD, Historical Statistics 1960-1995 (Paris, 1997), p.61. The G-7 and U.S. figures for the 1980s are inflated by the huge increase in U.S. military expenditure in that decade.



US Total Borrowing and Debt Oustanding 1970-2013
(as a percentage of GDP)
4
3.5
3
2.5
2
1.5
1
0.5
0
0.35
0.3
0.25
0.2
0.15
0.1
0.05
0
-0.05
-0.1
1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013
Domestic Debt
Domestic Borrowing

10

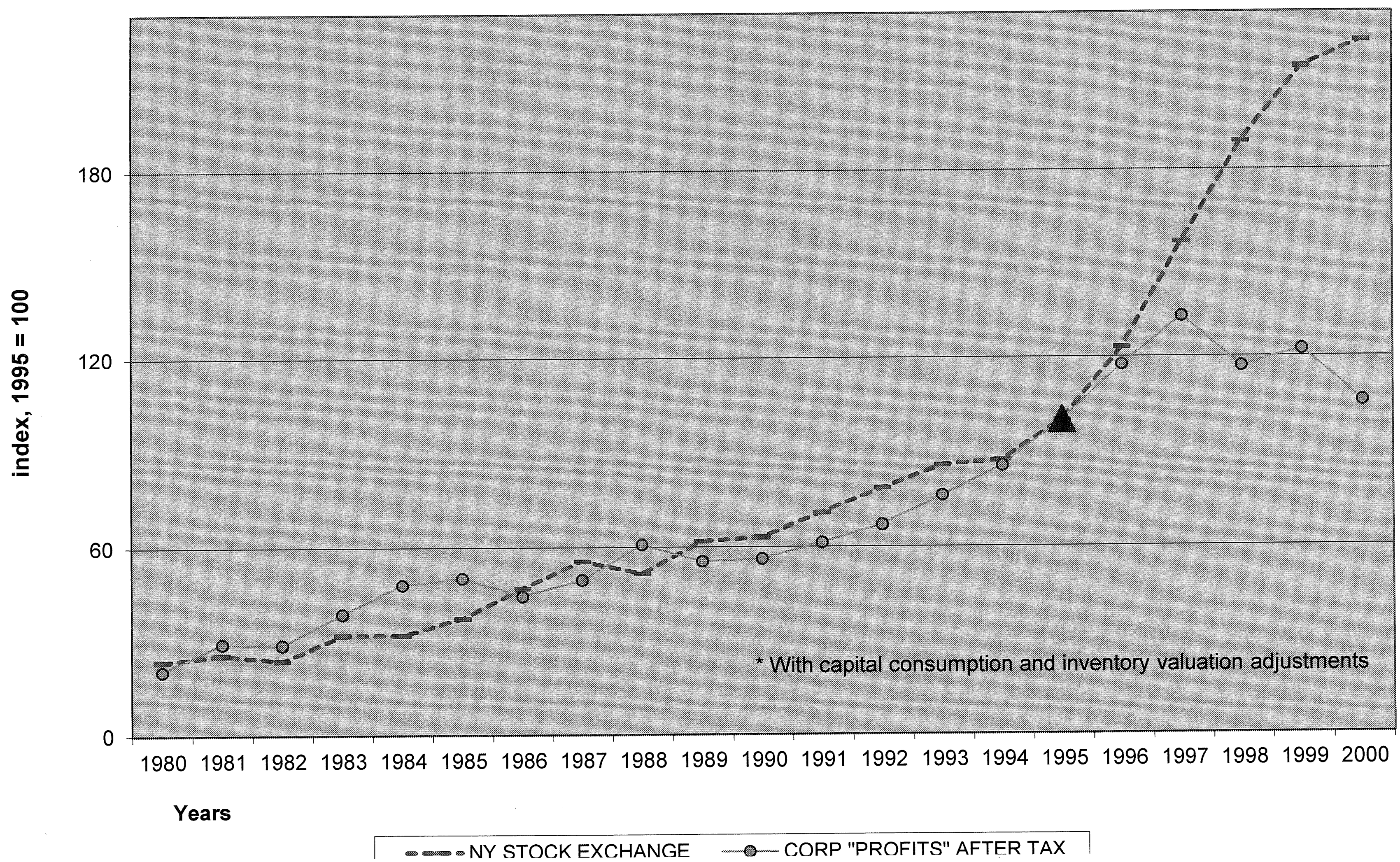
Figure 8. Fiscal Balances in OECD Advanced Economies
(Percent of GDP)



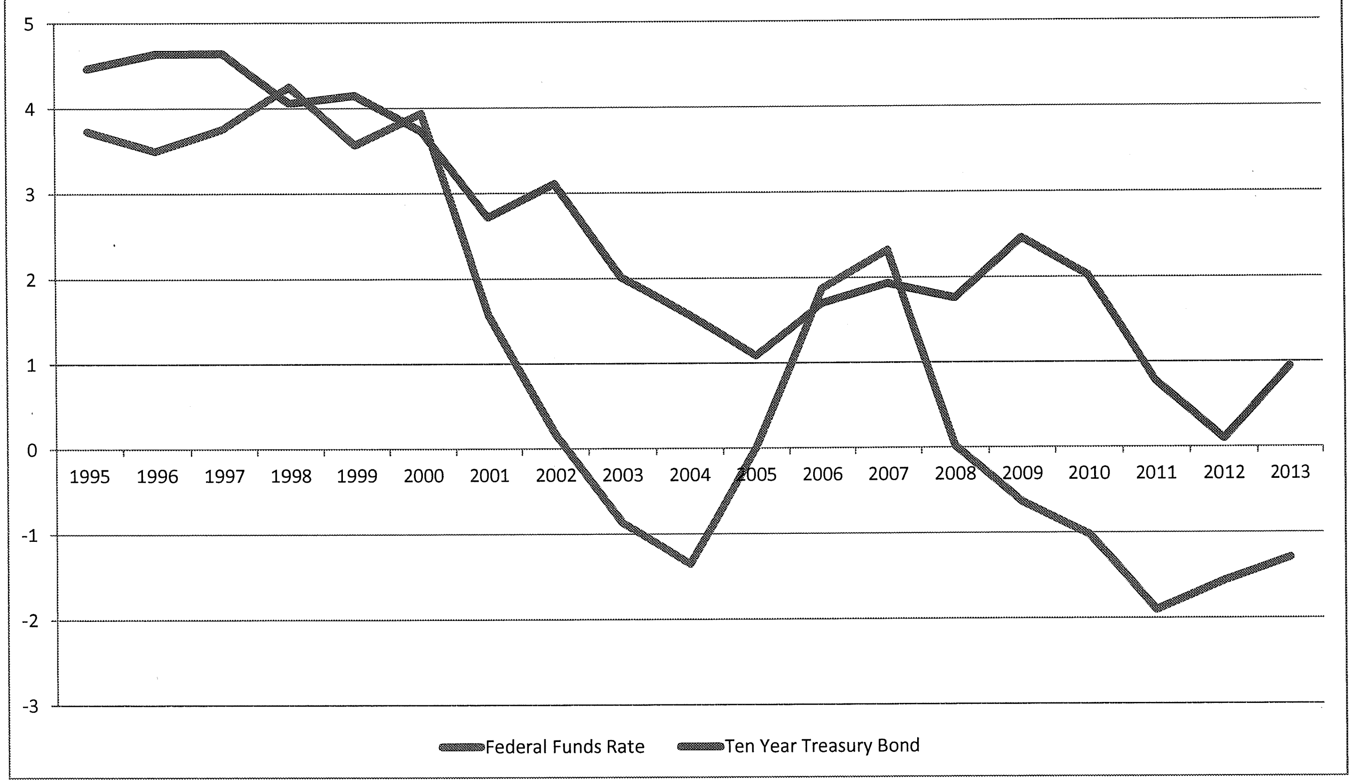
C.

(March 2006). IMF Working Paper, p15.

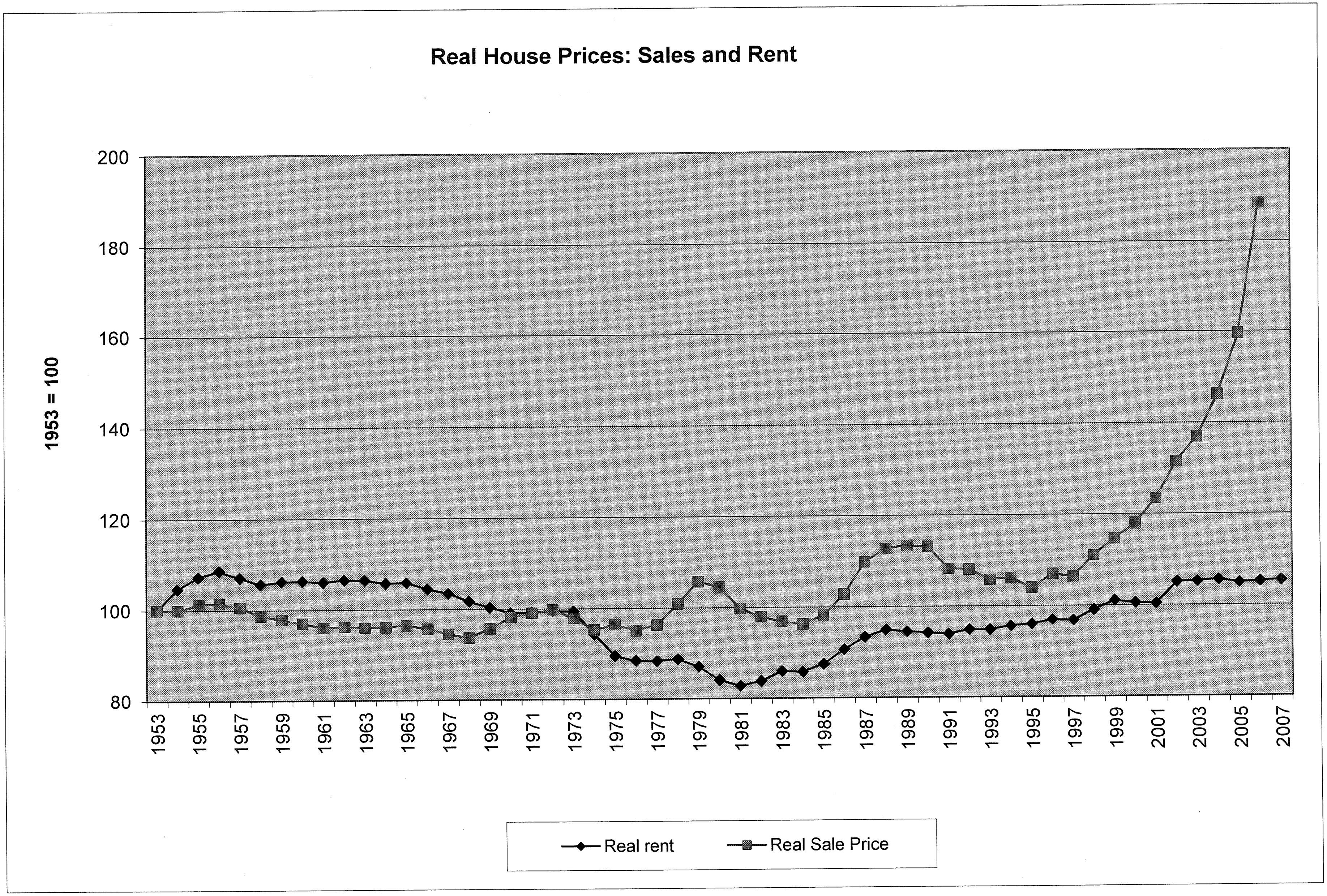
INDEX OF CORPORATE PROFITS NET OF INTEREST AFTER TAX
VERSUS
NEW YORK STOCK EXCHANGE COMPOSITE INDEX, 1980-2000



US Real Long- and Short-Term Interest Rates
1995-2013
(adjusted by GDP deflator)

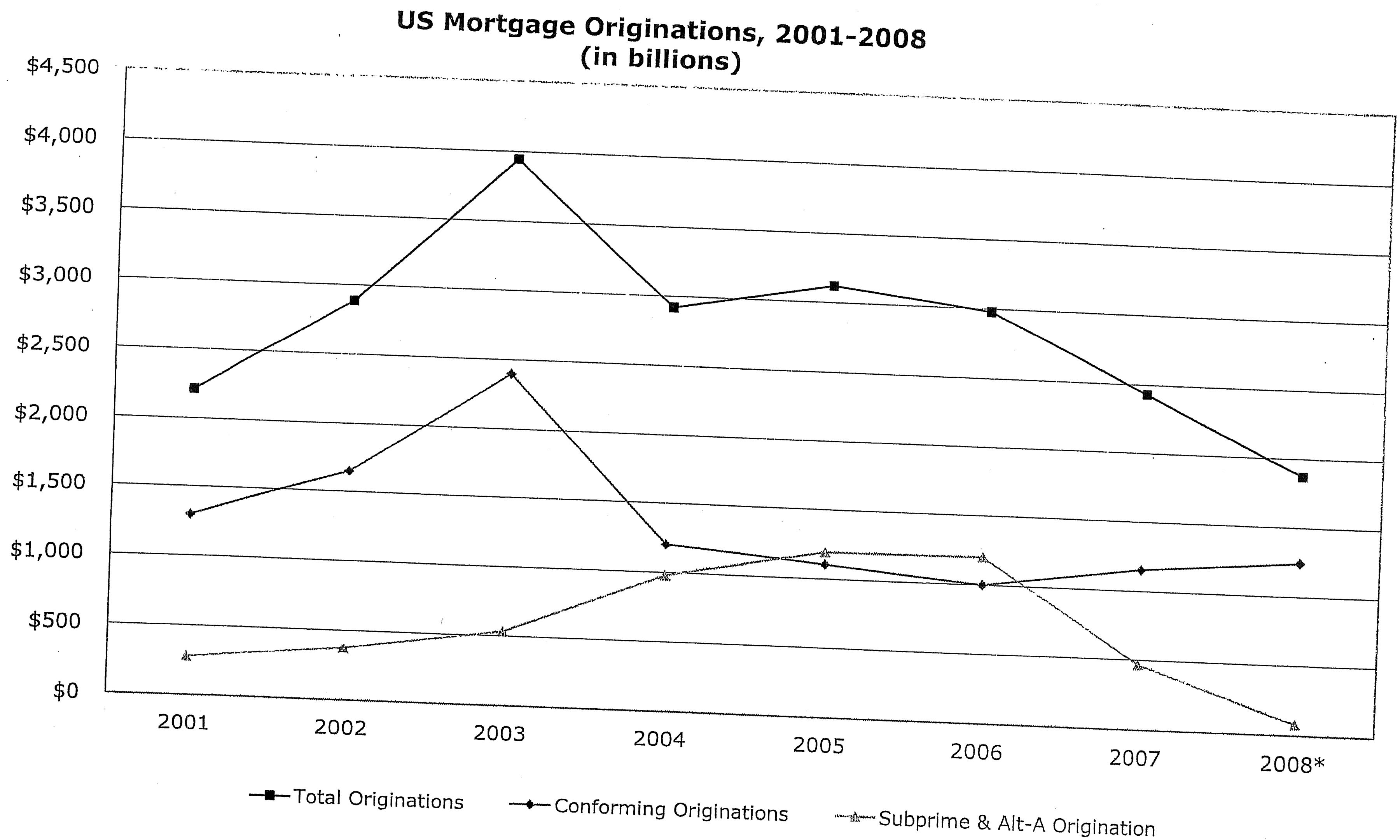


18

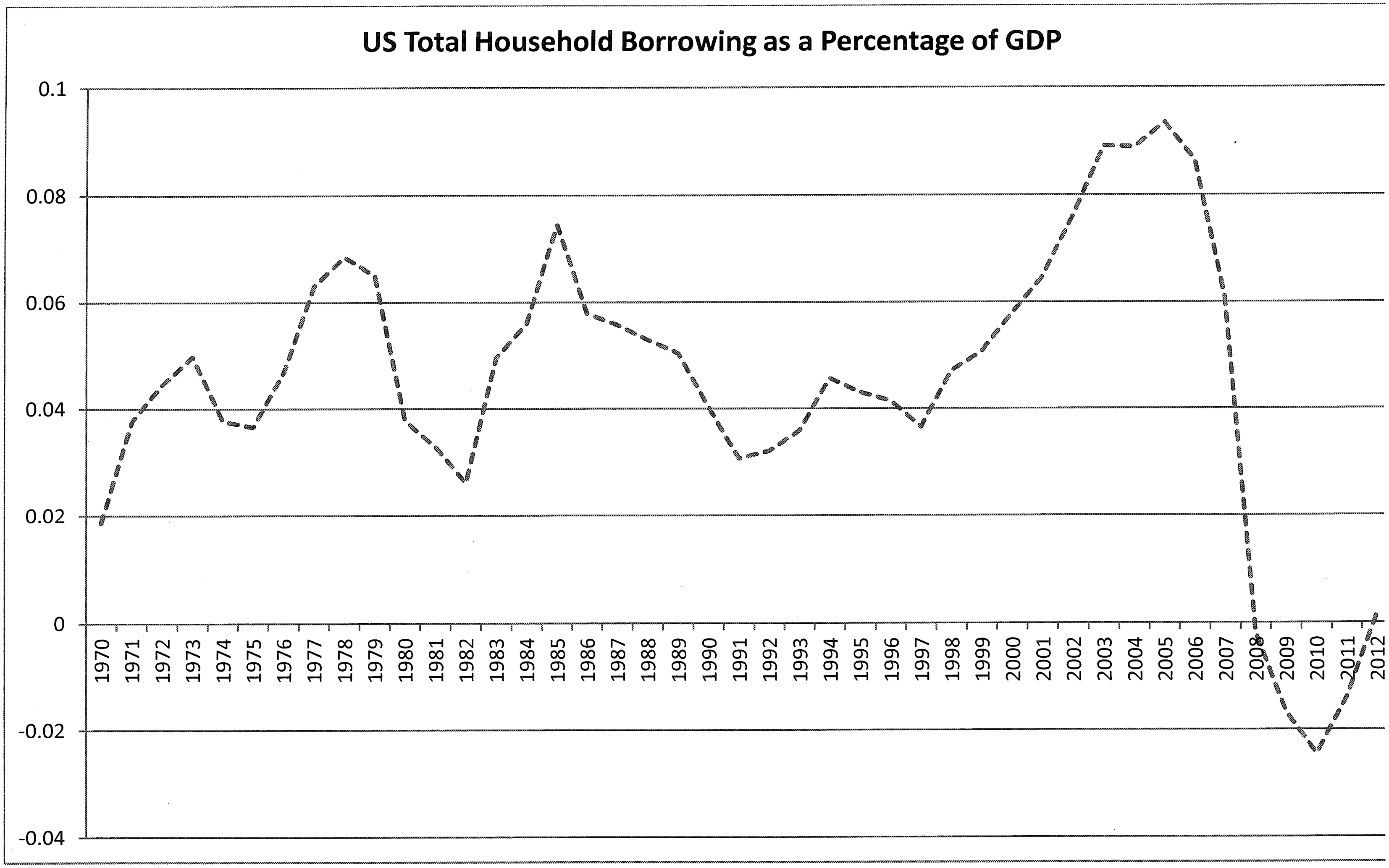


Real House Prices: Sales and Rent
1953 = 100
200
180
160
140
120
100
80
1953
1955
1957
1959
1961
1963
1965
1967
1969
1971
1973
1975
1977
1979
1981
1983
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
Real rent
Real Sale Price

15



* Number for 2008 is for first half of the year, annualized.



Source: Federal Reserve Board, *Flow of Funds* , D-Series

Financialization