
7 Reasons Why America's Businesses Aren't Investing In America

After the Great Recession, it would seem that the U.S. economy is improving nicely. For instance, the country's current unemployment rate is just half of what it was when it reached its lowest levels, personal wealth has grown by more than \$20 trillion and the housing market is showing signs of life as is the stock market. Even the country's real gross domestic product is around 10 percent more than its previous peak. Despite these positive headlines, the recovery has been uneven, and the Great Recession has left a mark. On top of this, America's businesses aren't investing anymore.

Businesses are Failing to Invest in America

[MarketWatch](#) reports that since the start of the Great Recession, which was in 2008, employment is up by 6 million. However, employment opportunities in manufacturing is down by about 1.5 million. Actual disposable incomes have increased by 16 percent, but most of this growth has gone to those who already earn high salaries. This means that, when adjusted for inflation, the median family's annual income remains down by more than \$3,000.

More disconcerting is the lack of investment in the country's buildings, intellectual property and equipment. The nation should be building today's foundation for the prosperity of tomorrow. Currently, no one in the United States is getting ready for the next century. This includes the nation's 22 million private businesses, federal government agencies, 90,000 state organizations and 118 million households.

Is the Nation Traumatized by the Great Recession?

It appears that the recession has left a scar as did [the asset bubble collapses](#) that occurred in 2000 and 2006. Since the Great Recession, the country's investments have dropped dramatically, and they've yet to rebound. During the second quarter of 2016, the gross domestic investment amount came to around \$3.6 trillion. This is approximately 20 percent of the nation's gross domestic product or GDP. Because this number is in the trillions, it may seem like a lot, but as of 1947, the only time that it was lower was when the country was in a recession.

Businesses are Keeping a Low Profile

Recent business investments have been incredibly weak. In 2015, when oil prices plummeted, investments in the industry's equipment and overall structures crashed. Oil prices have yet to recover. Along with this, businesses are failing to invest in information processing equipment like computers or semiconductors.

Why aren't businesses increasing their investments? One reason is that there is an abundance of productive capacity at the global level compared to the amount in demand. This is causing problems for the economy since prices appear to be in free fall or just growing at a slight pace. The Motley Fool reports that the price reductions have been by design. American companies have been searching overseas for services and products that will decrease labor and material costs. Companies have also been looking to foreign countries for more and faster growth due to oversaturation in the U.S. Market.

Are American Workers Part of the Problem?

[CNN](#) reports that during the 1990s, the country's worker productivity soared by around 2.2 percent a year. When the 2000s arrived, people worked even harder and brought this percent up to 2.6 a year. However, following the Great Recession, worker productivity dropped to slightly more than 1 percent a year on average. According to recent reports, the number has plummeted even more. From April of 2016 to June of 2016, it reached negative 0.5 percent.

Companies are also hanging onto their cash. In fact, they are keeping record amounts of it. When the economy is healthy, businesses usually invest in new factories, research and tools. This isn't happening today. Currently, [companies are hoarding their cash or using it to repurchase their stock](#). Neither action helps the economy. David Kelly, JPMorgan's chief global strategist, said, "You have to give each worker more tools to be productive." Investments in technology during the 1990s and early 2000s inspired worker productivity gains in these years.

Choosing Austerity Instead of Growth

With American businesses being unwilling or unable to invest in offices, factories and computers combined with government agencies failing to put money into roads, airports and bridges, the country's economy is underperforming. When it comes to long-term investments, business leaders know that they won't be in for a quick payout while the hands of government officials are tied because the public currently supports austerity over growth. To avoid decades of poor growth, someone needs to step up and invest in the country. To read more about the nation's economic problems, visit the [Personal Money Store](#).