

CNN Blames U.S. Workers, Smartphones for Sluggish Economy

U.S. GDP was revised down to 1.1 percent growth in the second quarter, the Commerce Department [said Friday](#).

This comes after the U.S. economy grew by just .08 percent in the first quarter, so pundits are beginning to publicly muse on what's wrong with the U.S. economy, which has not cracked 3 percent annual growth since 2005.

[CNN suggests](#) the smartphone might be to blame, theorizing that hand-held electronic devices could be behind declining productivity of U.S. workers.

Some blame social media. Employees might feel like they're toiling away at the office, but if they are tweeting and Facebook messaging their friends, that's not doing much to boost the economy. ...

Whatever the reason, Americans aren't working harder, and it's holding the U.S. economy back.

Output per American worker (know as "worker productivity") is at its lowest level since the 1970s, according to [government data](#).

U.S. workers "aren't working hard, and it's holding back the economy." Got that?

To be fair, the article does also point out that investment spending is way down.

Companies are sitting on [near record levels of cash](#). In a healthy economy, businesses typically spend money on new

factories, tools and research. That's not happening. Businesses are either hoarding cash in their bank accounts or using it to buy back stock. Those activities do little to help the economy.

Why are companies hoarding cash? *The New York Times* offers several theories [here](#), and eventually arrives at the following conclusion.

The answer, perhaps, is that both the executives and the investors in these industries believe that something big is coming, but – this is crucial – they're not sure what it will be.

The level of uncertainty in the American economy and its politics is no doubt part of the explanation.

I'll propose another: Perhaps investors are dubious about investing in a highly-regulated, highly-taxed nation with an aging workforce and historically low worker participation rate that is [quickly approaching a fiscal cliff](#).

Just a theory. But my hunch is it's more accurate than the idea that U.S. workers are too distracted by phones to get the job done.

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[IMAGE CREDIT: Pixabay]