

A Look Back at Economic News of 2012



President Barack Obama speaks about the 'fiscal cliff' talks at White House Dec. 28, 2012

From VOA Learning English, this is the Economics Report in Special English. The American economy is improving, but the rate of growth remains low. America's jobless rate fell in 2012 to its lowest level in four years. Average home prices are no longer falling. And money has been flowing into financial markets.

But as the year ends, most observers say the economic recovery has not been as strong as they had hoped. One reason for the recovery is federal spending. Like many other countries, the United States is spending more money than it is receiving in taxes.

Some countries are spending money they do not have in an effort to get their economies growing again. Richard Rahn is an economist with the Cato Institute.

“If countries had only been spending within their means in keeping spending growing no faster than the rate of economic growth, we wouldn't have the global economic mess.”

But other economists say the mathematics is not that simple. Desmond Lachman is with the American Enterprise Institute. He notes that deep

budget cuts in Greece have produced a deep recession.

“Because what we’re doing is, we’re really applying very stringent austerity measures. The IMF concedes that the austerity hasn't been working, yet the Europeans are persisting in the same kind of austerity that got them into trouble in 2012, so something’s got to give.”

Financial reform activist Robert Bixby says the biggest problem for the American economy is the country’s political system.

“Political dysfunction in this country is a bigger threat than economic dysfunction.”

Federal Reserve Chairman Ben Bernanke says the country does not have to be this way. He has been urging lawmakers to provide leadership.

“Such uncertainties will only be increased by discord and delay. In contrast, cooperation and creativity to deliver fiscal clarity, in particular, a plan for resolving the nation’s longer-term budgetary issues without harming the recovery could help make the New Year a very good one for the American economy.”

Bruce Stokes is an economist at the Pew Research Center. He says if the economy does not improve, many nations will be affected.

“There’s an old saying that if we get the sniffles, the rest of the world gets a cold and so if we end up going to a recession as well, I think everybody is going to suffer.”

As one year ends and a new one begins, the world is watching President Obama and congressional leaders. Many people want to know how America’s political leaders will move to cut the budget deficit while protecting the economy.