

## On the Economy, Think Long-Term

By JEFFREY D. SACHS

THE 2009 economic stimulus package has come and gone. So, too, have the temporary payroll tax cuts of 2011-12. Most of the Bush-era tax cuts, in addition, have been made permanent. Yet the lasting effects of these policies have been meager.

The economy is still sluggish. Unemployment remains high, especially for lower-skilled workers. Inequality of incomes is higher still. What's more, the fundamental structural challenges to our economy remain. Deeply disruptive forces — rapidly evolving information technology, globalization and environmental stresses — are radically reshaping the jobs market. Decent jobs for low-skilled workers have virtually disappeared. Some have been relegated to China and emerging economies, while others have been lost to robotics and computerization.

The results of these changes can be seen in two starkly different employment figures: since 2008, 3.1 million new jobs have been created for college graduates as 4.3 million jobs have disappeared for high-school graduates and those without a high school diploma.

These trends will only continue, and even become more sharply defined. But in the face of such immense challenges, Republicans continue to hawk their age-old remedy, demanding cuts in government spending, tax rates and regulation so that market forces can respond in due course. Democrats, meanwhile, push just as stridently for their familiar fixes — short-term spending programs like the 2009 stimulus package enacted during President Obama's first term.

It's time to move beyond such transitory and piecemeal policies. Our underlying economic problems are chronic, not temporary; structural, not cyclical. To solve them, we need a systematic long-term approach.

Consider three priorities for this new, long-range perspective: infrastructure, energy and job skills. With a smart, ambitious strategy in these sectors we can encourage the creation of good jobs and begin to resolve huge problems of competitiveness and the environment.

Start with the country's crumbling infrastructure. Mr. Obama has spoken eloquently about fast intercity rail, renovated highways, safe water systems and refurbished waterways and coastlines. And on Friday, in a speech at the Port of Miami in Florida, the president called once more for a new public-private funding strategy for infrastructure — \$21 billion, on top of some \$40 billion previously announced.

That's good and important. Yet the private money will move off the sidelines only when there are solid, long-term plans to deploy it. After all, the 2009 stimulus program put some short-term money toward infrastructure repair, but there has been precious little sustained investment to show for it. Calls for "public-private" financing aren't enough. We need strategies — linking federal, state, regional and local efforts — that have a 10- to 20-year perspective.

The same goes for our energy system. We are in the midst of a short-term boom of shale oil and natural gas. Yet this expansion in energy production, driven in large part by two new techniques — horizontal drilling and hydraulic fracturing — won't begin to address our long-term energy needs.

Like any overhyped gold rush, today's boom will soon be tomorrow's bust; fractured gas fields have a remarkably rapid decline rate. They also threaten the local environment. More important, given the genuine and increasing impact of climate change, there is no longer any doubt that the world will have to fulfill its energy needs with low-carbon sources — whether solar, wind, nuclear or carbon-capture and sequestration.

A clearly laid out federal program to support large-scale solar and wind energy, electric vehicles and other smart technologies — and backed partly by public money — would unlock hundreds of billions of dollars of private investments. It would secure America's energy future and protect the environment, too.

The third area is job skills. Let's take a lesson from Germany, which boasts a low youth unemployment rate because of skills training. There, many young people gain a job foothold through an apprenticeship with a private company partly financed by the government.

If Mr. Obama were to stop angling for more temporary stimulus and instead put forward sound programs for job training, low-carbon energy and modernized infrastructure, he would most likely carry the public and eventually win the political battle.

For encouragement, he can look to history. Indeed, the United States government has a strong track record of success in such long-term public-private investment programs. Federal agencies helped support and guide the birth of the computer age, the Internet, the Human Genome Project, the federal highway system, the GPS revolution, the global fight against AIDS and, of course, the space program. Each was built on the painstaking political work of a president, backed by scientific experts and private businesses, and fashioned over many years.

All of the challenges above were daunting. We set out for the moon, John F. Kennedy said, not because it was easy but because it was hard. Likewise, those who think returning the nation to prosperity, economic fairness and a safe environment will be easy are only fooling themselves.

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