The New Normal is the Same as the Old Normal

From Marc Levinson at The Wall Street Journal, Why the Economy Doesn't Roar Anymore:

> *Historically, boom times are the exception, not the norm. That isn't true just in America. Over the past two centuries, per capita incomes in all advanced economies, from Sweden to Japan, have grown at compound rates of around 1.5% to 2% a year. Some memorable years were much better, of course, and many forgettable years were much worse. But these distinctly non-euphoric averages mean that most of the time, over the long sweep of history, people's incomes typically take about 40 years to double.*
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> *Today, that is no longer good enough. Americans expect the economy to be buoyant, not boring. Yet this expectation is shaped not by prosaic economic realities but by a most unusual period in history: the quarter-century that began in the ashes of World War II, when the world economy performed better than at any time before or since.*
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> *What explains the global downshift in productivity growth? Some of the factors are obvious. Once tens of millions of workers had moved from the farm to the city, they could not do so again. After the drive for universal education in the 1950s and '60s made it possible for almost everyone in wealthy countries to attend high school and for many to go to university, further improvements in education levels were marginal. Projects to widen and extend expressways didn't deliver nearly the productivity pop of the initial construction of those roads.*
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> *But there is more to the story. Productivity, in historical context, grows in fits and starts. Innovation surely has*

> *something to do with it, but we have precious little idea how to stimulate innovation—and no way at all to predict which innovations will lead to higher productivity.*
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> *Here is the lesson: What some economists now call "secular stagnation" might better be termed "ordinary performance." Most of the time, in most economies, incomes increase slowly, and living standards rise bit by bit. The extraordinary experience of the Golden Age left us with the unfortunate legacy of unrealistic expectations about our governments' ability to deliver jobs, pay raises and steady growth.*

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A sobering thought- but what if the tepid growth in productivity and wages is tempered by a sharp drop in consumer prices? Then the slower growth would be virtually pain free.
If tepid growth is the norm, then we will have to face a great reckoning with government expenses and pension liabilities.