

US Economy to Grow 2-3% in 2012, Says Treasury Secretary Geithner

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- The United States economy this year will grow between 2% and 3%
- Despite positive growth, unemployment remains high, housing weak and household debt up
- New regulations are tough but positive for the economy in the long term
- The theme of the 42nd World Economic Forum [Annual Meeting](#) is *The Great Transformation: Shaping New Models*. For more information, visit <http://wef.ch/Davos>

Davos-Klosters, Switzerland, 27 January 2012 – US Secretary of the Treasury Timothy Geithner agrees with the consensus forecast that the United States economy will grow between 2% and 3% this year. “I think that’s a realistic outcome as long as we don’t see a lot of risks coming out of Europe,” he told participants at the World Economic Forum Annual Meeting today in Davos, Switzerland.

“But we still face tremendous challenges,” Geithner conceded. America’s economic prospects are “still very dependent on how the world unfolds.”

“We’re still repairing the damage caused by the devastating financial crisis,” he said. “Unemployment is still very high, housing and construction are still very weak, people still have too much debt.”

Geithner admitted that there are now “very high levels of poverty in this country, very high levels of inequality and an erosion in people’s confidence in their [upward] mobility,” a startling admission for the world’s only remaining superpower.

But he denied that the tough regulations the US is imposing on the financial sector and the reforms in healthcare are holding back economic growth. “The reality does not justify that sense,” he insisted. “Profitability across the American economy is very high, higher than the pre-crisis peak.”

“If you look at investments as a measure of confidence, private investment in equipment and software is up more than 30% since the trough in the first half of 2009,” Geithner added. “Exports are up by 23%. There’s a broad-based strength in energy, in agriculture, in manufacturing.”

“I really do not think we could realistically deliver a better outcome for the American business sector,” he said. “Although we recognize that these reforms are tough and they will change the economics of business, we think the overall effect on the economy is certainly positive long term. There is no basis or evidence that the effects of these reforms are hurting growth now.”

With record participation of over 2,600 leaders from government, academia, business and civil society, the theme of this year’s Annual Meeting is *The Great Transformation: Shaping New Models*.

The Co-Chairs of the World Economic Forum Annual Meeting 2012 are: **Yasuchika Hasegawa**, President and Chief Executive Officer, Takeda Pharmaceutical, Japan; **Vikram Pandit**, Chief Executive Officer, Citi, USA; **Paul Polman**, Chief Executive Officer, Unilever, United

Kingdom; **Alejandro Ramirez**, Chief Executive Officer, Cinopolis, Mexico; **Sheryl Sandberg**, Chief Operating Officer, Facebook, USA; and **Peter Voser**, Chief Executive Officer, Royal Dutch Shell, Netherlands.

Notes to Editors

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