

Real Time Economics

WSJ Survey: What's Good for Europe and Japan is Good for America, Eventually

By BEN LEUBSDORF April 9, 2015

Aggressive central-bank stimulus efforts overseas should benefit the U.S. economy in the long run, according to most economists surveyed by The Wall Street Journal.

Asked about central-bank easing in Europe and Japan, 69% agreed that “efforts to spur growth in those key economies are vital for long-term U.S. growth,” versus 9% who said that “their competitive devaluation will harm U.S. growth.” The rest, 22%, said the net effects on the U.S. would be minimal.

“The U.S. is now more integrated into the global economy than ever before, and that means U.S. business activity cannot be expected to expand indefinitely when other major world economies are chronically depressed,” said **Bernard Baumohl, chief global economist at the Economic Outlook Group LLC.**

The survey was conducted Friday through Tuesday; 55 business and academic economists responded to the question.

While the Federal Reserve debates when to raise short-term U.S. interest rates, many foreign central banks are easing monetary policy to stimulate their sluggish economies and spur inflation higher. The Bank of Japan 8301.TO +1.83% last fall ramped up its ongoing stimulus efforts. The European Central Bank in March launched a big bond-buying program.

One consequence of the policy divergence has been the strengthening of the dollar against the euro and the yen, making U.S. exports more expensive for foreign customers. Fed officials including Chairwoman Janet Yellen have flagged the stronger dollar as a drag— at least, for now—on export growth and inflation, as well as the broader economy.

But Fed leaders also have pointed to the long-run benefits of stronger economic growth in Japan and Europe, both major trading partners for the U.S.

“In the short term, we may feel some headwinds in net exports,” Fed governor Jerome Powell said Wednesday of the ECB’s stimulus efforts.

“But over a longer period of time, it could actually be a win for us as well.”

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