

Other income and expense items are summarized in the following table:

	Years Ended December 31,	
	2018	2017
Interest expense	\$ (2,085)	\$ (3,343)
Interest income	1,826	1,284
Other (expense) income	(2,676)	3,817
Total other (expense) income, net	\$ (2,935)	\$ 1,758

Interest expense decreased in the year ended December 31, 2018, versus the same period in 2017 primarily due to lower debt balances, a reduction in interest related to interest rate swaps, and a one-time charge related to a liability that was settled in 2017. Interest income increased due to higher interest rates. Other expense in the year ended December 31, 2018, was driven by foreign currency translation losses mainly due to the appreciation of the U.S. Dollar compared to the Chinese Renminbi and the Euro. Other income in the year ended December 31, 2017 was driven mainly by foreign currency translation gains due to the depreciation of the U.S. Dollar compared to the Chinese Renminbi and the Euro.

	Years Ended December 31,	
	2018	2017
Effective tax rate	19.9%	64.1%

The effective income tax rate in 2018 was 19.9% compared to 64.1% in the prior year. The tax rate in 2018 was favorably impacted by a discrete one-time rate change benefit related to the Tax Act resulting from the election of tax accounting method changes, partially offset by a one-time withholding tax on repatriation of earnings from one of our foreign subsidiaries that was completed during the year to enable the use of tax credits due to expire in 2018. The tax rate in 2017 was unfavorably impacted by the application of the Tax Act, driven by the remeasurement of the net deferred tax assets from 35% to 21% and the one-time mandatory transition tax on the historical earnings of foreign affiliates, which resulted in a net non-cash charge of \$18,001.

Net earnings were \$46,532 or \$1.39 per diluted share for the year ended December 31, 2018, compared to earnings of \$14,448 or \$0.43 per diluted share in the comparable period of 2017.

Liquidity and Capital Resources

Cash and cash equivalents were \$100,241 at December 31, 2019, and \$100,933 at December 31, 2018, of which \$98,309 and \$96,762, respectively, were held outside the United States. The decrease in cash and cash equivalents of \$692 was primarily driven by cash generated from operating activities of \$64,405 and net proceeds from an increase in borrowings of long-term debt of \$49,700, which were offset by the payment for the QTI acquisition of \$73,906, capital expenditures of \$21,733, treasury stock purchases of \$11,746, dividends paid of \$5,238, and taxes paid on behalf of equity award participants of \$2,657. Total debt as of December 31, 2019, and December 31, 2018, was \$99,700 and \$50,000, respectively. Total debt as a percentage of total capitalization, defined as long-term debt as a percentage of total debt and shareholders' equity, was 19.7% at December 31, 2019, compared to 11.7% at December 31, 2018.

Working capital increased by \$5,164 from December 31, 2018, to December 31, 2019, driven mainly by the decrease in accrued payroll and benefits due to lower short-term incentive compensation and the decrease in accounts payable, which were partially offset by an increase in operating lease obligations.

Cash Flows from Operating Activities

Net cash provided by operating activities was \$64,405 during the year ended December 31, 2019. Components of net cash provided by operating activities included net earnings of \$36,146, depreciation and amortization expense of \$24,619, stock-based compensation of \$5,015, other net non-cash items totaling \$5,160, and a net cash outflow from changes in assets and liabilities of \$6,535.