

A View of the U.S. Economy

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The Economy and Economic Development

Economy = People + Property (infrastructure and environment) + Institutions
(private and public sectors, households, etc.)

Economic Development = Higher or better quality of life
Human Capital Development = Better education and healthcare
Institutional Development = Better government, companies, culture, etc.
Physical Capital Development = Better infrastructure and environment

Human capital development, especially workforce development (which includes both formal and informal education as well as other programs), is the most essential part of economic development

** Informal education includes all that we do in life from which others can learn

It takes people to make life (including the economy) better

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U.S. Population growth rate is slowing

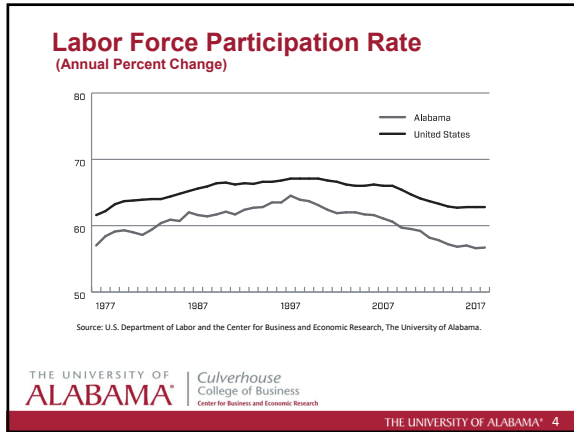
	2000 Census	2017 Population Estimates	2000 - 2017	
	(April 1)	(July 1)	Number	Percent
US	281,421,906	325,719,178	44,297,272	15.7%

	2010 Census	2017 Population Estimates	2010 - 2017	
	(April 1)	(July 1)	Number	Percent
US	308,745,538	325,719,178	16,973,640	5.50%

And the U.S. Population is aging

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Source: U.S. Census Bureau, Population Division.
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Household Formation & Housing Indicators

Housing market recovery slower than the pace of recovery in the overall economy

Slow growth of household formation

- Strict credit requirements
- Rising foreclosures
- Deteriorating household finances
- Increase in student debt
- Declining labor force participation rate

Housing downturn has preceded every U.S. recession since WWII

- 30-year fixed mortgage rate
- Existing home sales
- Inflation adjusted home prices
- Contribution of residential investment to GDP growth

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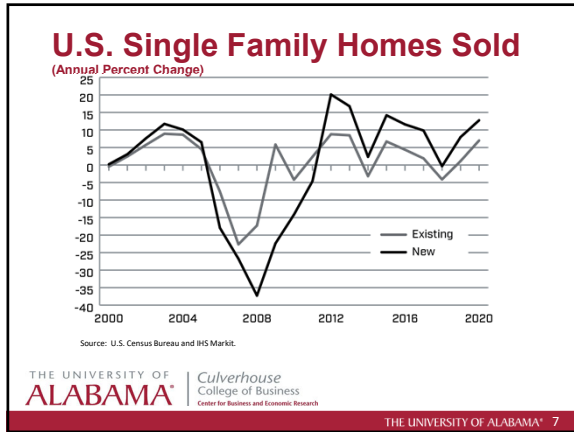
U.S. Forecast Summary (IHS)

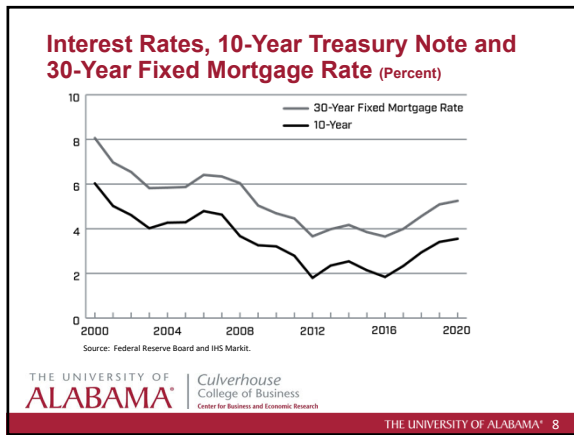
(Annual Percent Change)	2018	2019	2020
GDP	2.9	2.7	2.1
Consumer Spending	2.7	2.8	2.4
Residential Investment	-0.3	0.3	4.5
Nonresidential Fixed Investment	6.8	4.6	3.4
Exports	4.3	4.1	5.1
Imports	4.9	6.4	6.0
Nonfarm Payroll Employment	1.6	1.5	1.1
Unemployment Rate	3.9	3.4	3.4
Industrial Production	3.7	2.7	2.2
Inflation Rate (CPI)	2.5	2.5	1.9
30-year Fixed Mortgage Rate	4.6	5.1	5.3
10-year Treasury Note Yield	2.9	3.4	3.6

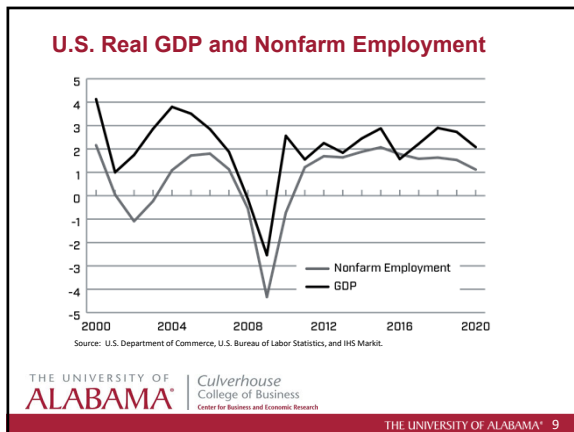
Note: In the table, GDP through Imports were estimated based on 2012 chained dollars.
Source: IHS Markit, November 2018.

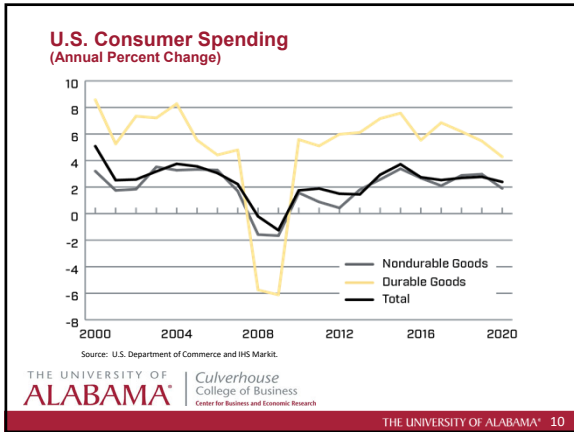
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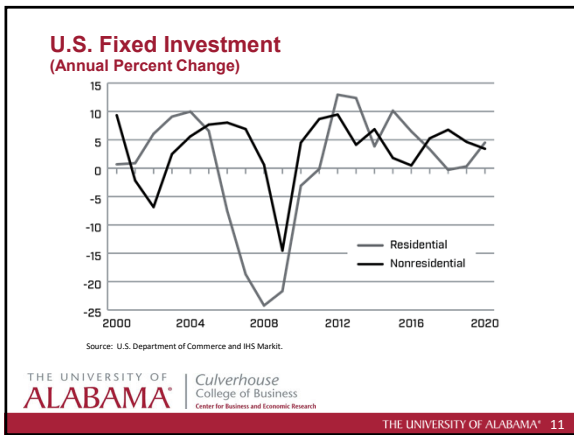
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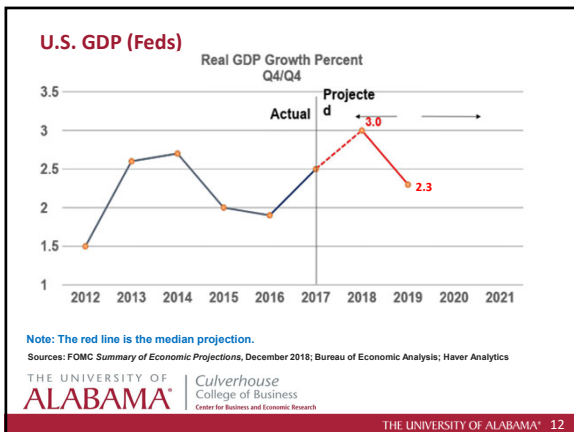


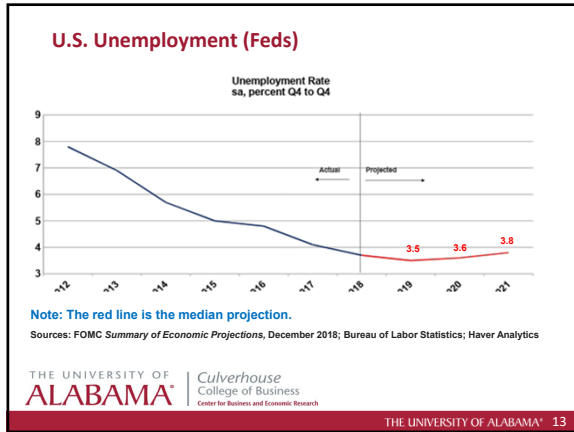












U.S. Household Net Worth and Domestic Nonfinancial Debt

Year	Household Net Worth (\$ Billions)	2018Q3 Household Net Worth and Domestic Nonfinancial Debt (\$ Trillions)	
		Household Net Worth	Domestic Nonfinancial Debt
2008	58,996	109.1	51.3
2009	60,538		
2010	64,390		
2011	65,331		
2012	70,928		
2013	81,433		
2014	86,206		
2015	89,546		
2016	95,198		
2017	103,364		
2018 Quarter 3	109,093		

Source: Financial Accounts of the United States, Federal Reserve System.

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The High Household Net Worth means that the U.S. Can Invest in its People, Infrastructure & Environment, and Institutions

- ASCE grades US infrastructure at a D+ (best B for rail and worst D- for transit), that means **our infrastructure is poor and at risk**.
- Fortunately, ASCE notes that investing 1% of GDP (currently about \$210 billion) annually will get our infrastructure to a grade B or **good and adequate for now**.
- The U.S. can and needs to consider investment of \$0.8-1.0 trillion annually in education, health, infrastructure and the environment, and our institutions while avoiding interest on additional future debt (**new revenue needed**).
- Together, these investments will provide returns that improve our quality of life and grow the economy significantly because of savings from costs avoided in many areas.
- Failure to invest implies bearing higher and unnecessary costs in maintenance; workforce development (remediation, training & skill improvement, and hiring); healthcare; and disaster response (e.g., ASCE estimates that the failure to act on infrastructure will by 2025 cause losses of \$7 trillion in business sales, \$3.9 trillion in GDP, 2.5 million jobs, and \$3,400 disposable income per family).

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If you

Like economic growth, low taxes, and limited government

Like economic growth and social support

Believe you can think for yourself on economic and other policy issues

Go with all the above and optimality

Then you are a

Republican & Democrat & Independent

Democrat & Independent & Republican

Independent & Republican & Democrat

Concerned Citizen

Questions, comments, suggestions,...

Thank you

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