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Economist evaluates state of Arkansas

By **DONNA BRAYMER**
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Kathy Deck spoke Wednesday morning at an Economic Update Breakfast Series at the Durand Center.

The director of the Center for Business and Economic Research (CBER) at the Sam M. Walton College of Business at the University of Arkansas gave an overview of economic issues on the national, state and local level.

"The economy has had a good run," Deck said, "but the substantial decline in numbers is important to real people and real businesses."

She explained that perception of the economy is like an "alphabet soup."

A "V" shaped economy declines, but turns back to growing quickly.

A "U" is a slower decline and upswing.

The letter "L" represents the thought that the current economy is the new norm and will not return to past performances.

The letter "W" represents her thoughts. "We face head winds and challenges, sort of wishy-washy ups and downs."

What factors will cause recovery? Deck said a change in inventory will make a difference. She cited picked-over car lots and empty warehouses.

"Consumers have cut back on consumption, but inventory will have to pick back up because we have nothing else to draw down. We will start producing again. Even though the nation has made fundamental changes in behavior, no doubt our economy will grow by the end of the year."

The Purchasing Managers Index level sunk to almost 30. "Now we are clawing our way back and numbers show we are at 48, with 50 being the line for plus or minus growth. The trend is heading in the right direction."

The Index for Consumer Sentiment gathered by the University of Michigan puts numbers to "how we feel about our [job](#) security."

Deck said, "Americans are saving money now, but it has caused a paradox of thrift. If one person saves, that's virtue. If everyone saves, it is economic disaster."

She doesn't feel Americans have changed that much — they are just being cautious and constrained.

"We are concerned because our home values are not rising. The stock market is changing the value of our 401ks, and [job](#) security is questioned.

"The manufacturing decline is not the root cause. More manufacturing jobs have been lost in China than the United States. Our economy is in transition, due to technology changes."

Gas prices are giving Americans a break and averaging around \$2.50 a gallon. "This is putting extra dollars in the consumers' pockets."

"Arkansas is doing much better than the national averages, but all is not rosy.

"The population and labor force for Boone County and Harrison are growing, not at a huge clip, but not too bad."

She also stated that the value of home prices have not dropped as in other areas of the country and state.

Unemployment rates for the area are still around 6.5 percent, with the three major metropolitan areas of Arkansas worse. Fort Smith is at 8 percent, Little Rock at 6.5 percent and Northwest Arkansas at 6.1 percent.

"The Northwest Arkansas decline is muted, with only 1,000 jobs lost. Construction has increased as well as more sectors of the economic indicators."

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Lee H. Dunlap/Staff
Kathy Deck, director of the Center for Business and Economic Research at the Sam M. Walton College of Business at the University of Arkansas, uses a graph Wednesday morning to illustrate a point at the Economic Update Breakfast Series at the Durand Center in Harrison.

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National rates show one out of 10 is looking for a [job](#). Arkansas has one out of five looking. Deck said one aspect that might help Arkansas' numbers is that some people are discouraged and quit looking, and some return to school.

Tourism in the state has increased and is bringing up numbers in the hospitality area. "Chain restaurants are coming into the state and doing well," Deck said. "The Clinton Library, Crystal Bridges and the minor league team, Northwest Arkansas Naturals, are all adding to the positive numbers for our state."

The next session for the Economic Breakfast Series is set for Jan. 20, 2010. The economic seminar was sponsored by North Arkansas College, Centurion Financial Services and Porterfield Killingsworth CPA.

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