

APPLY FOR AN ARVEST FAMILY CARD

Deck returns with economic information

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By **DONNA BRAYMER** donnab@harrisondaily.com |
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Dr. Kathy Deck, Director of the Center for Business and Economic Research (CBER) in the Sam M. Walton College of Business at the University of Arkansas, Fayetteville, returned for the third time to speak at the Economic Update Breakfast series Wednesday morning, Aug. 24, at the Durand Center.

"Thank you for inviting me back," she said. "I'm trying very hard to look for the sunny side of the economy from the perspective of a dismal scientist."

The first slide in her presentation, "tells the story of the U.S. Gross Domestic Product, (GDP) and what it means to all of us. In 1960, the GDP was at four to five percent. In the 70s and 80s, it slowed to three percent and recently, to two percent. The last ten years, it shows we've been in a strong recession, and the U.S. hasn't reached its potential.

Breakfast Pic

Donna Braymer/StaffDon Sugg and Marilyn Mathis (center) speak with Dr. Kathy Deck before the Economic Breakfast on Wednesday.

"If we were to create value and jobs, we might get the GDP back to three percent. But we have several structural problems and we need to invest our money in the right places."

She suggested the U.S. needs to invest in education and infrastructure such as roads and railways.

"We aren't making long-term investments that will benefit us in the long run. We need to start thinking, 'what will things look like in 10 to 20 years?'"

Deck said this recession recovery looks fundamentally different than the past.

"In the past, we came out quickly. But this time, the over-hang of our consumer debt has slowed our recovery."

Duck said that in the 1980s debt was 45 percent of the GDP. Now it's up to 90 percent.

Economists predicted in May 2011 that during 2012 the country would return to a three percent growth level. Now economists are saying it will stay around two percent.

"Inventory has helped us during this recession and will help us in the recovery," Deck said. "We've continued to see growth in this area during the past six quarters."

"Manufacturers may lead the way out of this recovery, but it's an 'iffy' sign," she suggested.

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	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20

Consumer confidence

"There is a disconnect between consumer confidence and retail sales. It looks like retail sales will continue to rise even through consumers feel terrible about the economy and their jobs," Deck stated.

What's driving retail sales?

"Consumer credit is still high with credit cards and car loans available," she explained. "Consumers are spending even though the national debt is 90 percent of the GDP."

"But personal savings is still showing a five percent increase. That tells me consumers are trying to do their best to save and get their finances in order."

China labor force

Deck recently returned from China.

"The labor force in China is now more powerful than in the past. They have a five-year plan to increase the minimum wage by 13 percent each year during the next five years."

"China is aware they are not the low-cost labor provider any more," she said. "The job market has gone from China to Indonesia, Bangladesh and now Africa. This is a critical opportunity for the U.S. to take the advantage. While our dollar is low, we need to put our goods and services out there in their market."

Foreign workers

Another structural issue is the situation of foreign workers in jobs Americans could do, but won't.

Our immigration policies need some work. "It makes no sense to educate the best and brightest of the world, and then send them away," she said.

She said peaches went to waste in Georgia this year because they couldn't find people to pick them, and wouldn't let in foreigners who wanted to work.

"It's a cultural phenomena here in the states. But I think being hungry changes your mind."

Investing in the unemployed

Deck said recent high school and college graduates are having problems finding jobs.

"Education is critical, even the skilled labor force is needing bachelors degrees now," she said.

State and local economy

"The employment pattern is very similar between the U.S. and state numbers. But the last three months are disturbing. Manufacturing is showing signs of stress. Even though we have gotten back one-third of the lost jobs."

"The recession didn't get as bad in Arkansas, but our recovery is slower. Construction and manufacturing is suffering."

Deck said the metro areas of Little Rock, Fort Smith and Northwest Arkansas needs more job growth.

"We need for the metro areas to thrive to show real growth in our state. Last year, they lost more jobs, and the little job growth our state showed, was not in the metro areas," she explained.

Housing

The average priced home in the state was \$140,000 last year.

"The real estate and housing market has not seen a substantive rebound. But overall, houses sold in the state is up a little," Deck said.

Boone County

Per-capita income growth in Boone County has not stayed strong. The Boone County average is not quite 17.6 percent.

"Only two counties in Arkansas average 20 percent, which is also the national level. We need our labor force to be equivalent to the national average. We need investments made in skilled-workers trades. They need bachelor's degrees too."

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"It won't feel like the 'good ol' days.' If it feels like there's nothing you can do, you're wrong about that. We need to seize the moment, to invest in the future — invest in the things we know will pay off: education and infrastructure," Deck said.

Jackie Elliott, North Arkansas College president said, "We are thankful for Centurion Financial Services and Porterfield Killingsworth CPA and their willingness to sponsor this important event for the community.

"It is rare to find individuals in a community that are committed to providing speakers and events of this caliber and nature, so we are especially appreciative of their sponsorship and support."

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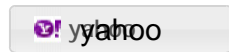
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