

# **Threats and Drivers of the US Economy**

Antony Davies  
May 2017

(copies available at [www.antonydavies.org](http://www.antonydavies.org))

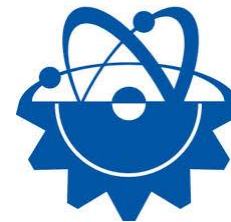
# Threats

- Government regulation
- Government debt

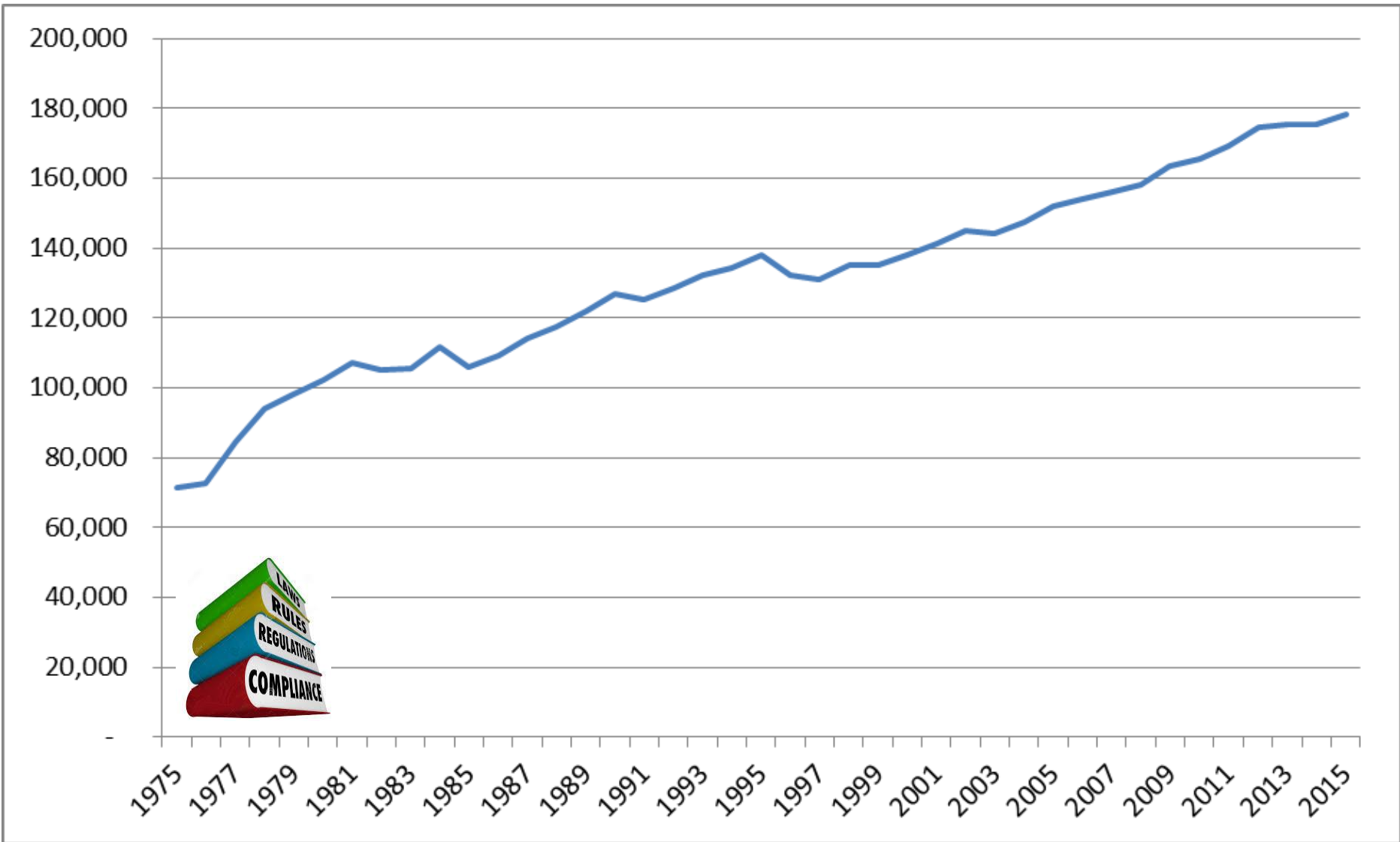


# Drivers

- Trade
- Technology

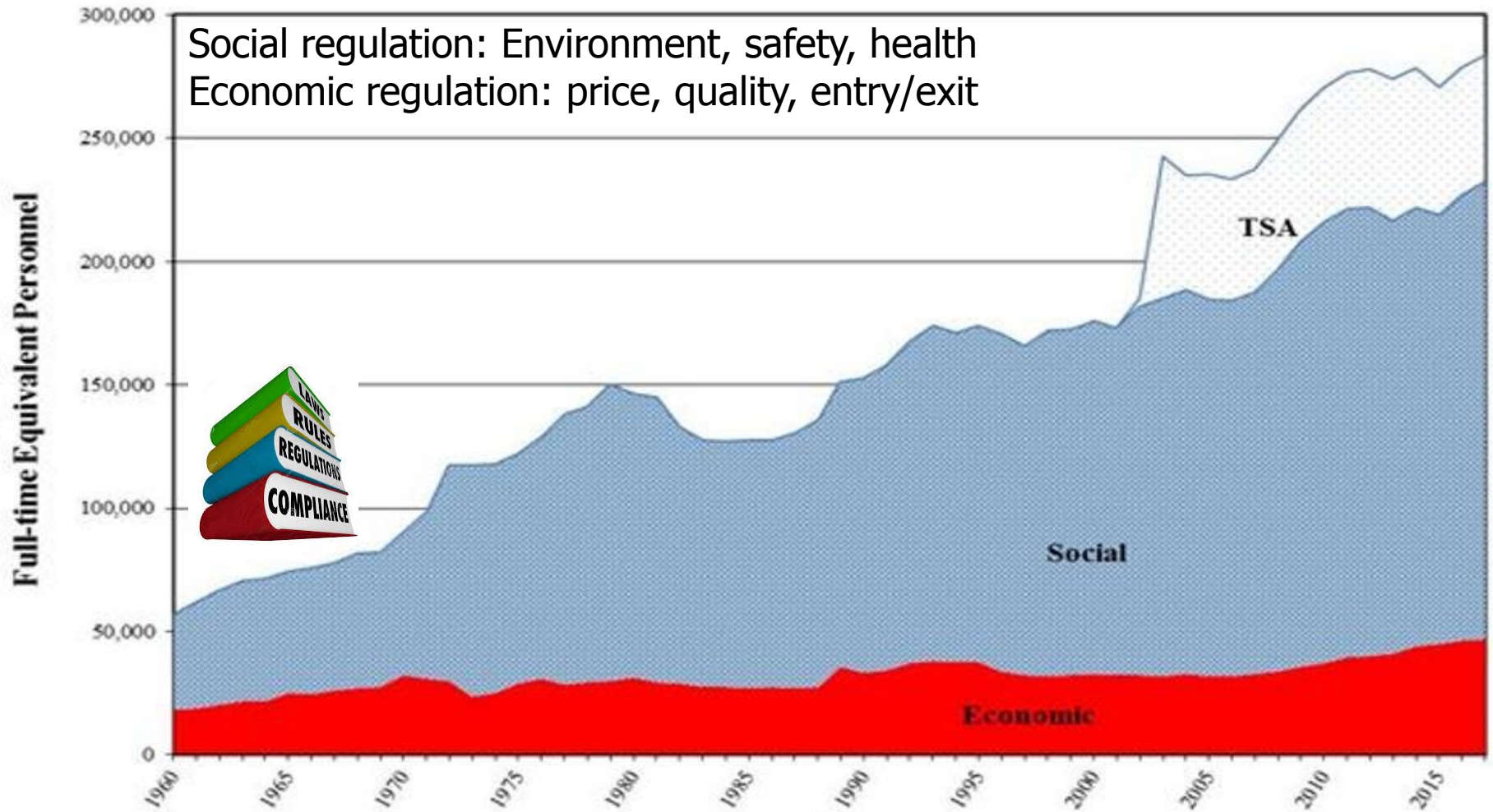


# Pages in the Code of Federal Regulations



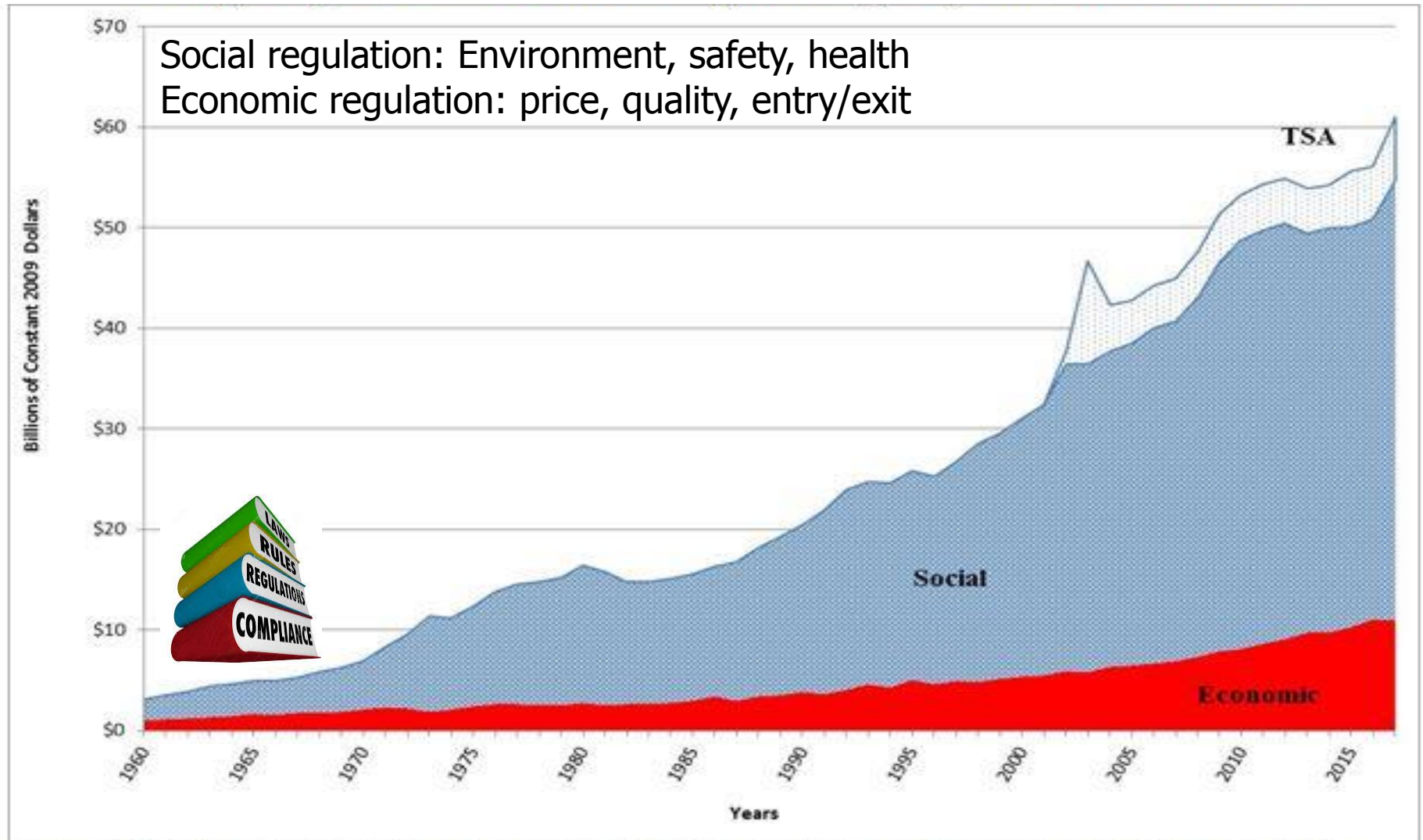
Data source: Regulatory Studies Center, Columbian College of Arts & Sciences.

# Federal Regulatory Employees



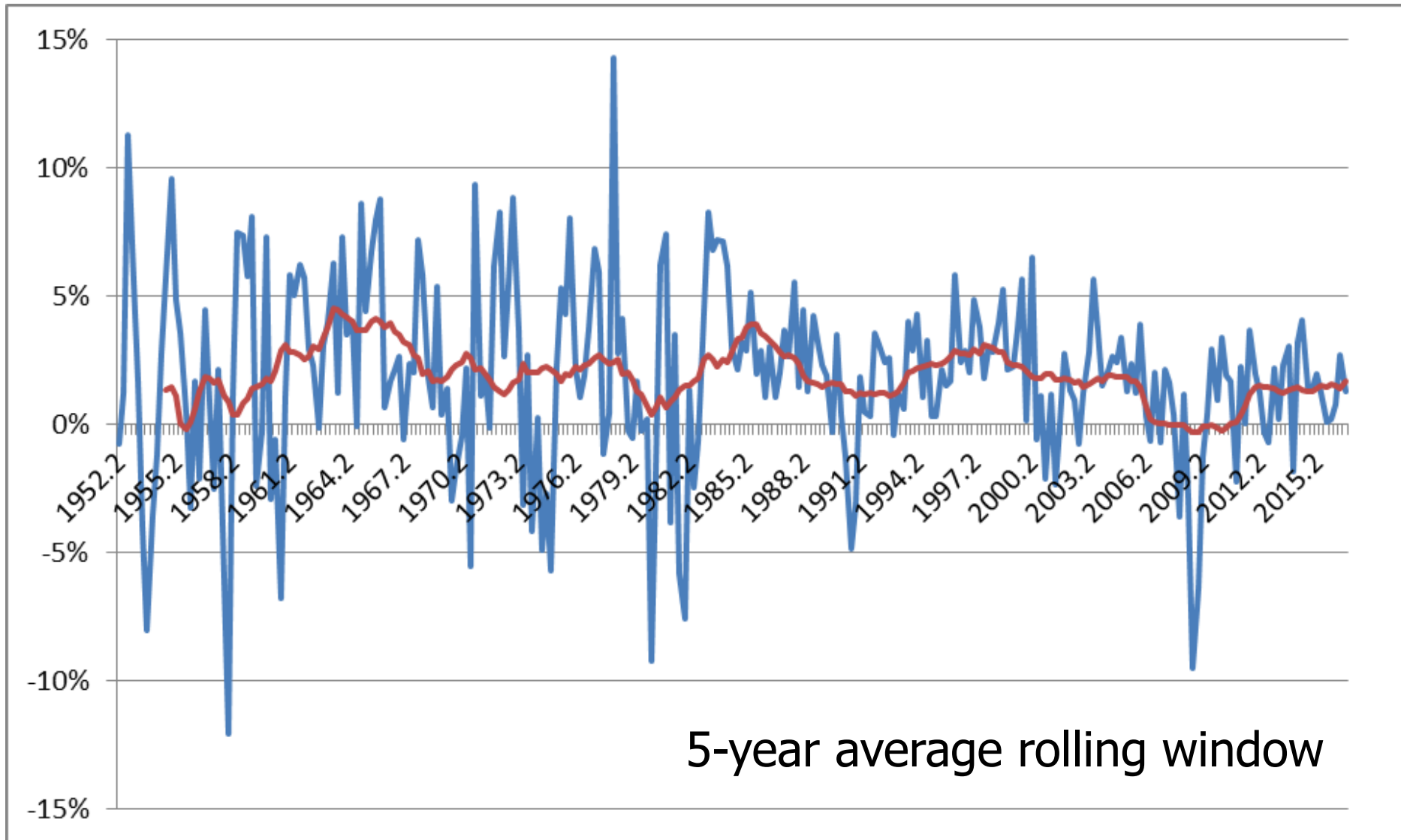
Data source: Weidenbaum Center, Washington University, and George Washington University Regulatory Studies Center.

# Direct Budgetary Costs of Federal Regulation (2009\$)



Data source: Weidenbaum Center, Washington University, and George Washington University Regulatory Studies Center.

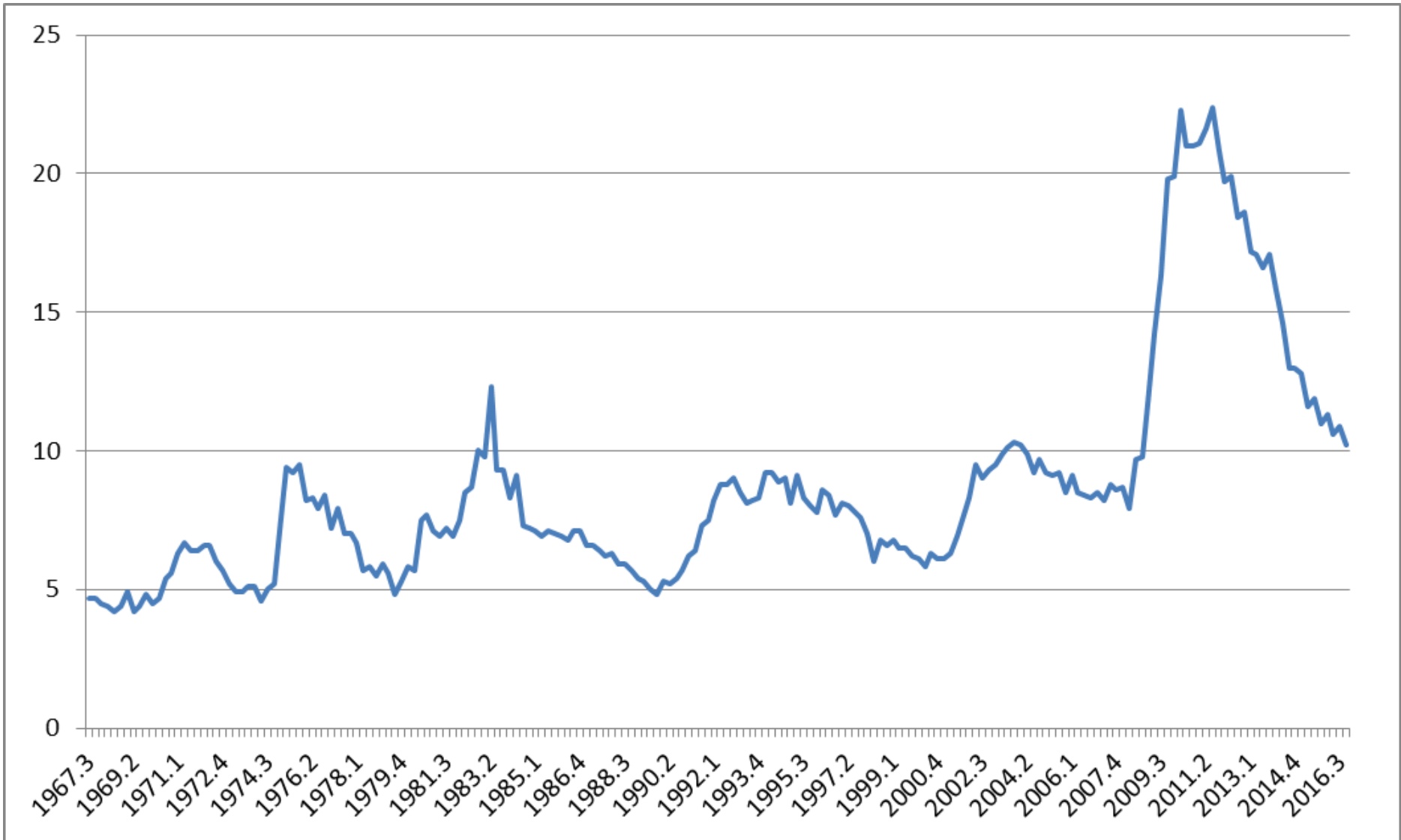
# Annualized Growth Per-Capita Real GDP



5-year average rolling window

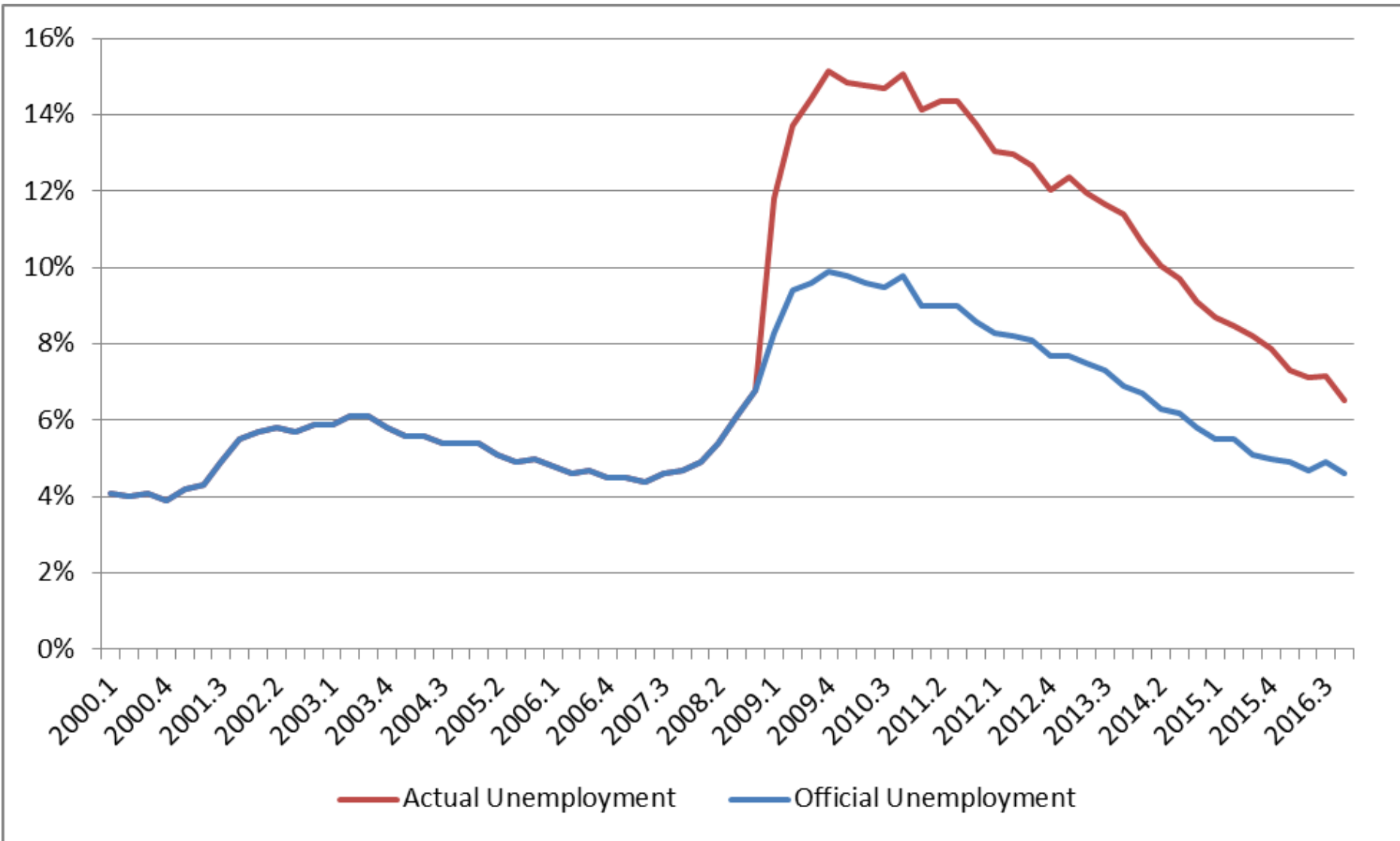
Data source: Federal Reserve Bank of St. Louis.

# Median Duration of Unemployment



Data source: Federal Reserve Bank of St. Louis.

# Actual vs. Official Unemployment Rates



Data source: Federal Reserve Bank of St. Louis. Actual unemployment calculated assuming pre-recession population-employment rates for 15-64 year olds.

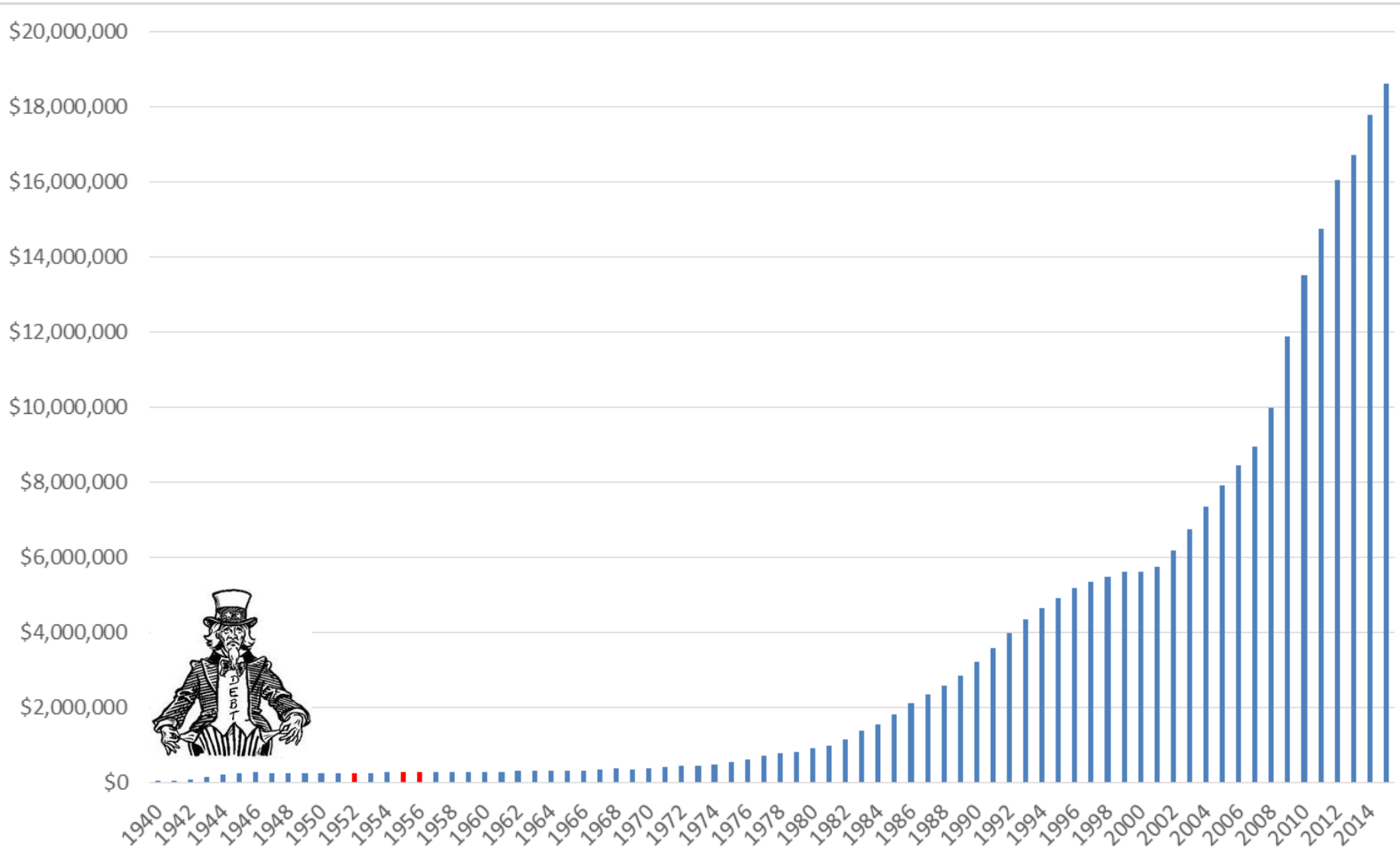


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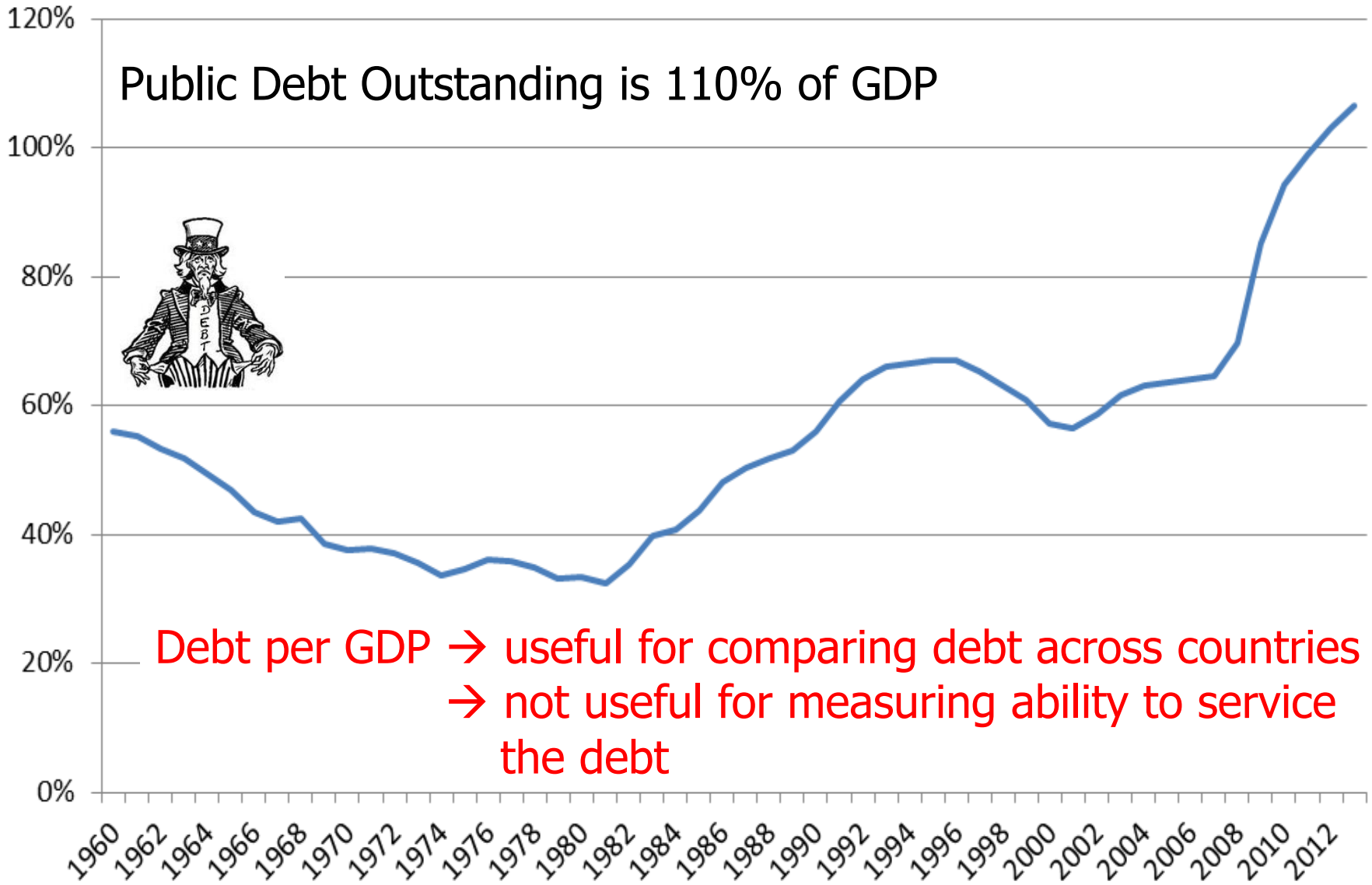


# Federal Debt (balanced budgets in red)



Data Source: Office of Management and Budget

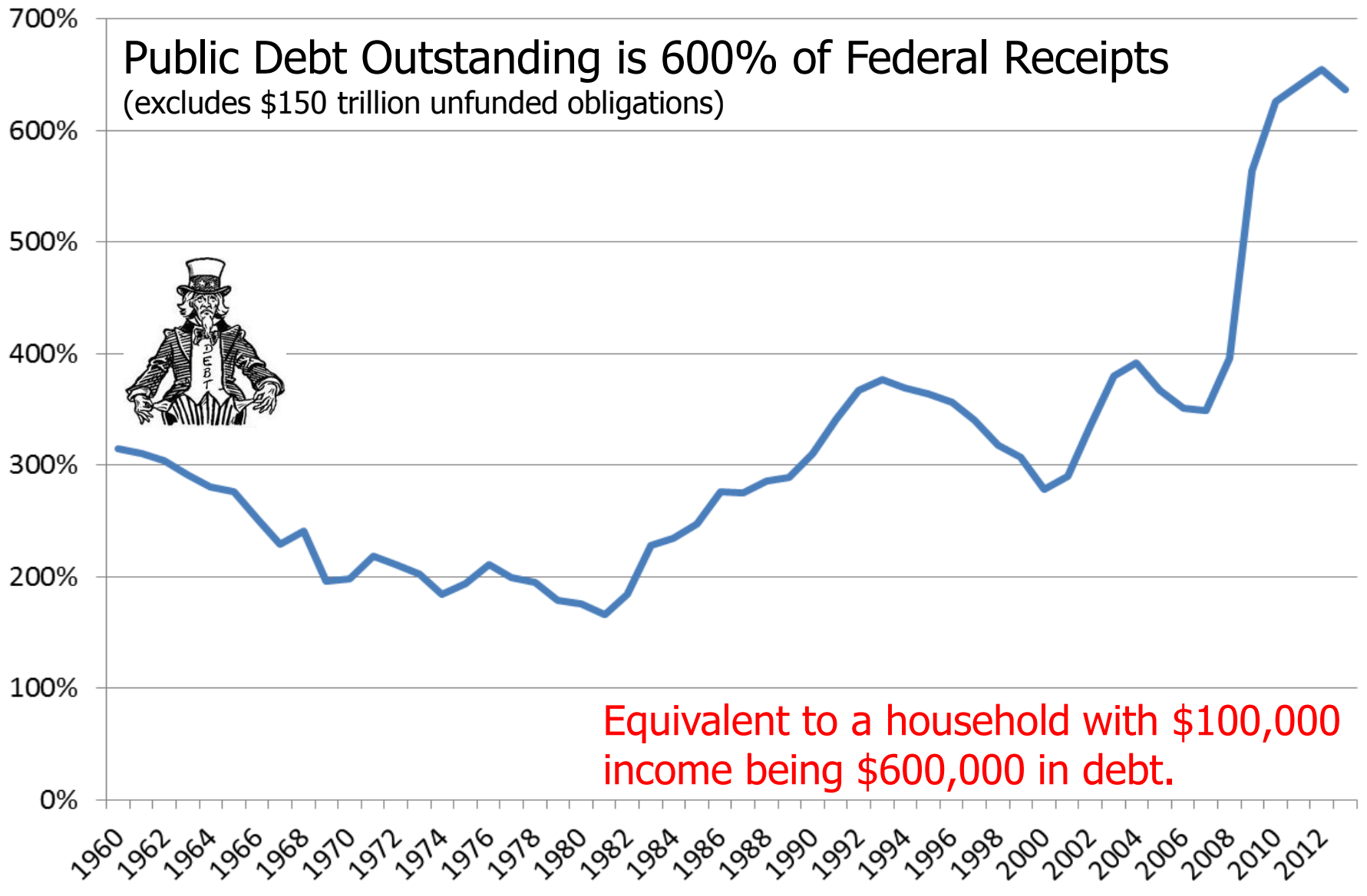
# Public Debt Outstanding is 110% of GDP



Debt per GDP → useful for comparing debt across countries  
→ not useful for measuring ability to service the debt

Data source: Office of Management and Budget, White House

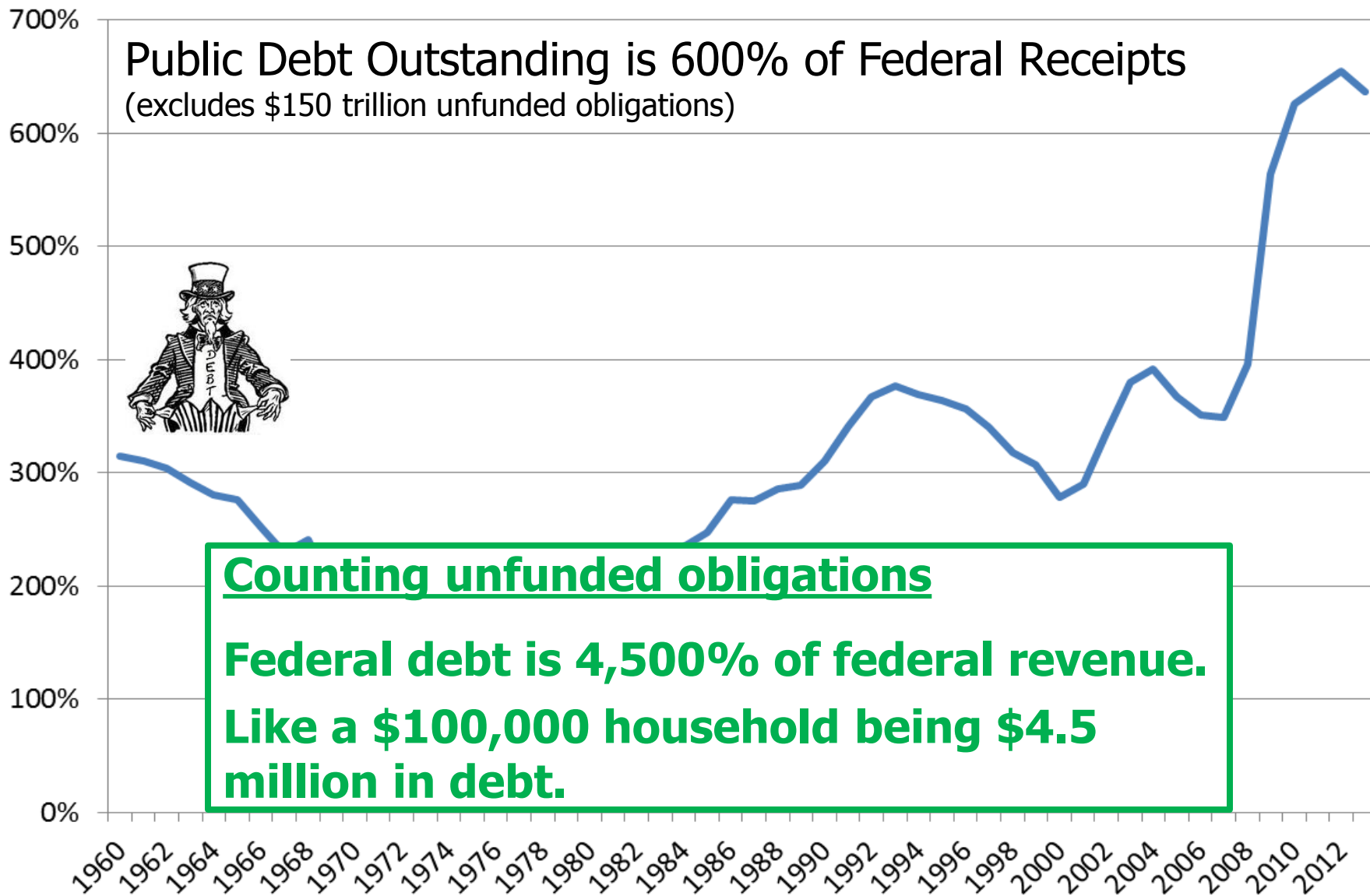
# Public Debt Outstanding is 600% of Federal Receipts (excludes \$150 trillion unfunded obligations)



Equivalent to a household with \$100,000 income being \$600,000 in debt.

Data source: Office of Management and Budget, White House

# Public Debt Outstanding is 600% of Federal Receipts (excludes \$150 trillion unfunded obligations)



**Counting unfunded obligations**

**Federal debt is 4,500% of federal revenue.**

**Like a \$100,000 household being \$4.5 million in debt.**

Data source: Office of Management and Budget, White House

# The government is running out of places to borrow

## Federal creditors (excluding unfunded obligations)

American people, state and local governments	\$6 trillion
Social Security, Medicare, etc.	\$5 trillion
Foreign governments	\$4 trillion
Federal Reserve	\$3 trillion
Foreign people	\$2 trillion

When Federal Reserve loans, it creates inflation.

→ Really forcing people to give their savings to government.



# Federal Debt: Good news and bad news



## Good news

The government only needs to service its debt.

## Bad news

$2.5\% \times \$170 \text{ trillion} = \$4.3 \text{ trillion per year}$

Federal receipts = \$3.5 trillion

→ The federal government is bankrupt right now.

# Threats

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# Drivers

- Trade



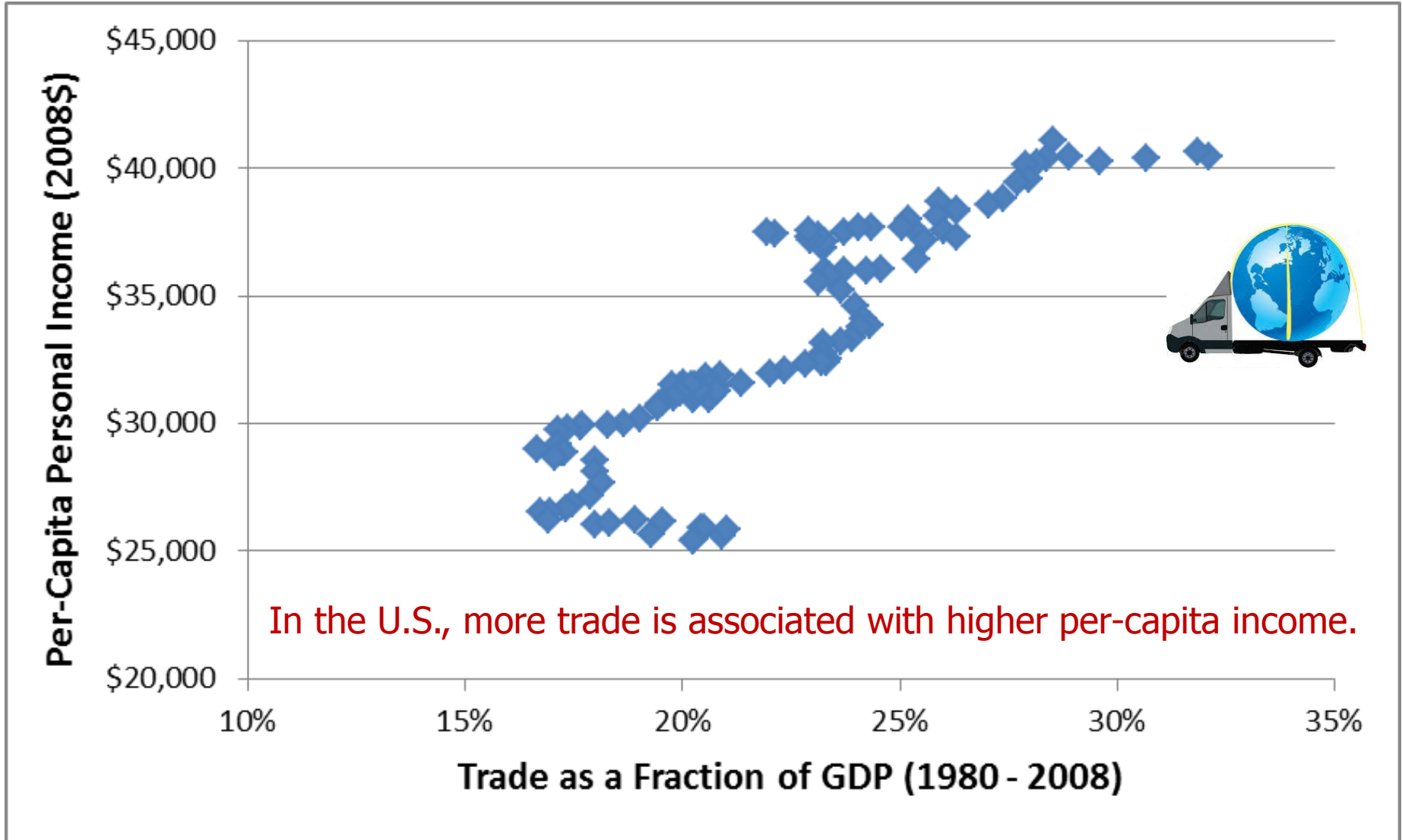


# Unemployment Falls as Trade Rises



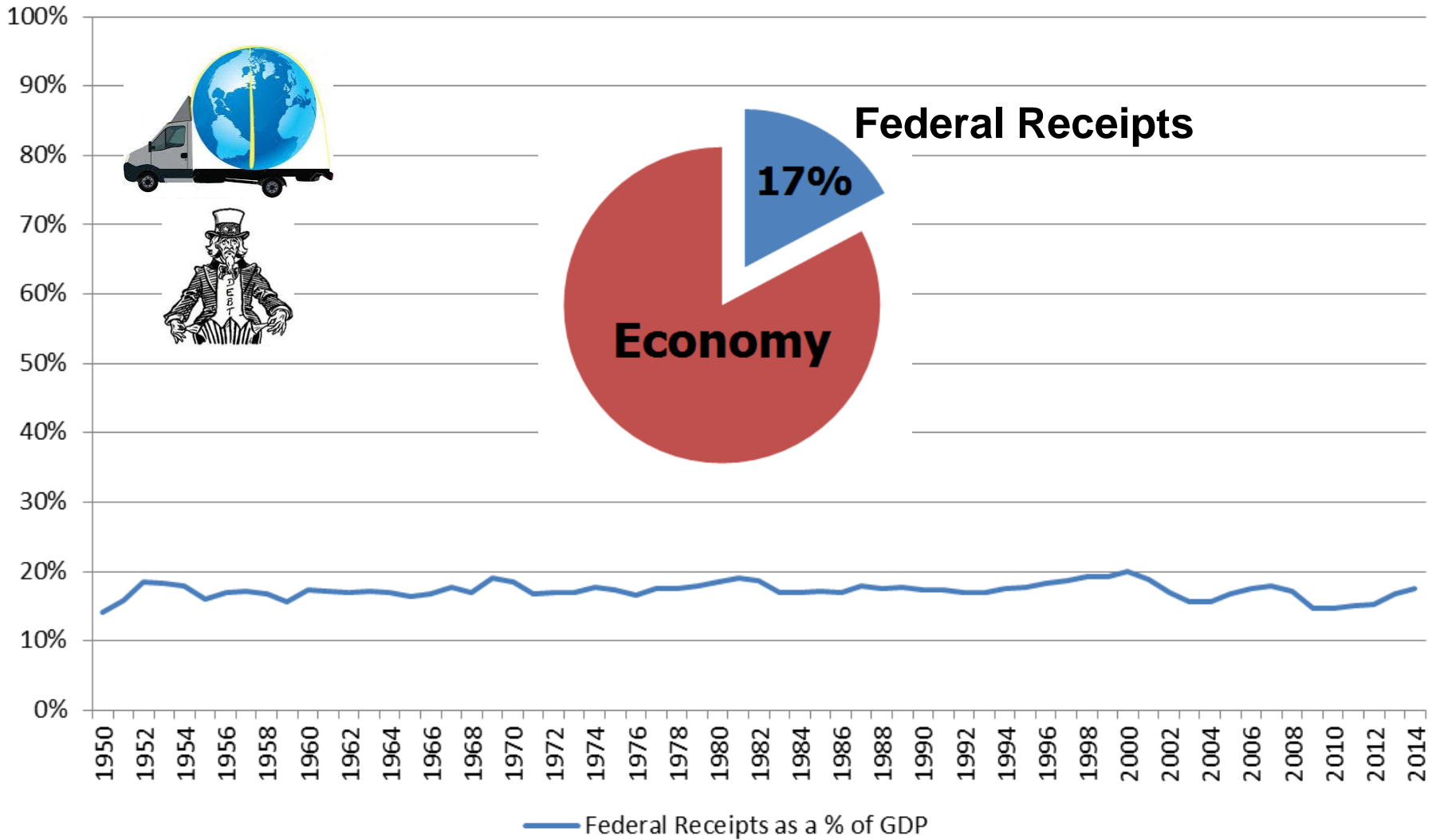
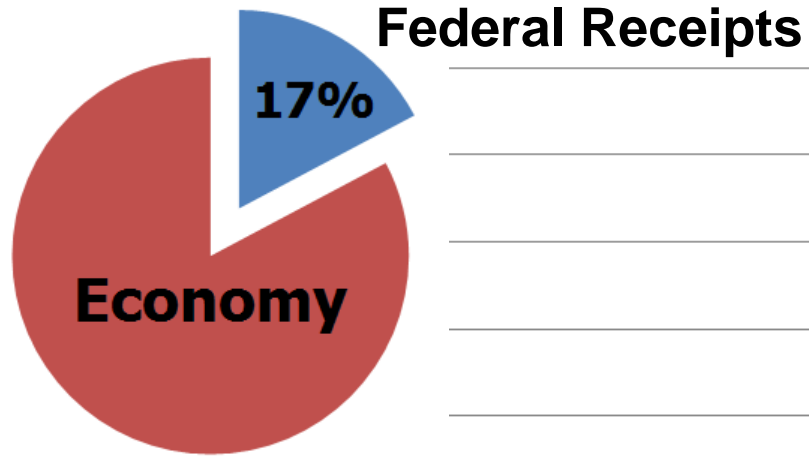
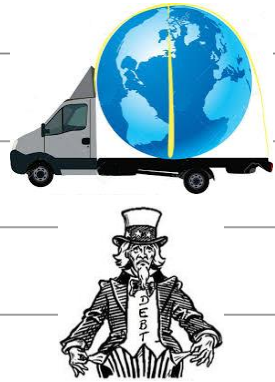
Data source: Bureau of Labor Statistics, and Bureau of Economic Analysis

# Real Income Rises as Trade Rises



Data source: Bureau of Labor Statistics, and Bureau of Economic Analysis

# Trade Can Help the Government Debt Problem



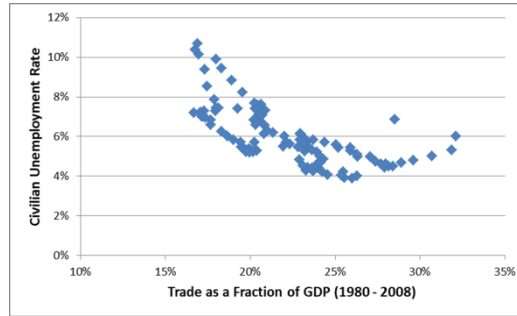
Data Source: Internal Revenue Service, Bureau of the Census

# Trade Can Help the Government Debt Problem

More trade



Less expense



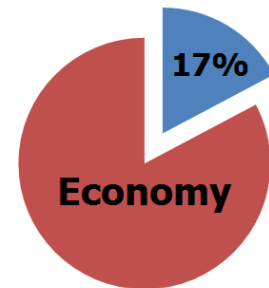
More GDP



Less debt



More tax revenue



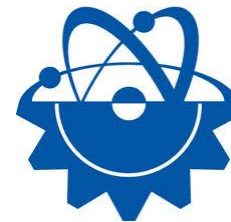
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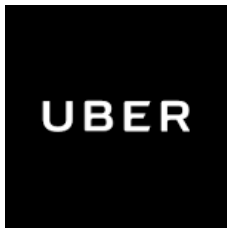
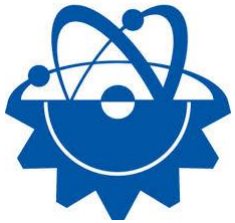


# Drivers

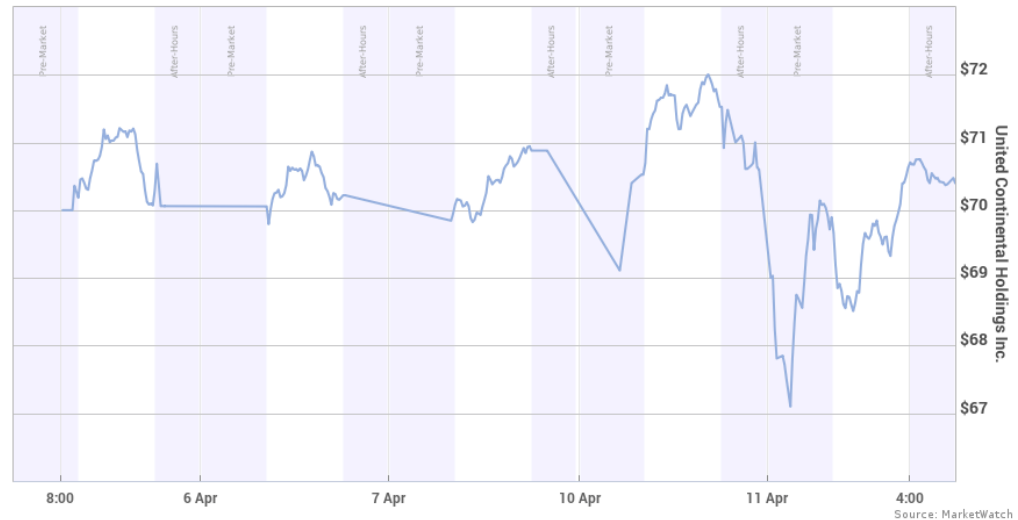
- Trade
- Technology



# Technology Can Help Reduce the Bite of Regulation



United's stock slides Tuesday, but ends off its premarket low



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