

Unlocking Opportunities in a Global Economy

9:00 – 10:00 a.m.



Todd Bucholz

Former White House senior
economic advisor



THE PRICE OF PROSPERITY

Why Rich Nations Fail
and How to Renew Them

TODD G. BUCHHOLZ

Bestselling author of *New Ideas from Dead Economists*



Prosperity Ahead – or Not?

Todd G. Buchholz

www.econTodd.com
@EconTodd

Anything Can
Happen



How Many Hours?

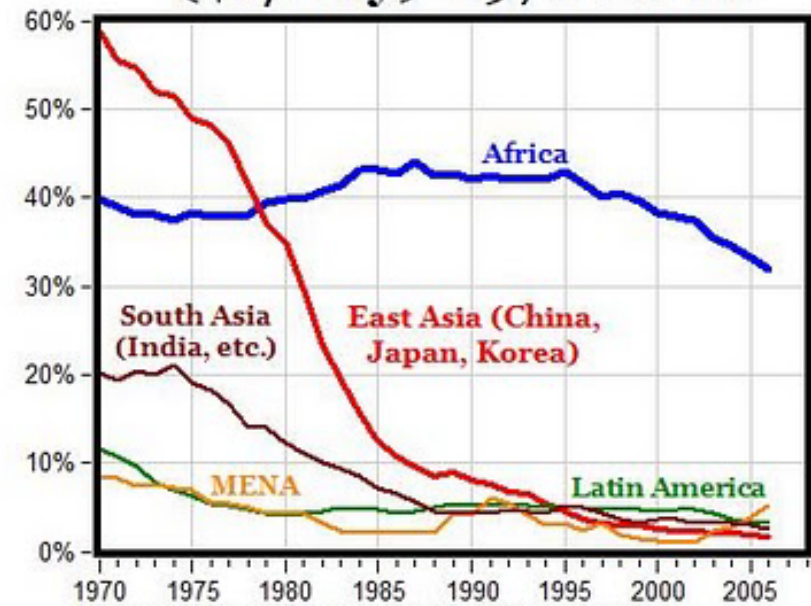
- 1960 took 80hr of labor to buy refrigerator vs. 20hr in 2023
- 1 broiler/hr vs. >3 today
- Life expectancy +10 years greater
- Child poverty 60% since 1993



Miracle of the Market

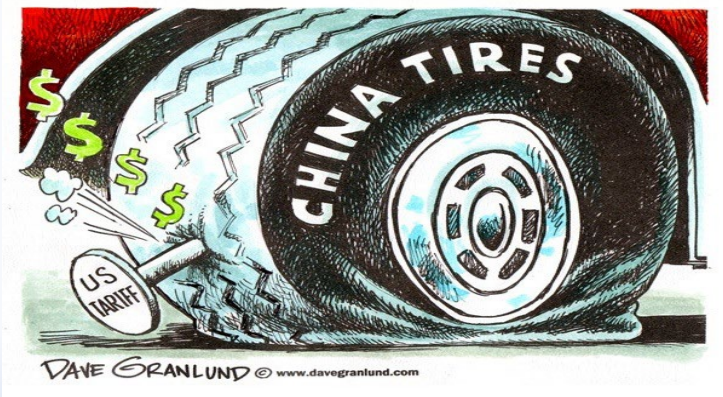


**Regional Poverty Rates
(\$1/Day) 1970-2006**



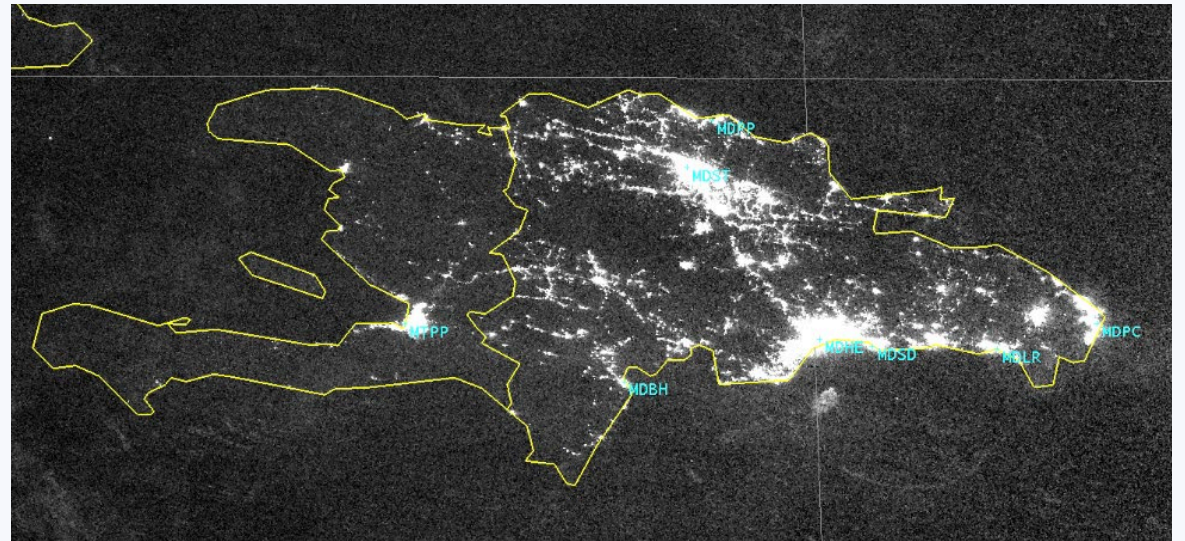
Source: Maxim Pinkovskiy and Xavier Sala-i-Martin
NBER Working Paper No. 15433

Free Trade Backlash

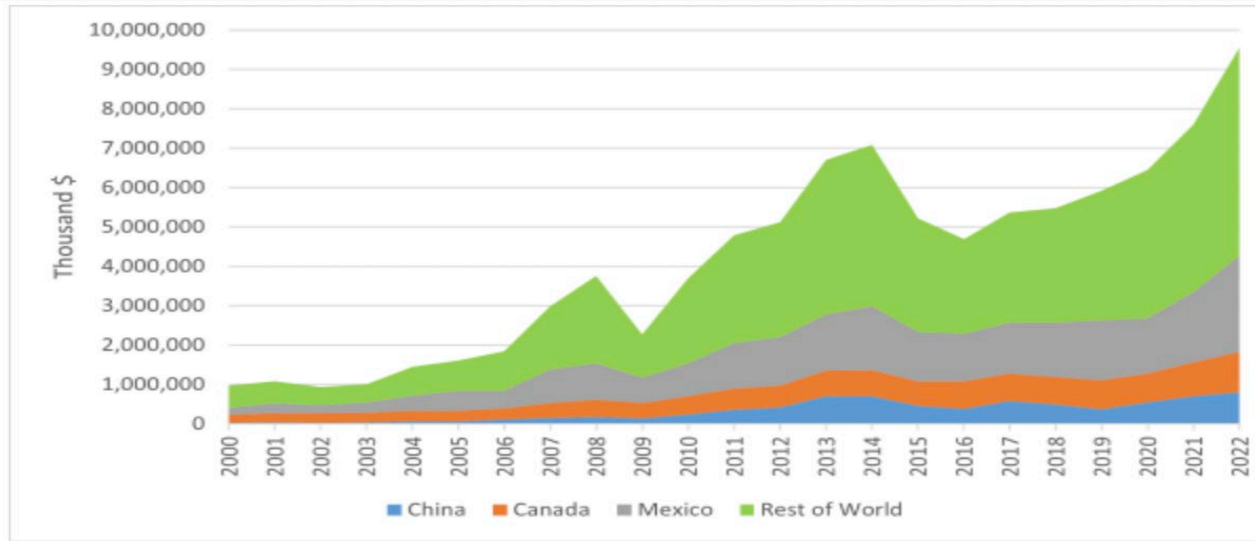


- Dems vs. USMCA
- Trump, Sanders, Warren, Biden
- Canada XL, Lumber, Milk
- “Buy America?”
- EU rum, whiskey, cheese?
- India v. Steel; Russia v. Cars and Chickens; Argentina v. auto parts

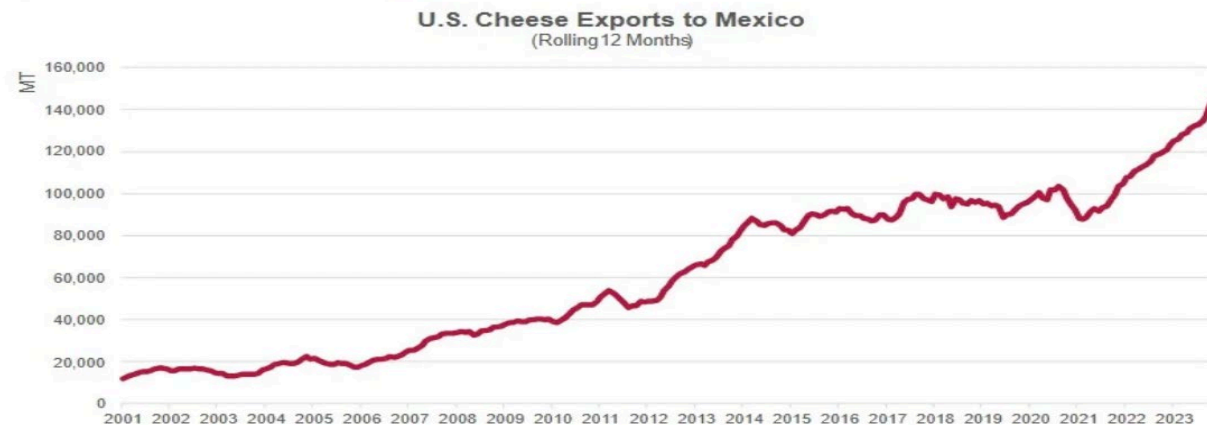
Light and Dark



Dairy Export Success



U.S. Cheese Exports to Mexico



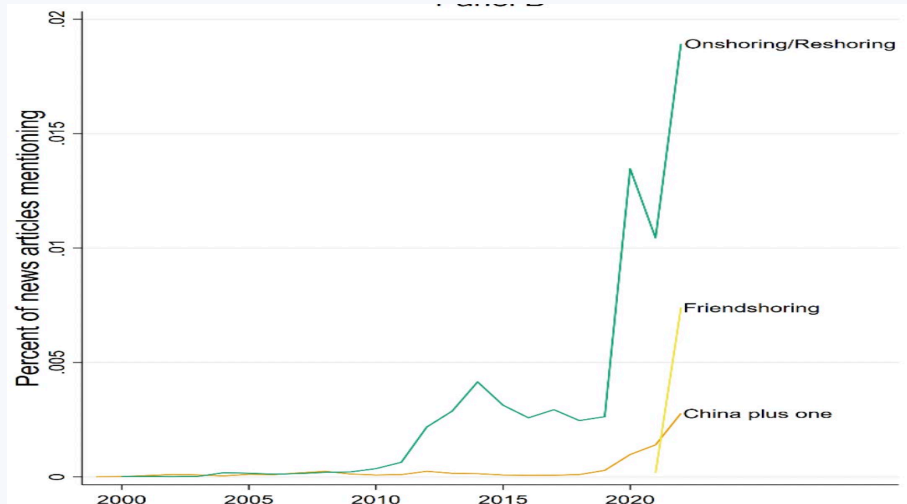
New Silk Routes: Made in China



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Reduce Risk: Friendshoring + Vertical Integration



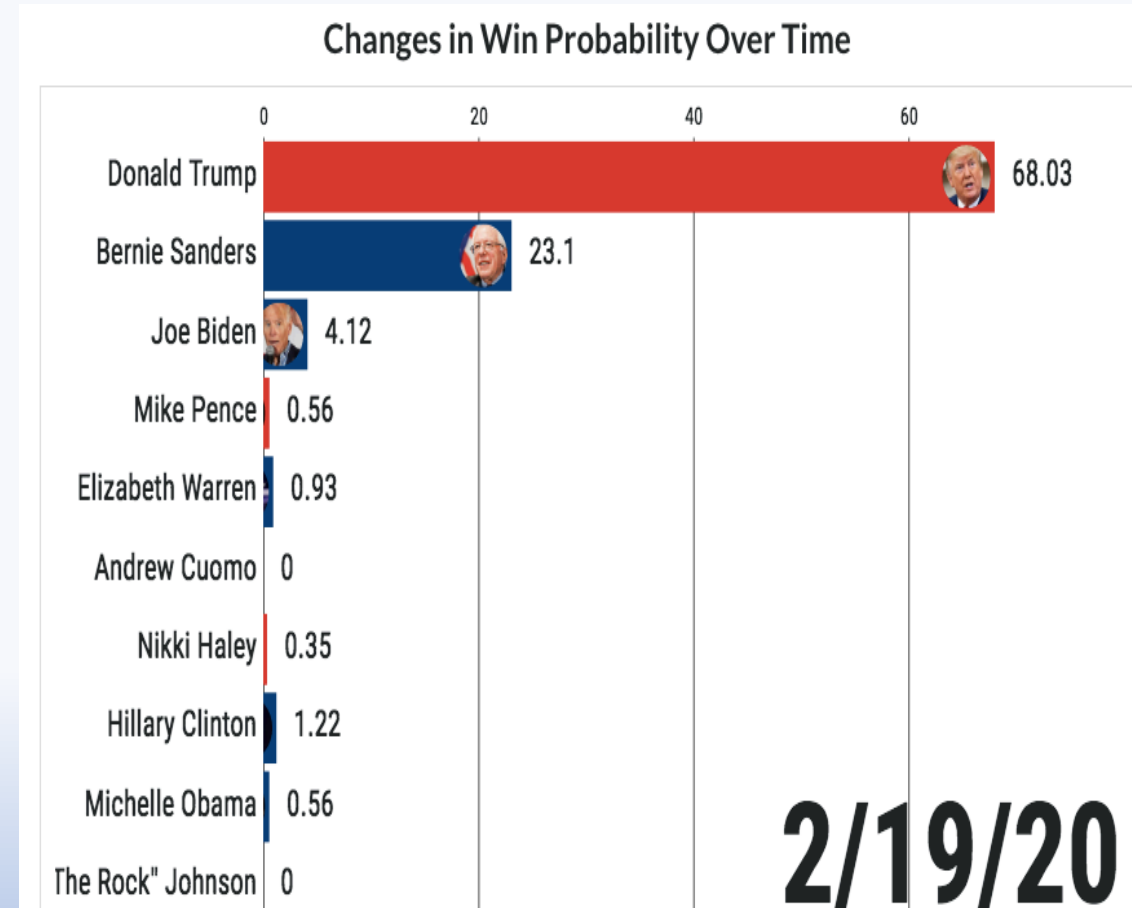
Turkey: graphite, chromium
South Africa: graphite, tin

Africa loses out on US/EU supply chain
'friend-shoring'



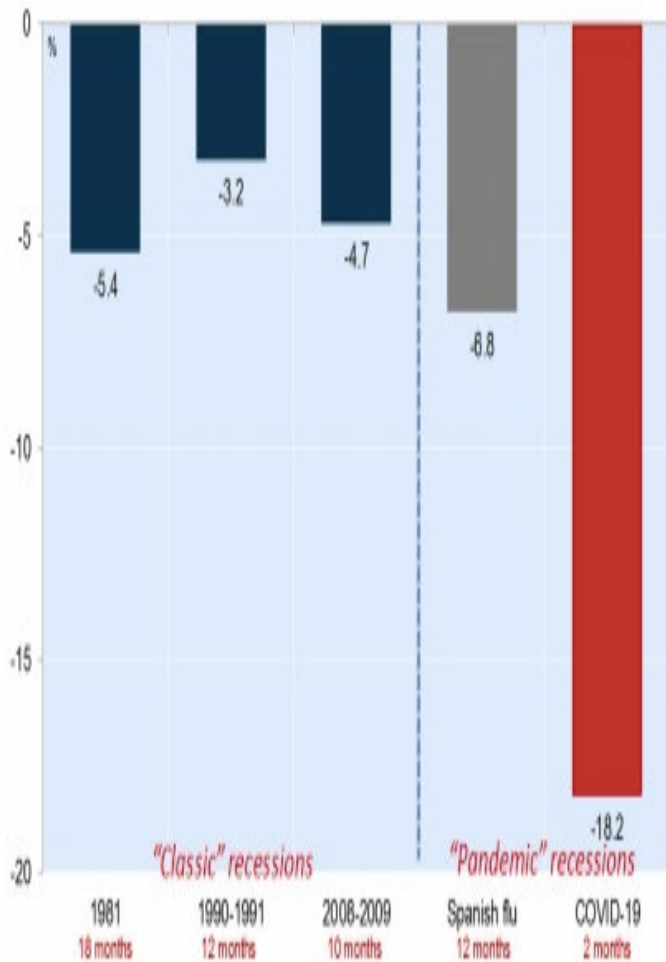
2020 Was Ready to Take Off

- Jobless rate 3.5%
- Stocks +33% Inflation 0.1%
- Misery Index:
- 3.6% all-time low

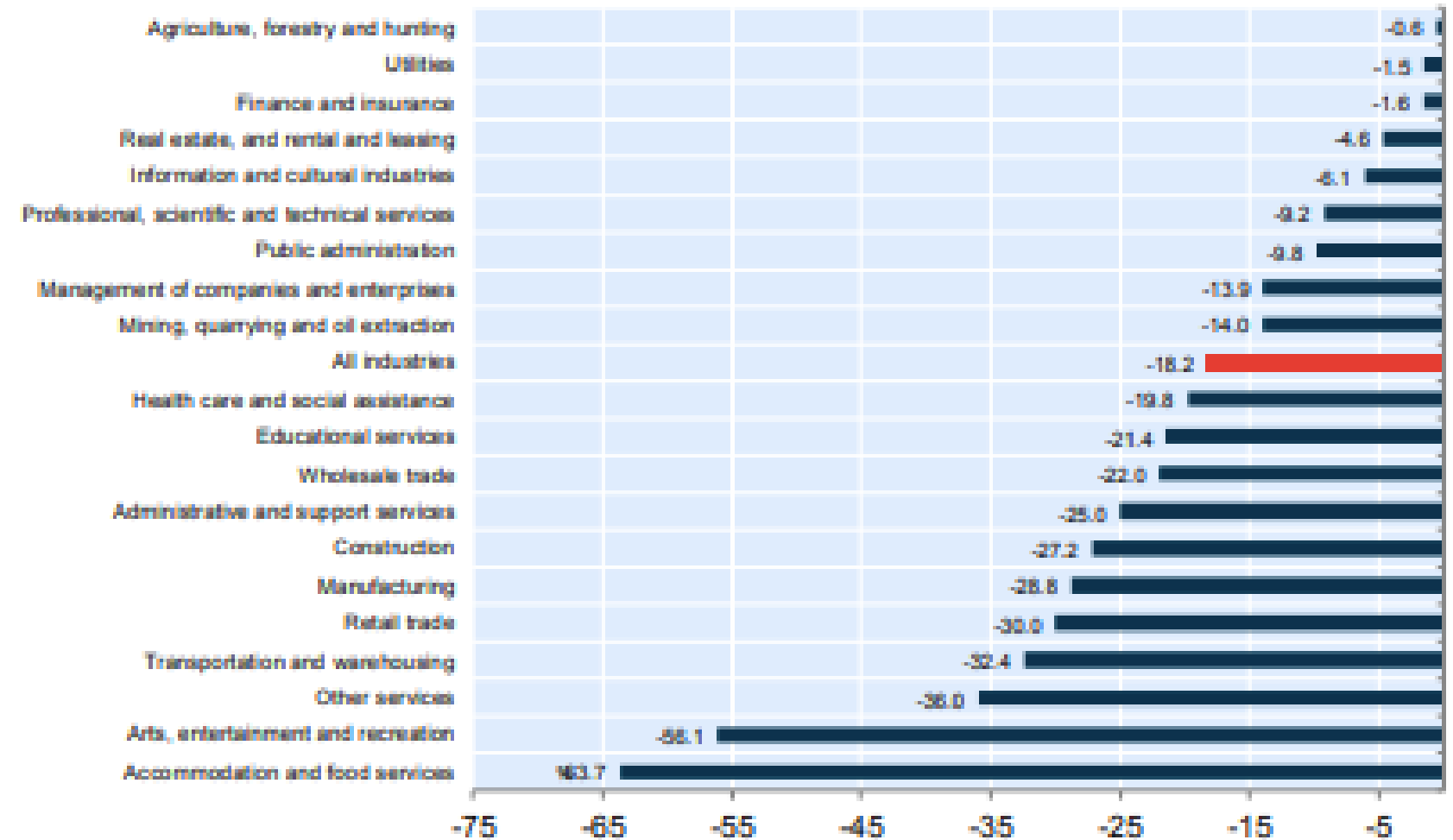


The Great Cessation!

Decline of GDP from previous peak (monthly data except for 1918-1919)



% change in GDP by sector, February to April 2020





Critical Levers: ROT

- Rates: Central Banks' New World
 - Sparks risky schemes?
- Oil and Gravity
- Trade pressures



Who Haunts Jay Powell?



Jay Powell Cuts 1.50% to 0.25%

- QE: \$3 trillion!
 - \$20b govt bonds/wk
 - \$750b corp bonds
 - 800 companies
 - Main Street lending



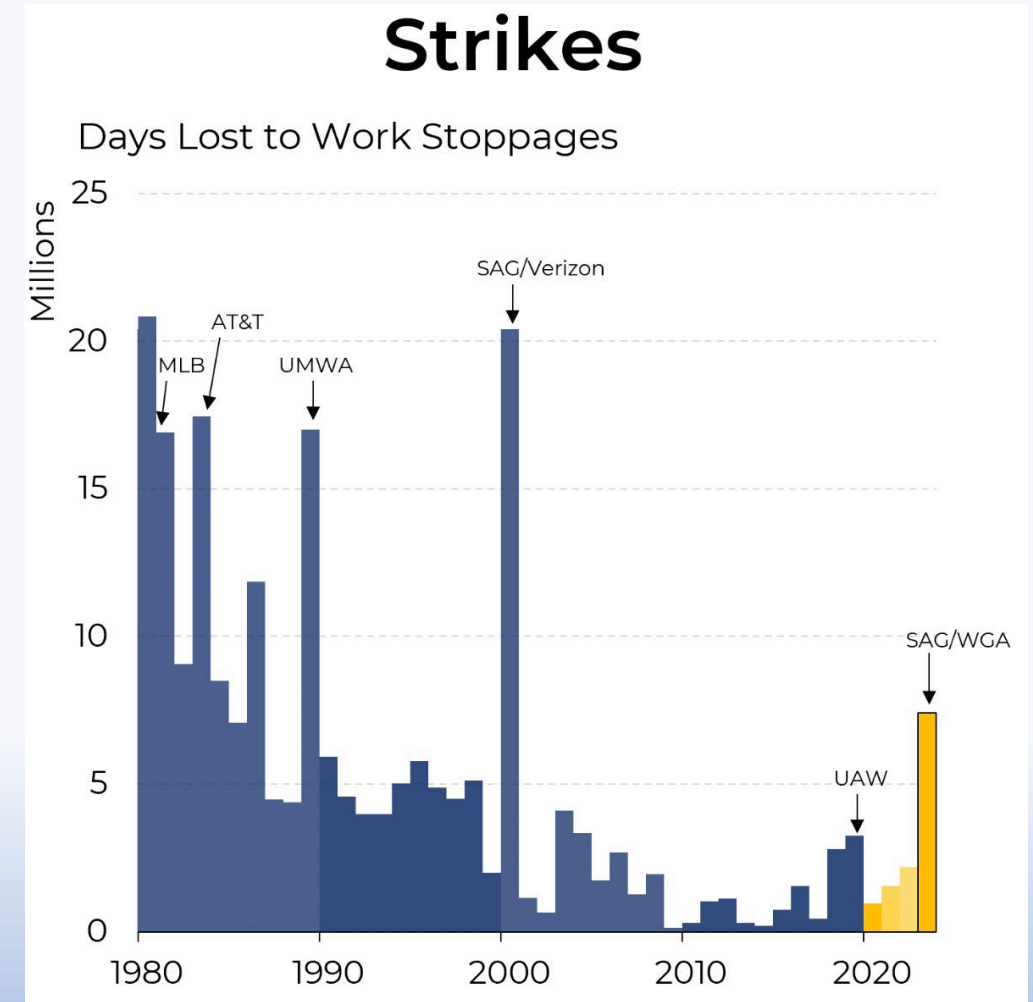
Stayin' Alive Fiscal Policy

- \$1,200 adult, \$500 child
- Paycheck protection Additional \$600/wk unemployment (\$300)
- Suspend student loan repay, rent
- Dec 27 '20 \$900b
- Mar 11 '21 \$1.9tr



**Trump extends
unemployment benefits,
defers payroll tax**

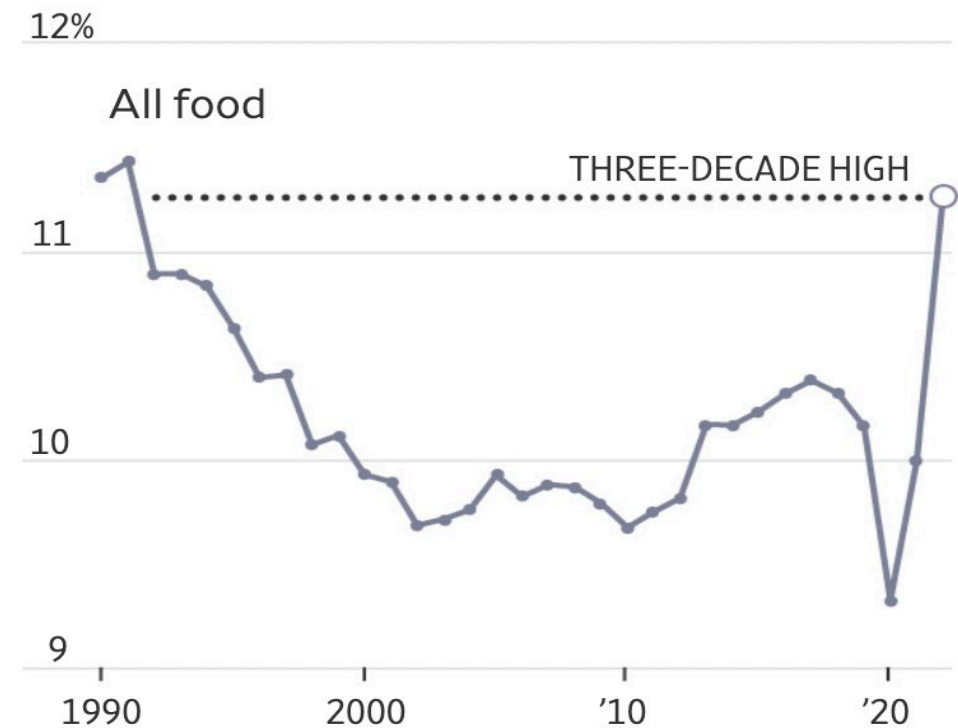
Inflation Breeds Strikes



Hungry?

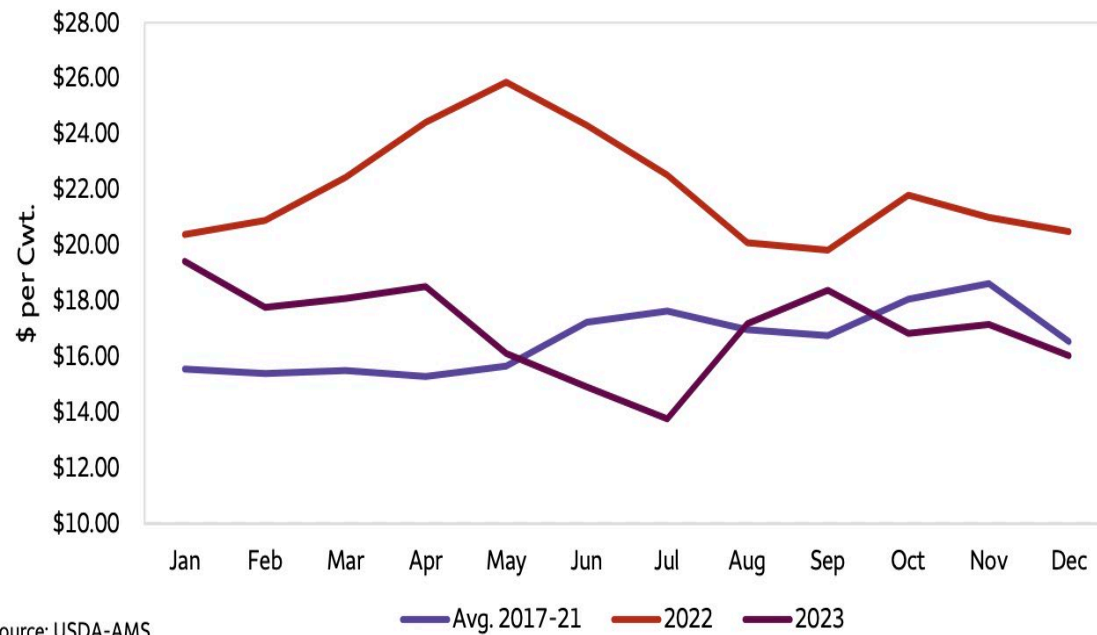


Food spending's share of disposable income



Thirsty?

Class III Milk Prices, monthly



Source: USDA-AMS



Homebody Economy Drops

- Whirlpool
- Kitchens
- Decks
- Japanese toilets

WORKING REMOTELY BEFORE, DURING AND AFTER THE PANDEMIC

Proportion of businesses that reported that 10% or more of their workforce was working remotely

Prior to February 1, 2020

16.6%

On May 29, 2020

32.6%

22.5%

of businesses expect that 10% or more of their workforce will continue to work remotely once the pandemic is over.

Whirlpool Corp.

ADD TO WATCHLIST

CREATE AN ALERT

OPEN
\$107.53
▼ -0.53 -0.49%

Last Updated: Apr 15, 2024 11:04 a.m. EDT
- Real time quote

PREVIOUS CLOSE

\$108.06



Real food consumption

% of spending

Groceries

Dining out

75

45

70

40

65

35

60

30

55

25

50

2017

18

19

20

21

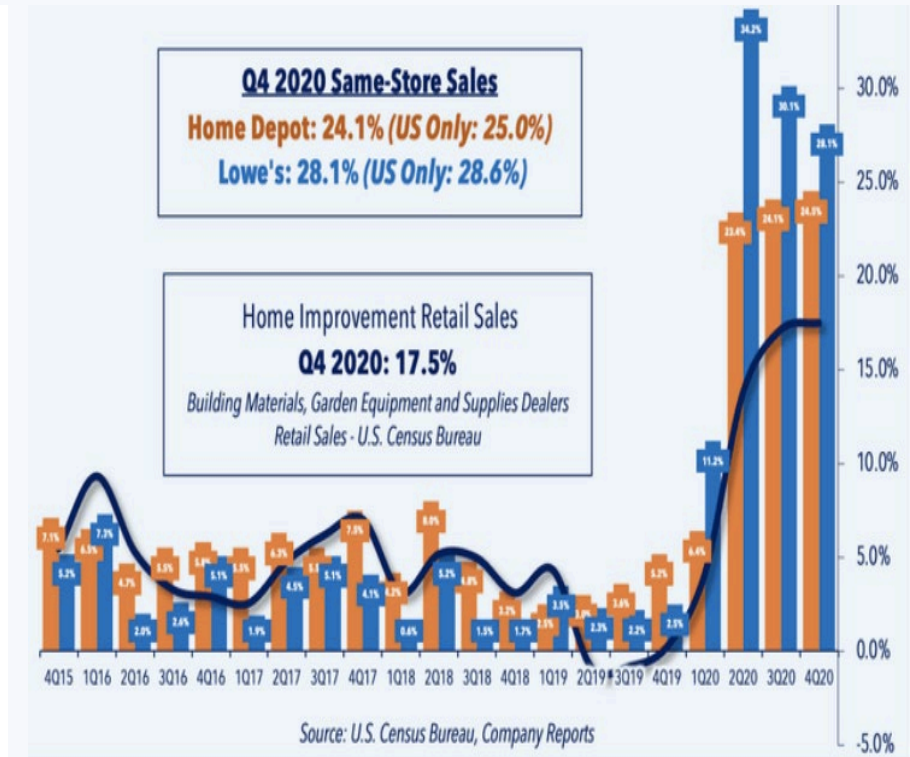
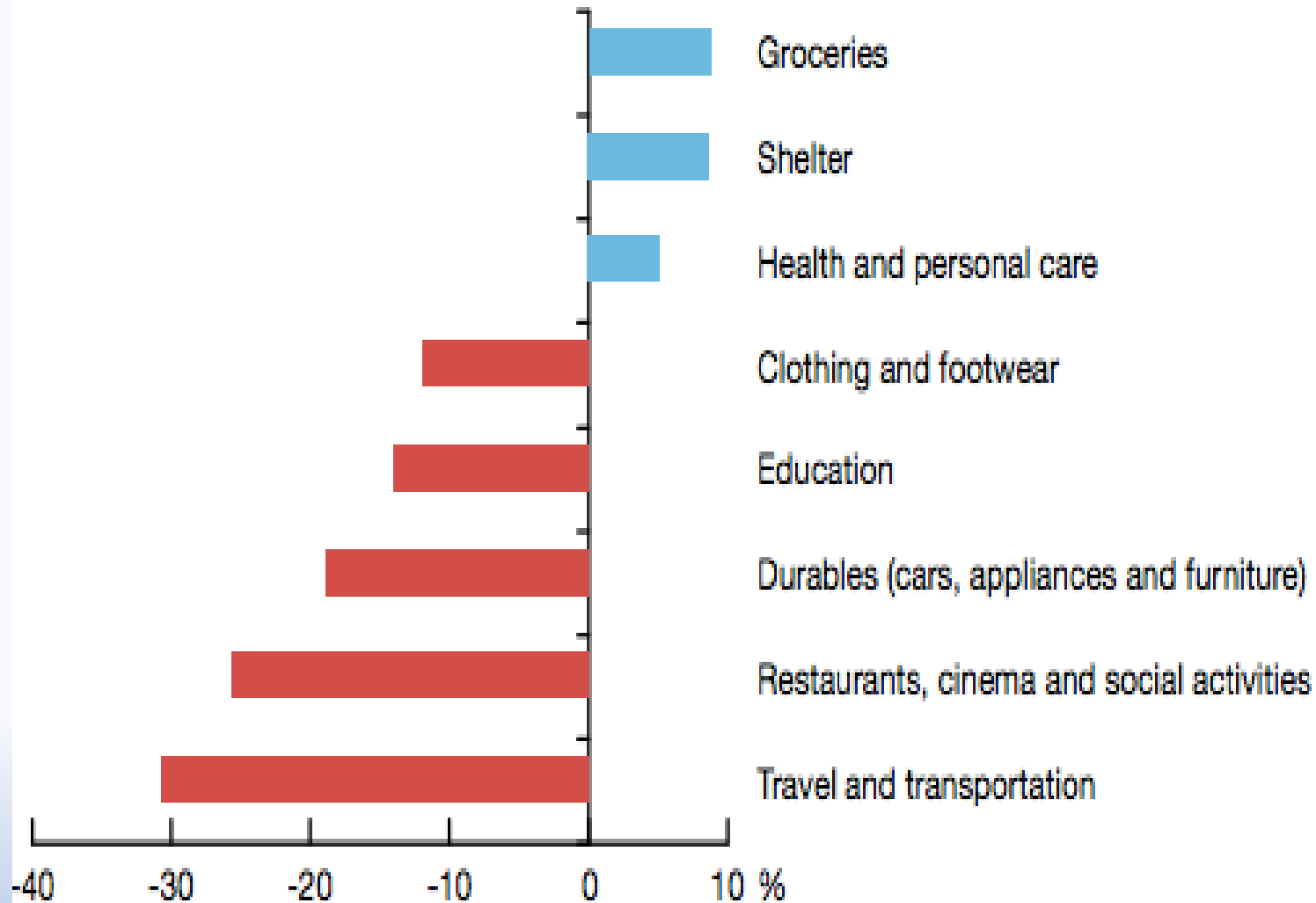
22

23

Source: Morgan Stanley
© FT

Household spending patterns are changing

Balance of opinion,* percent



Tale of Two Leisures



Royal Caribbean Group

[ADD TO WATCHLIST](#)[CREATE AN ALERT](#)

AFTER HOURS

\$ **121.10**

▼ -0.11 -0.09%

After Hours Volume: 78.41K

Last Updated: Jan 12, 2024 7:58 p.m. EST
- Delayed quote

CLOSE	CHG	CHG %
\$121.21	-2.21	-1.79%



Peloton Interactive Inc.

[ADD TO WATCHLIST](#)[CREATE AN ALERT](#)

AFTER HOURS

\$ **5.83**

0.00 0.00%

After Hours Volume: 122.01K

Last Updated: Jan 12, 2024 7:59 p.m. EST
- Delayed quote

CLOSE	CHG	CHG %
\$5.83	-0.15	-2.51%



Strong Job Market

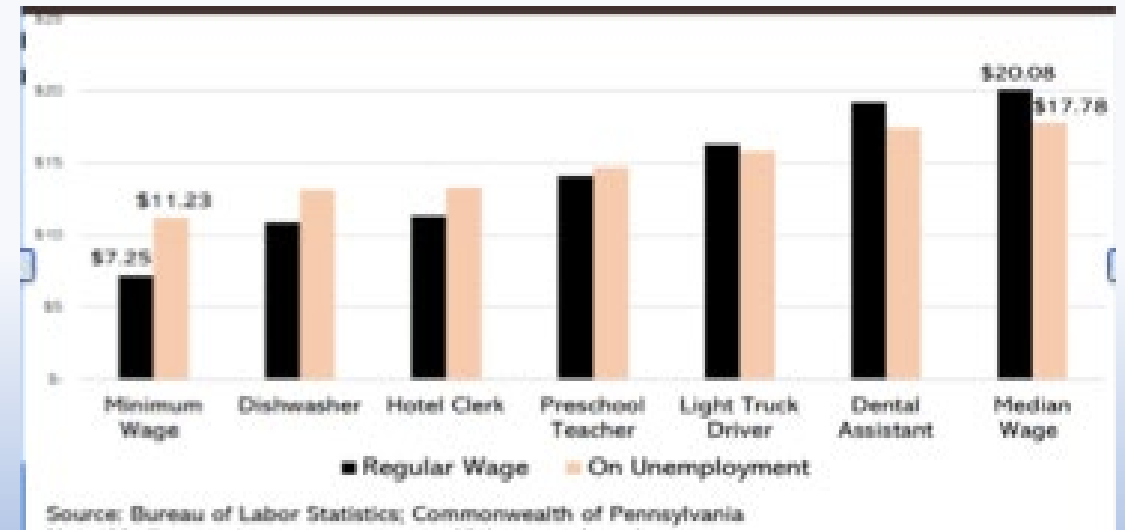
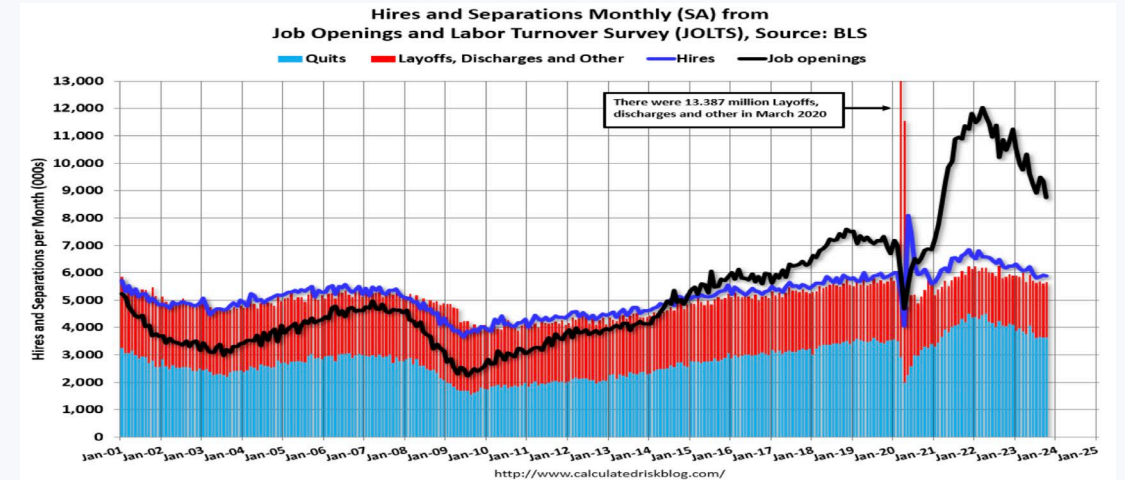
A FEW GOOD WIENERS WANTED!!! Hiring New Drivers

f 14.8K



23

1/7/2020 6:56 AM PT

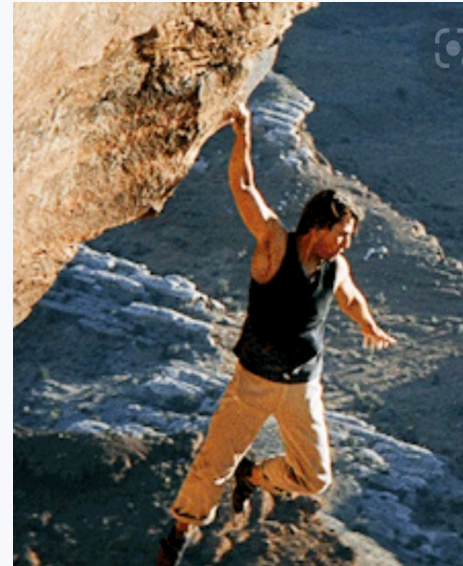


Supply-Side Labor Reforms



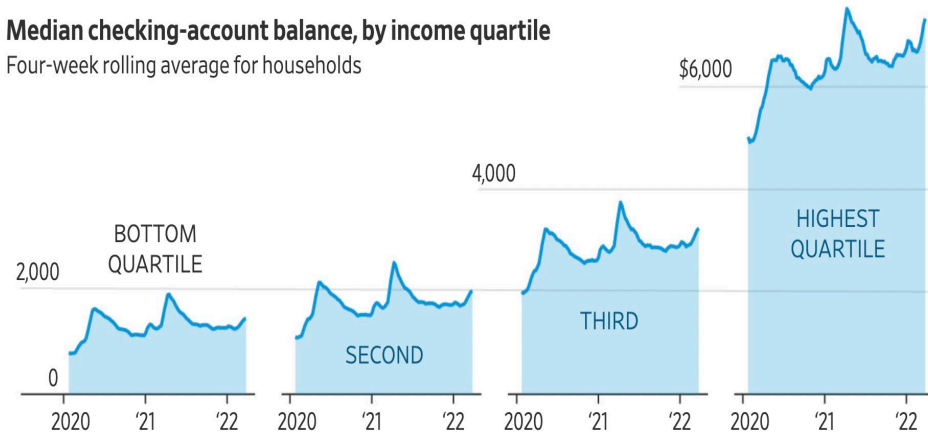
- 20m 25-54yr-olds “do not want a job right now”
- Lathe operators vs. choreographers
- For seniors – end penalties/payroll taxes after 45 yrs
- ¼ jobs require govt license
- Summer jobs for teens drops 40% since 2000.
- Give young people extra SS credit for early work

Can Consumers Hang On?



Median checking-account balance, by income quartile

Four-week rolling average for households



Source: JPMorgan Chase Institute



Financial-obligations ratio

20% RECESSION



Note: Monthly rent, car, mortgage and other fixed payments as a share of disposable income.

Source: Federal Reserve

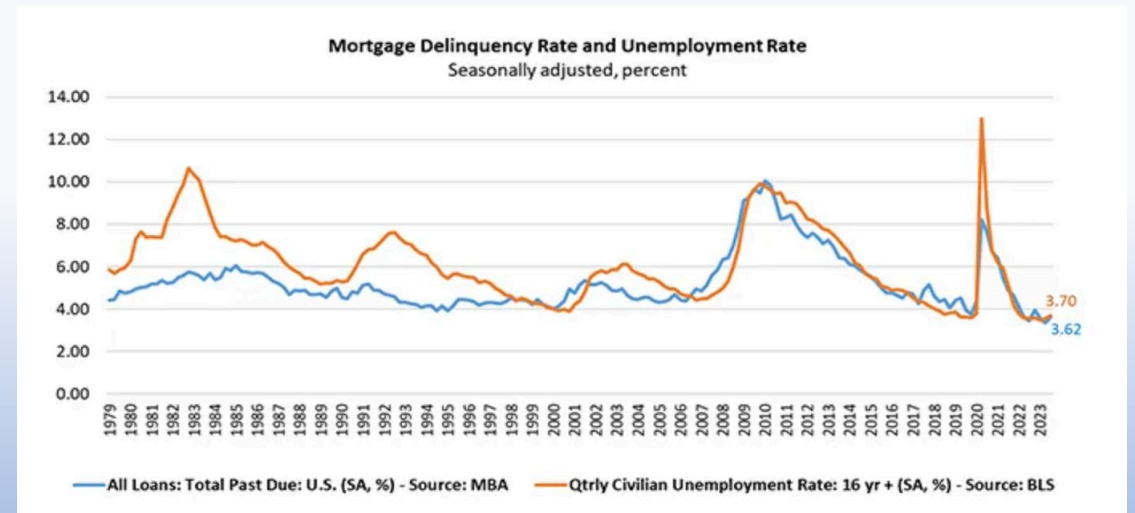
Survivors Ball?

- “Surprise, Delight, Immerse”
 - IKEA maze, Ulta
 - Online Intercourse
 - Opening a brick store increases area online sales by 29%



Home, Sweet Home?

- Affordability
 - Rates 3% to 7.5%
 - prices +11%
 - 20% cut prices
 - Median new price \$428k vs. \$458k in 2023
- Labor
- Materials



Experience Econ, Travel Boom?

- Pent-up demand
 - WFH makes travel more desirable?
- Savings rate
- Gov't stimulus
- Low borrowing rates/high FICO
- Hotel ADR +8% vs 2019

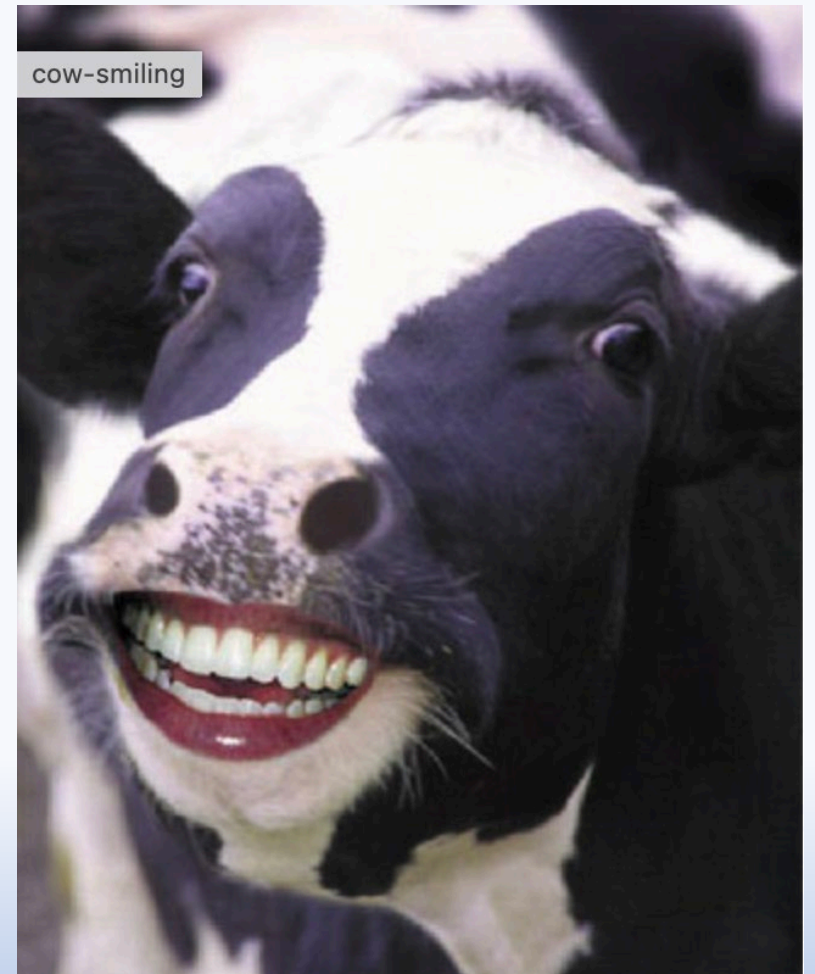


Peak Cars, Food, Beer?

- Big 4: shoes, drinks, clothes, cars
- Choose beer: 40% vs 70% in 1990
- Choose liquor: 30% vs 13% 1990
- Ozempic and lunch?
 - 15% weight; fewer devices
- Driver licenses 65% vs 90%
- 75-year-old more likely to own car
- EVs use more aluminum

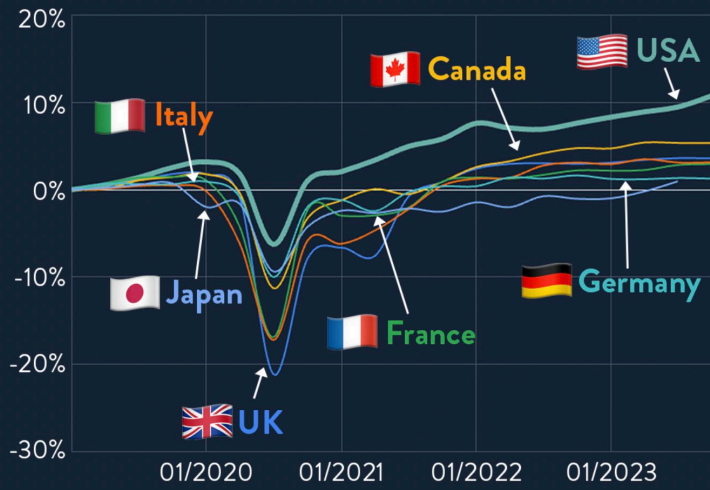


Can MOO Smile?

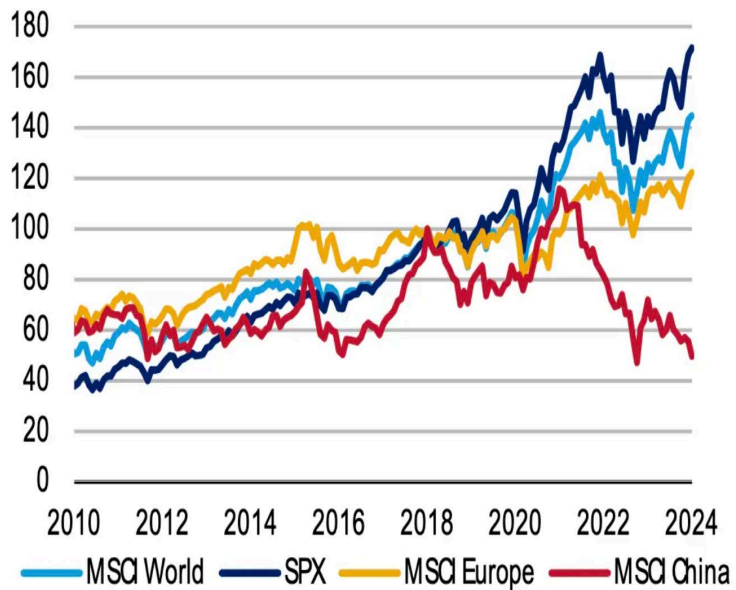


US VS THE WORLD

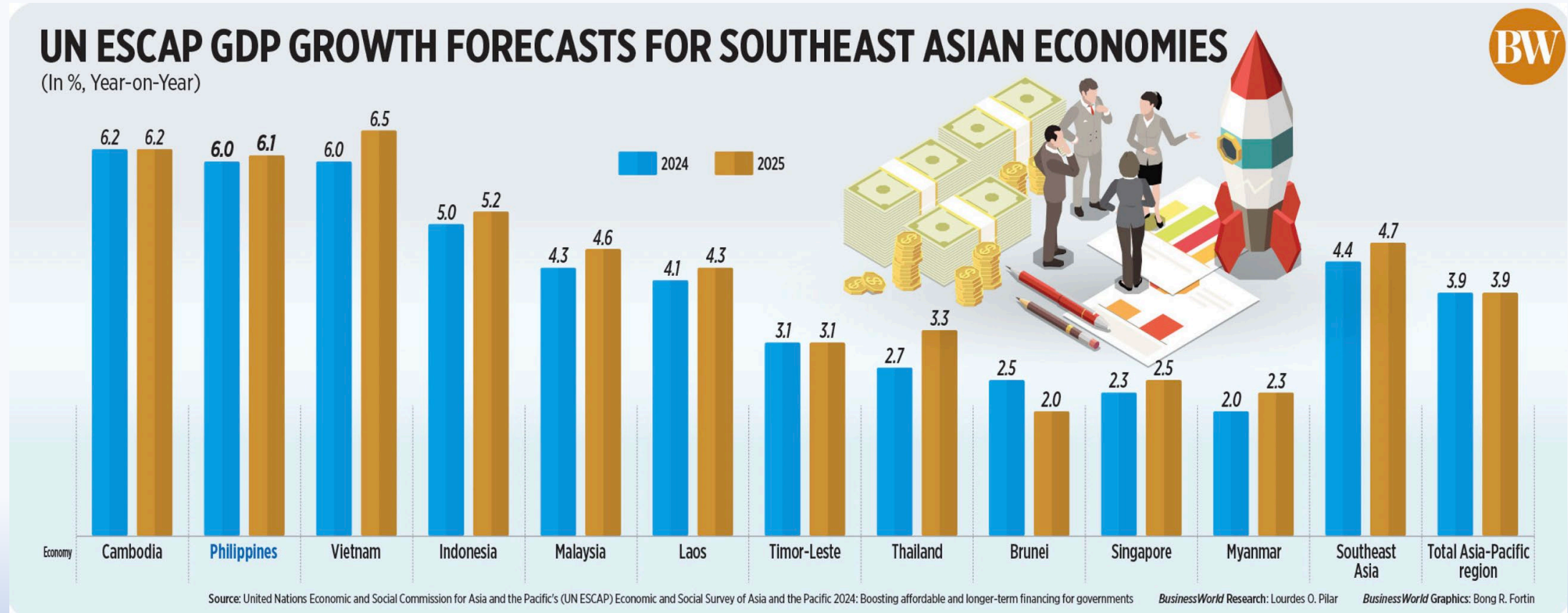
The **US economy** is stronger than you might think and has been **growing faster** than its peers.



Source: GDP growth of G7, OECD



Southeast Asia Opportunity



OIL CRUDE (SWEET) (CL/)

3 YEAR 100.76 ▼ 0.82 TODAY'S CHANGE (-0.81%)

HIGH ▲ 4/29/11 | LOW ▼ 9/30/11

12 13 14

120
109
98
87
76

OPENING BELL

CRUDE OIL ▼ ON CHINA FACTORY DATA, CRISIS IN UKRAINE

FOX

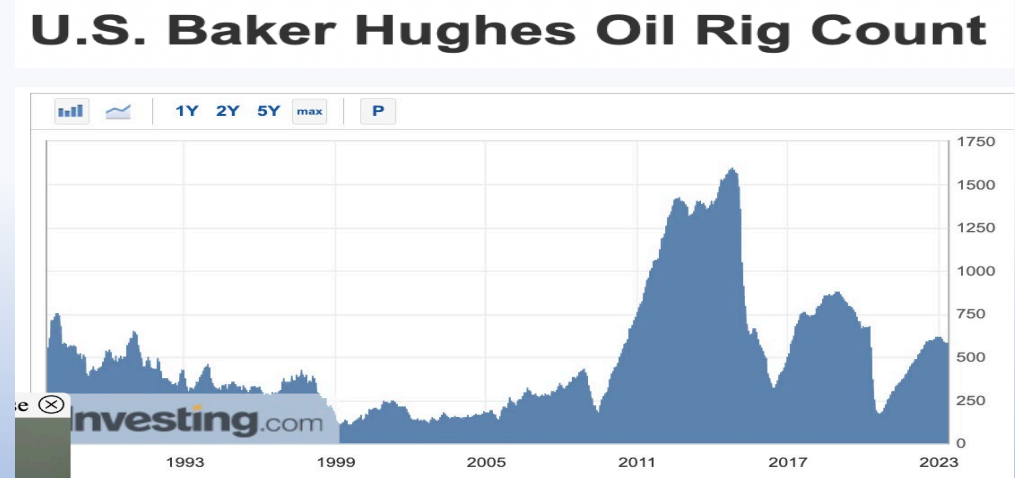
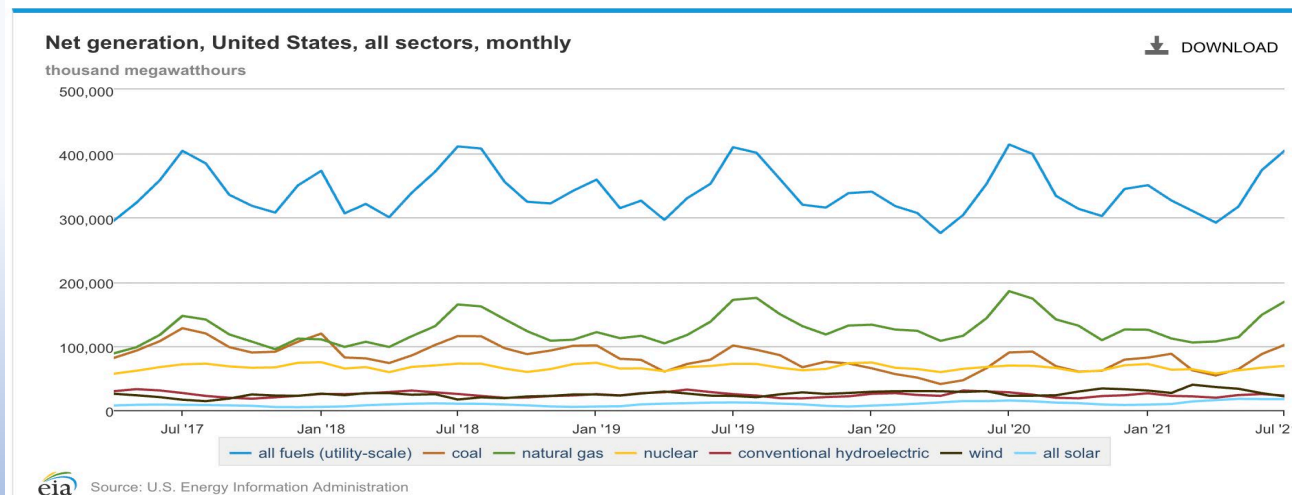
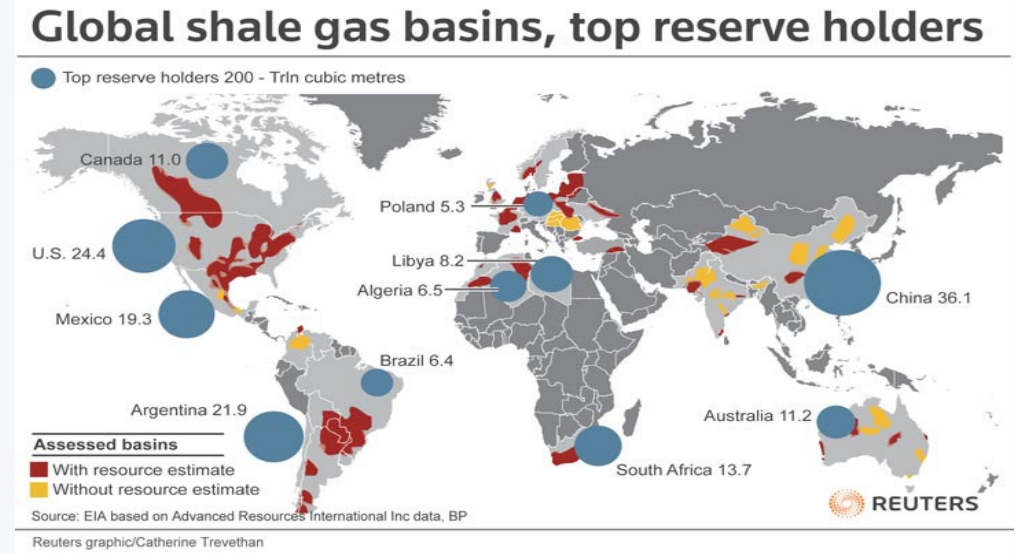
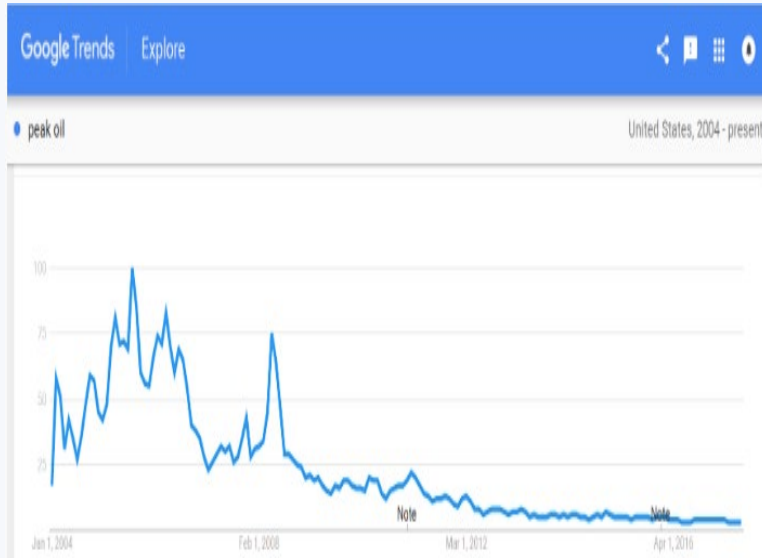
00:44 / 04:22

Shrink player

Oil headed for \$50 a barrel?

Apr. 01, 2014 - 4:22 - Former White House economic policy director Todd Buchholz gives his outlook for oil and energy.

Peak Oil? Oil Comes Down



Inflation: Blame Turkeys?



Robert Reich ✓
@RBReich · Follow

Egg prices are up 60%. That's absurd. People are paying up upwards of \$6 and \$7 for a dozen eggs.

Why? Corporate greed.



Fox Business

Sen. Elizabeth Warren calls for probe into turkey costs as prices soar | Fox Business



iPath Bloomberg Commodity Index Total Return ETN

ADD TO WATCHLIST

CREATE AN ALERT

CLOSED

\$32.35

▼ -0.01 -0.02%

Last Updated: Apr 12, 2024 4:10 p.m. EDT
- Delayed quote

PREVIOUS CLOSE

\$32.36



Supply Chain Mess



INSIDER

Book sellers struggle with supply chain disruptions



Reuters

Homebuilder D.R. Horton cuts annual forecast on supply chain disruptions

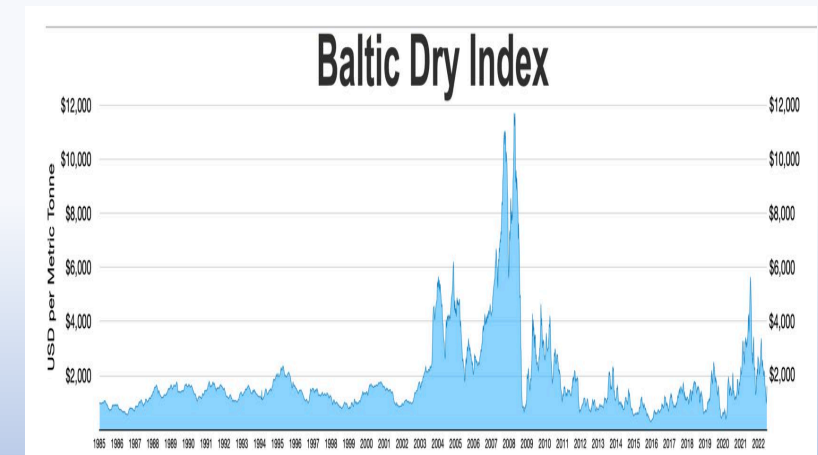


USA TODAY

Pennsylvania enforces 2-bottle limit on some booze due to supply chain disruptions



Southern California's Container-Ship Backlog Moves Farther Out to Sea



The New Supply Side & the Gig

WSJ | OPINION


Home World U.S. Politics Economy Business Tech Markets Opinion Life & Arts Real Estate

OPINION | COMMENTARY

Airbnb Helps Slay Inflation

Tech gets more out of economic resources, bringing prices down.

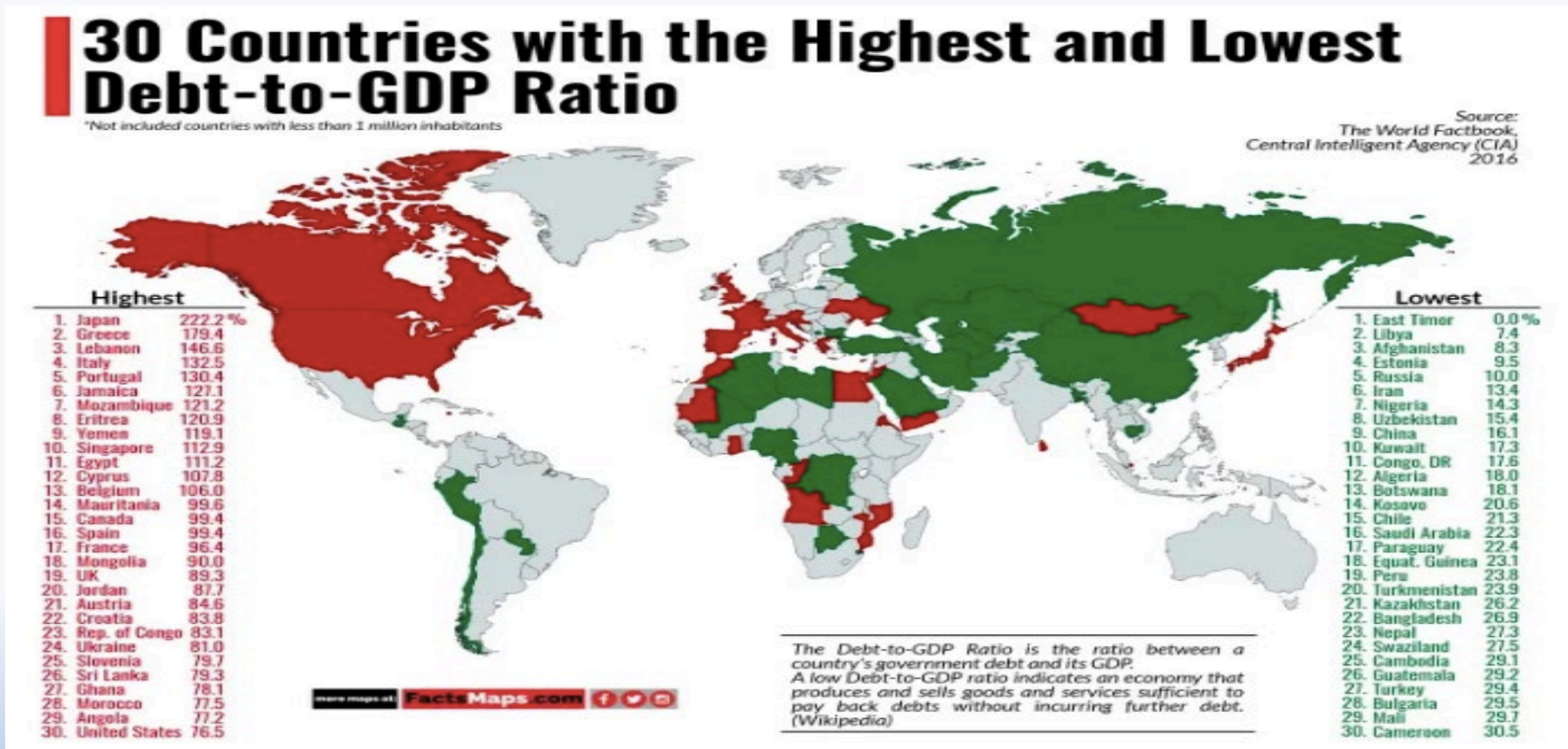
By Todd Buchholz
Updated May 8, 2019 7:08 pm ET



From Toasters to S&P

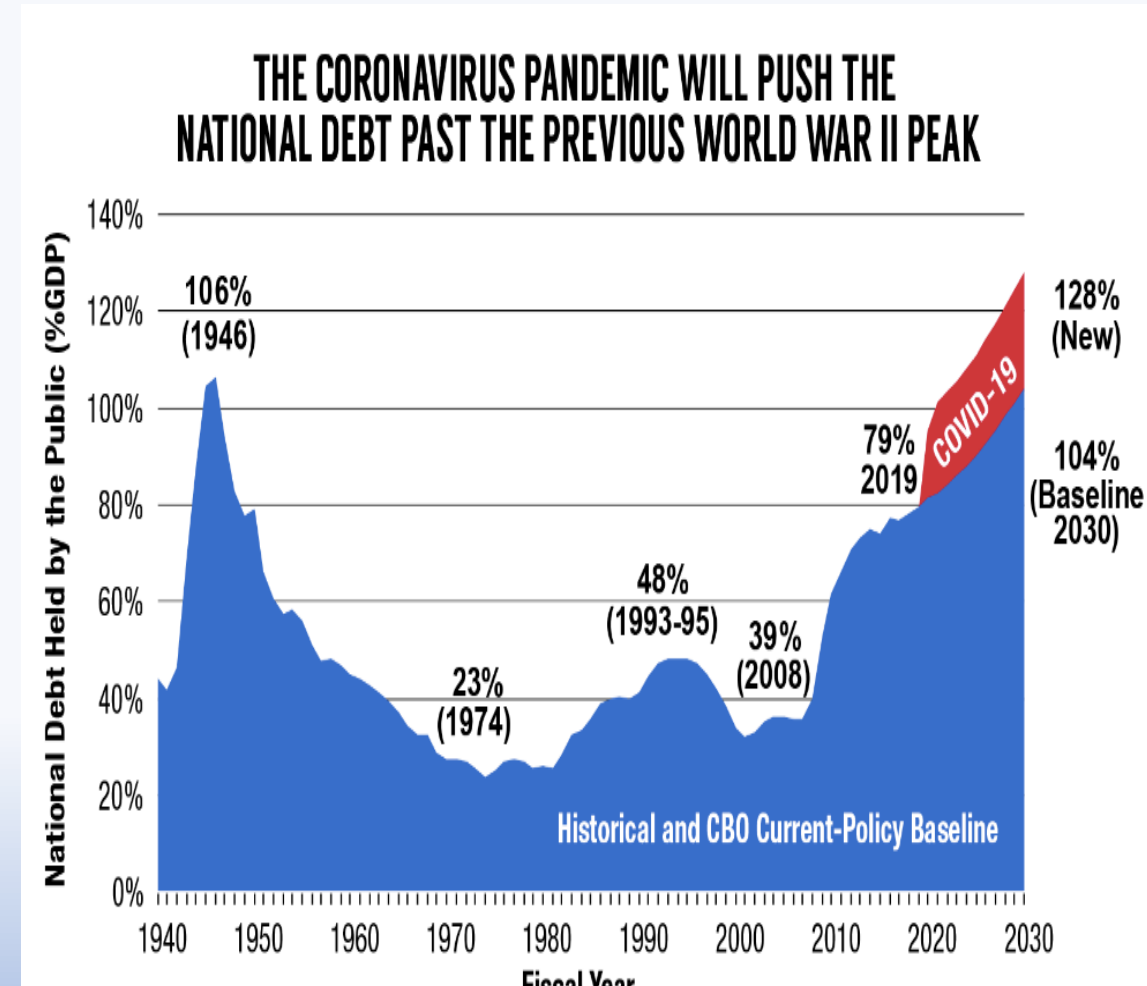


Part III: Debt and Demographics



Money Isn't Free

- Debt-to-GDP leaps past WW2 levels





THE SATURDAY EVENING POST September 23, 1950

norman rockwell

One of the Great Moments of your life... *His First Day At School*

Why it's one of the most important times to see your life insurance agent.

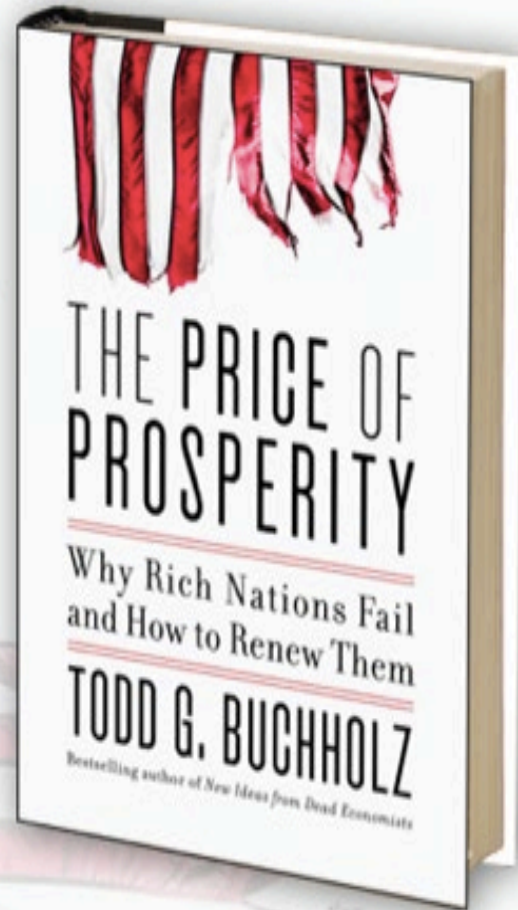
Do you remember, how he looked? Eager... and scared. Proud, too. Remember how you felt... such a little boy taking such a big step. Both your lives changed that day—yours with the responsibility to see him through high school... and per-

haps college. His with the hope of the future. Great changes in your life, like these, are times when you should see your Massachusetts Mutual Agent... for he's been especially trained to help you get the extra security and protection you may need. It does not necessarily mean that you must buy more life insurance. Perhaps all you need to do is reprogram your present

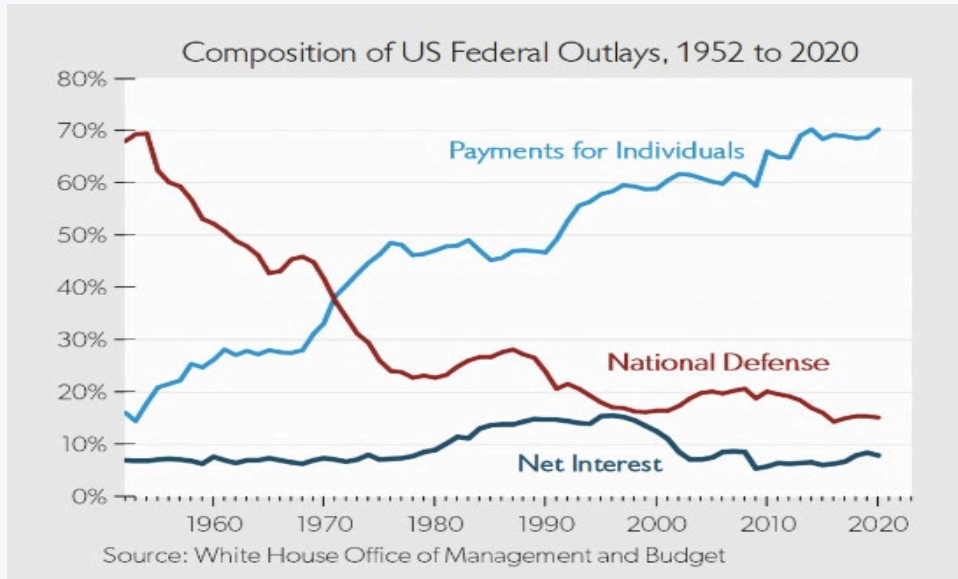
life insurance, so that it has a flexibility planned for your son's education. Providing life insurance programs of "planned flexibility" to meet changing insurance needs has been our job for almost one hundred years... another good reason why, at the great moments of your life, you should talk over your plans with your Massachusetts Mutual Agent.

Massachusetts Mutual Life Insurance Company
SPRINGFIELD, MASS. For nearly 100 years... a great name in life insurance.

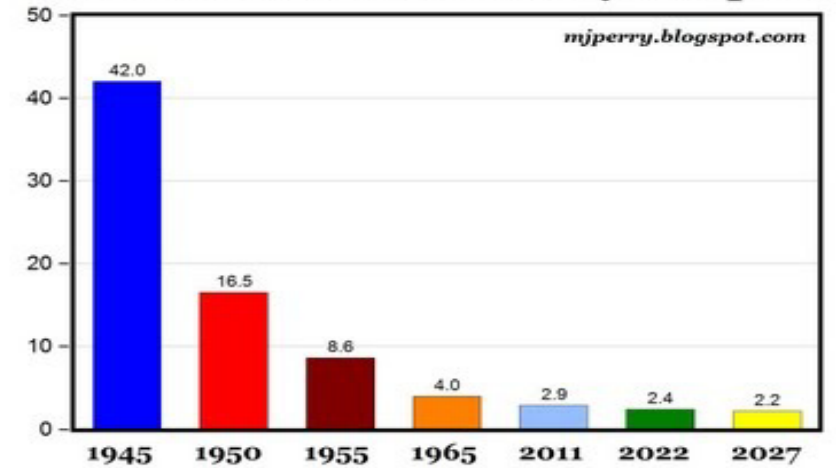
We used to size up
a man by counting
his children. Now
we count Rolex
watches, six-pack
abs, and Twitter
followers.



Taking from Peter...



Workers Per Social Security Recipient



1970
2015
2050



Old-age Dependency Ratios, 2010 and 2050

Number of people older than 64 per 100 people of working age (ages 15 to 64)

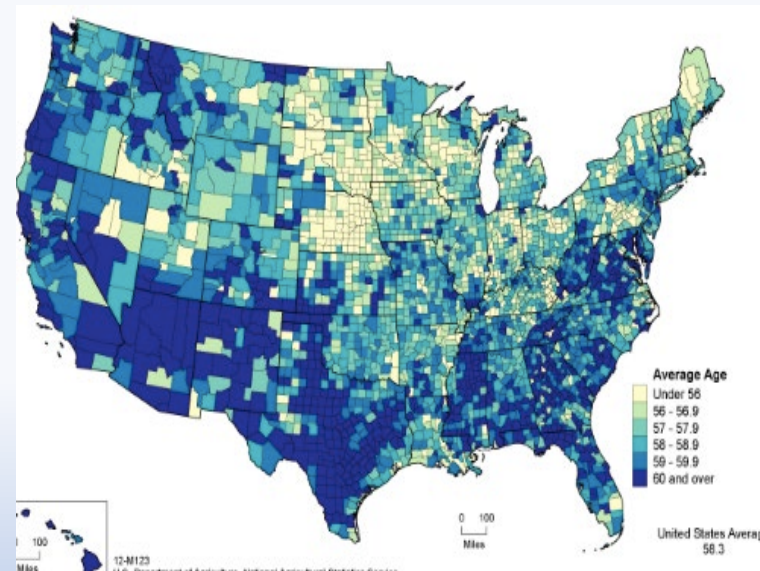
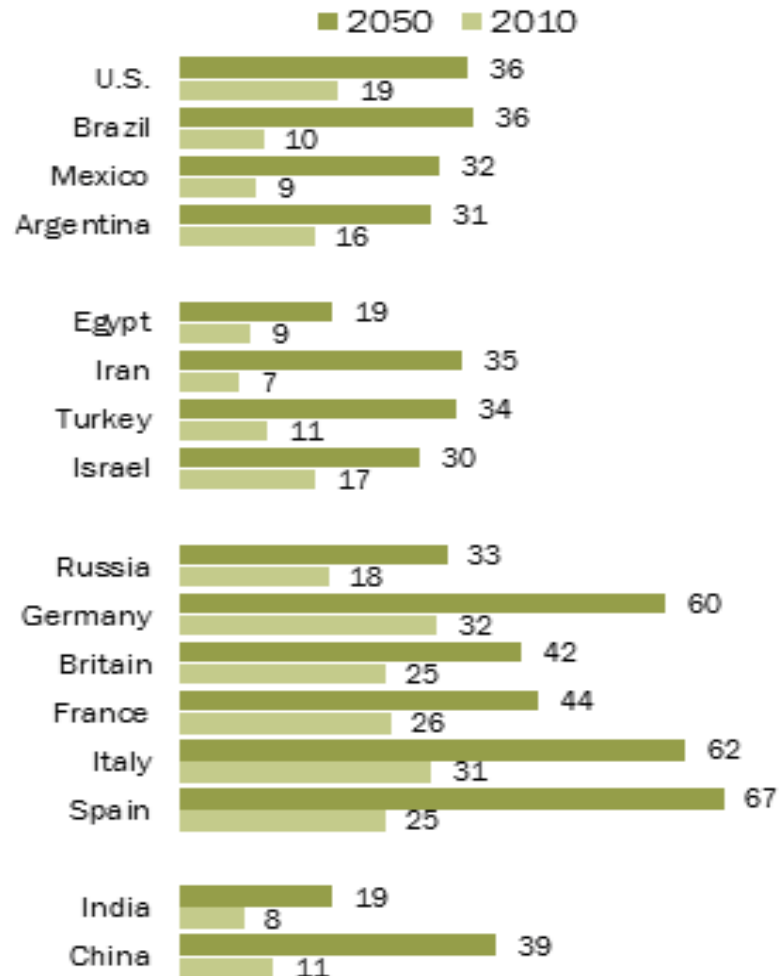
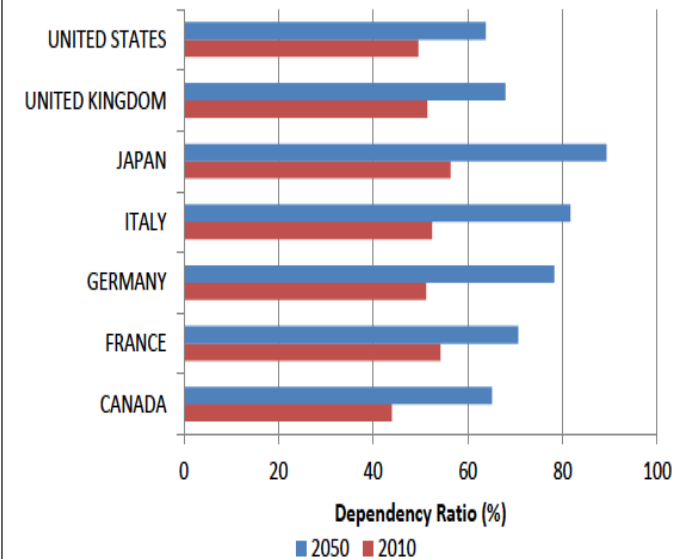


Chart 4.1 – G7 Dependency Ratios



Note: Dependency ratio here is defined as the ratio of dependents – people younger than 15 and older than 64 – to the working age population – those aged 15-64, expressed as a percentage.

Source: World Bank

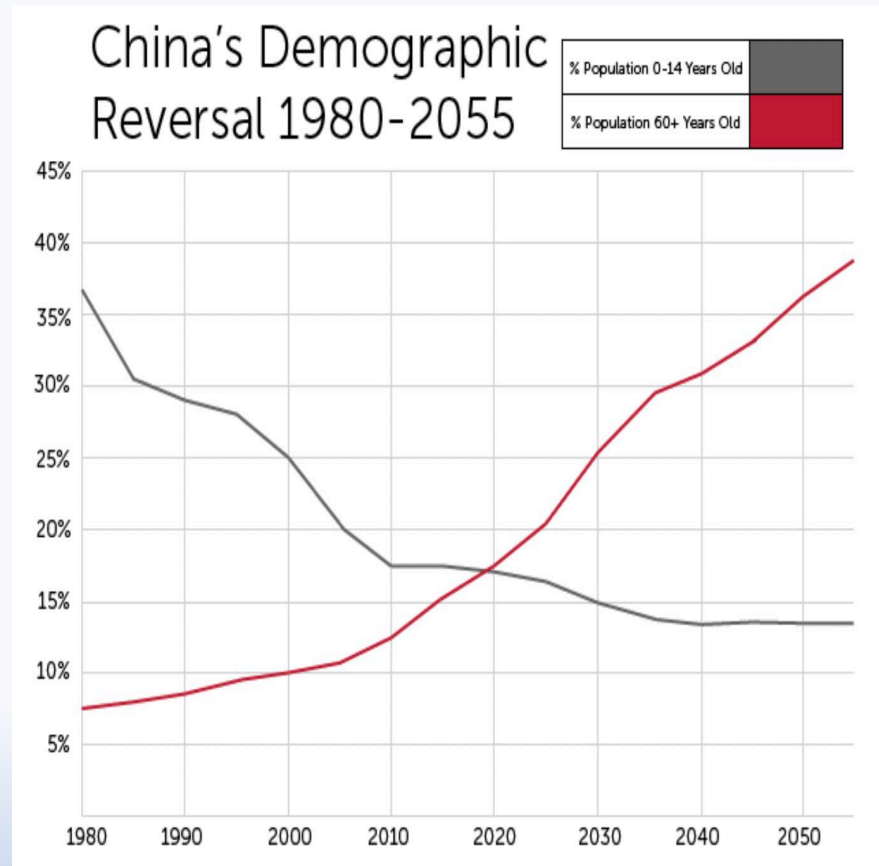
Golf or Golden Arches?



Does China Take Over?



China Aging



Friends, Foes, & Fiends



www.toddbuchholz.com @EconTodd



 A screenshot of a TIME magazine article on an iPad screen. The article is titled "Former White House Adviser: What Vladimir Putin Could Learn From 'Doctor Zhivago'". The author is Todd G. Buchholz, and the date is April 19, 2015. The article includes a quote from Todd G. Buchholz: "There is still greatness in the Russian people – but they have been bottled up for 100 years". There is also a small image of Kelli Barrett as Lara and Tam Mutu as Doctor Zhivago.

iPad 5:36 AM 100%

time.com/3824928/doctor-zhivago-vladimir-putins-russia/ Search

A Glory... Dr Zhivag... Economi... SCHOOLI... Chris Chr... Three Da... Tony No... StayCon... Slide 1 × Forme...

TIME Subscribe

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LATEST MAGAZINE VIDEOS

Former White House Adviser: What Vladimir Putin Could Learn From 'Doctor Zhivago'

Todd G. Buchholz @rushbook April 19, 2015

IDEAS Todd G. Buchholz is a former White House economic adviser and recipient of the Allyn Young Teaching Prize at Harvard. He is co-writer of the new musical about the Italian Resistance against Fascism "Glory Ride."

There is still greatness in the Russian people – but they have been bottled up for 100 years

Matthew Murphy—Polk and Co.
Kelli Barrett as Lara and Tam Mutu as Doctor Zhivago.

SCROLL TO SEE MORE

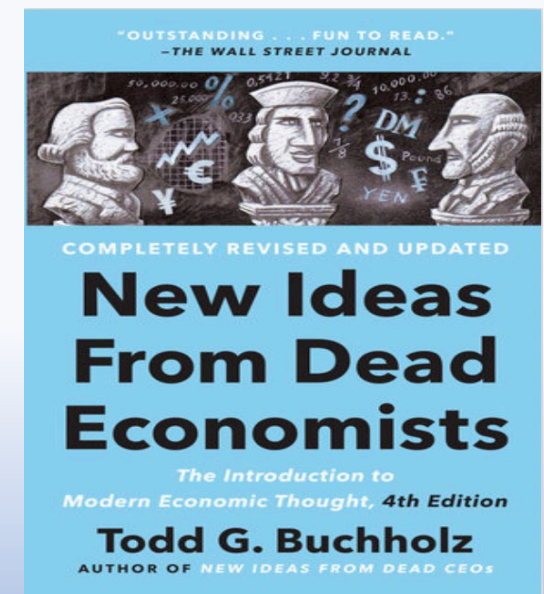
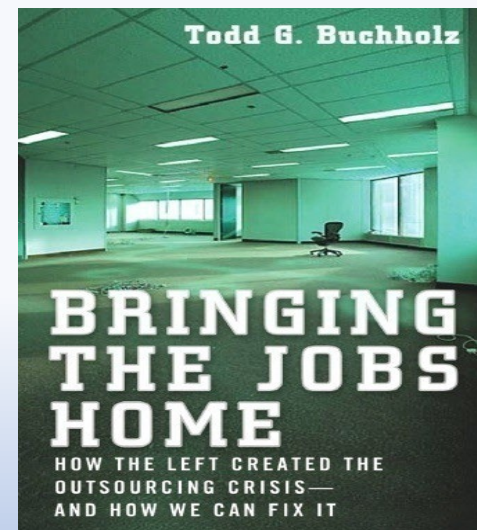
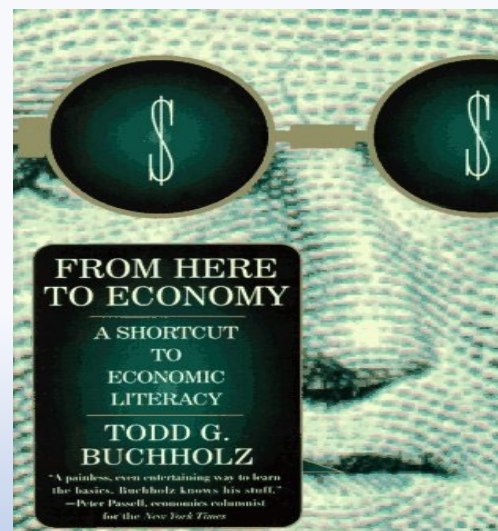
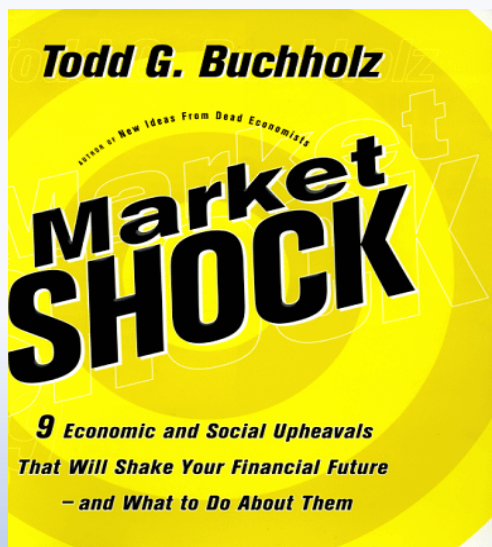
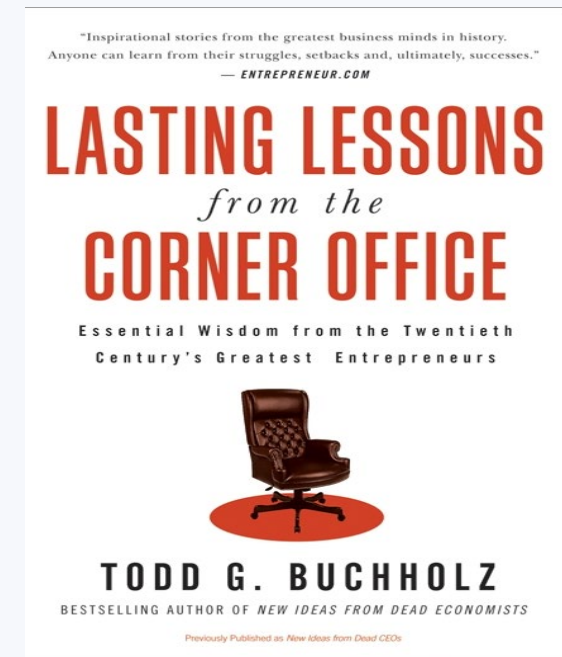
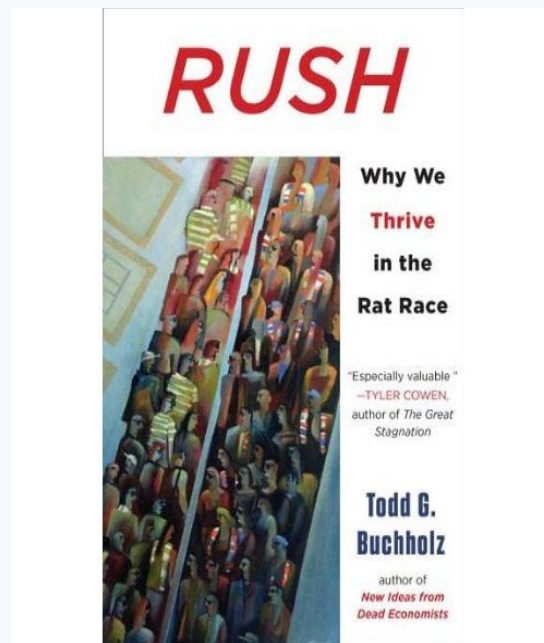
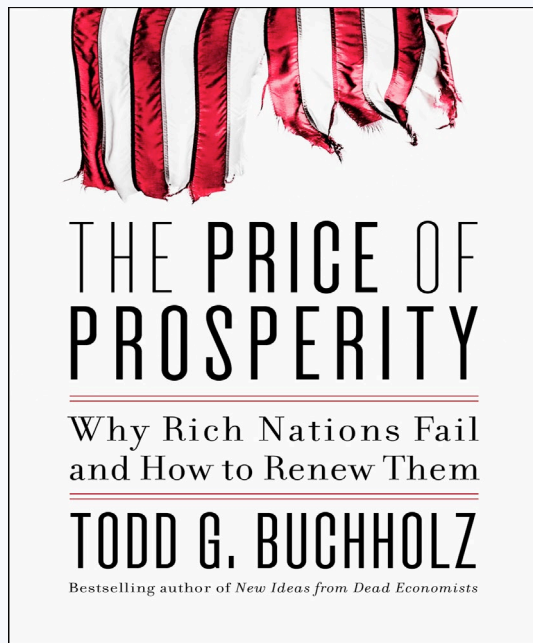
One Man, One Country





- Ask not if the economy will prosper; ask how you can win regardless
- Watch commodities, credit, changing tastes
- Inflation must behave! ROT
- Pursue export opportunities despite US policy
- Populism >> More Regulation, Slower Growth
- Stay in touch: @EconTodd

www.econTodd.com

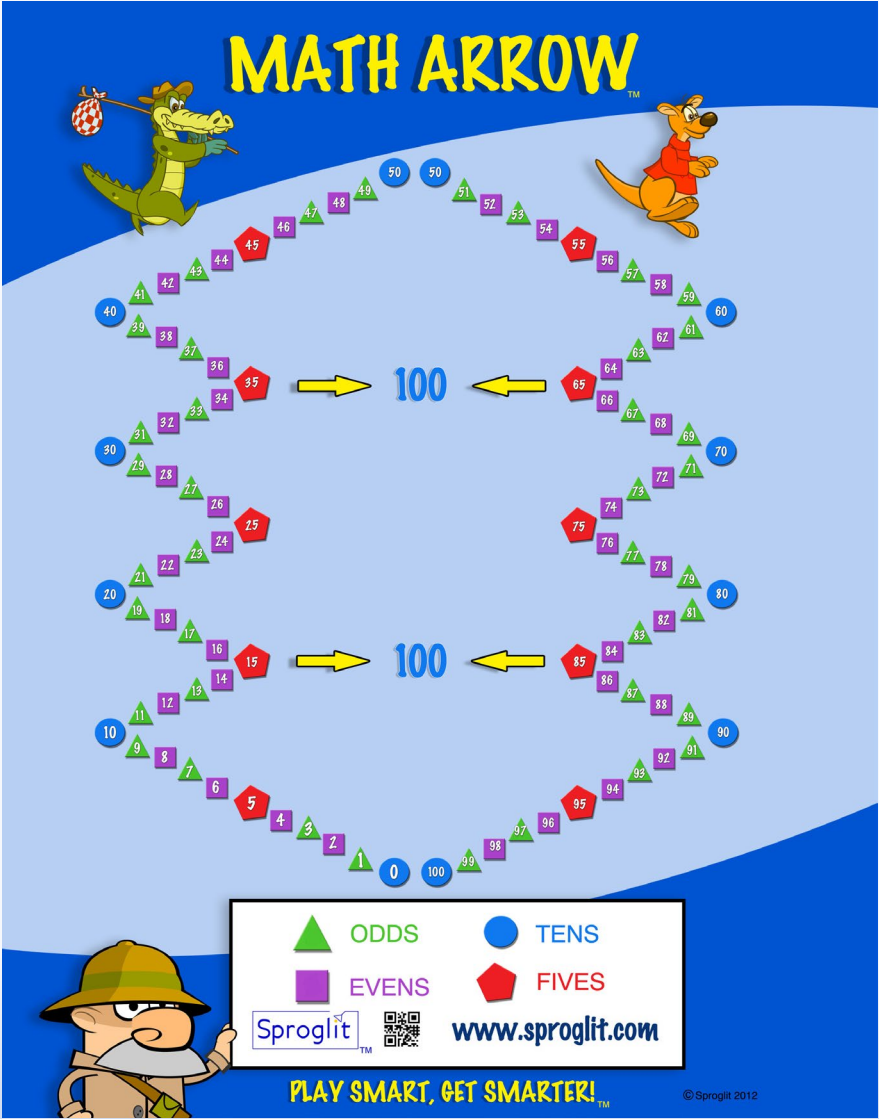
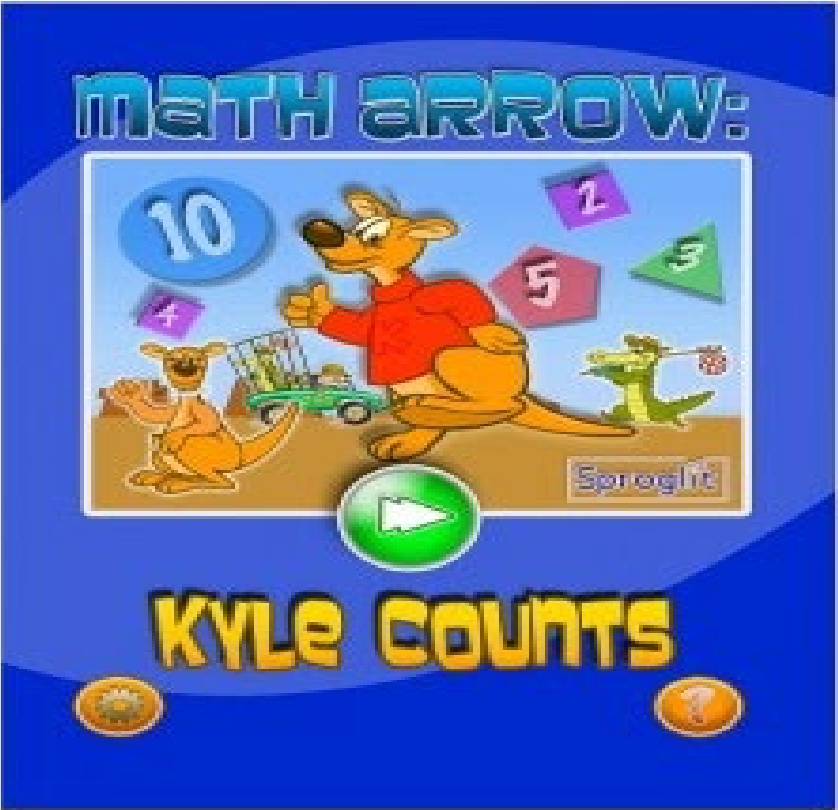


The Race for IQ Points

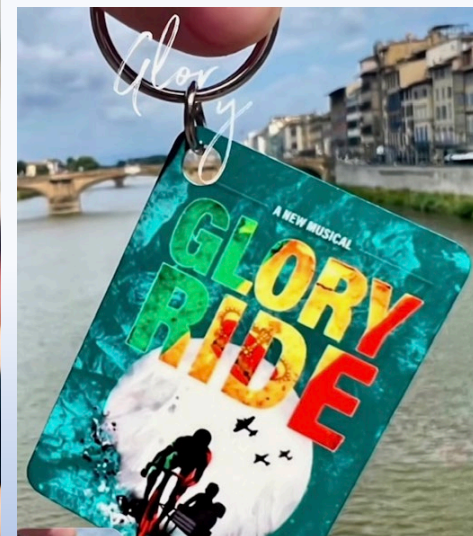
- | | | | |
|---------------|------|--------------------|------|
| • Stevedores | -17% | • Elect. Engineers | +28% |
| • Timber | -32% | • Med. Scientists | +33% |
| • Farm | -20% | • Architects | +44% |
| • Sewing | -50% | • Legal Assistants | +66% |
| • Typesetters | -62% | • Fin. Services | +78% |



Kids, Math & You!



Showbiz Merch



There's No Place Like Home: Calling Young People

- Appoint Ambassadors
 - Colleges stay in touch w alums (70% leave WY)
 - High school boosters
- Celebrate Trades! Parades!
 - More Choreographers?
- Great Guidance Counselors: job expos hands-on w tools
- Who's an Exporter? Kid in basement collecting fees



Watch Dr. Copper and Lumber

Copper Futures ▲ 3.7542 +0.0019 (+0.05%)



Lumber Futures ▼ 488.00 -6.50 (-1.31%)



iShares S&P GSCI Commodity-Indexed Trust

ADD TO WATCHLIST

CREATE AN ALERT

AFTER HOURS

\$20.49

▲ 0.34 1.69%

After Hours Volume: 52

Last Updated: Dec 15, 2023 6:52 p.m. EST
- Delayed quote

CLOSE

\$20.15

CHG

0.07

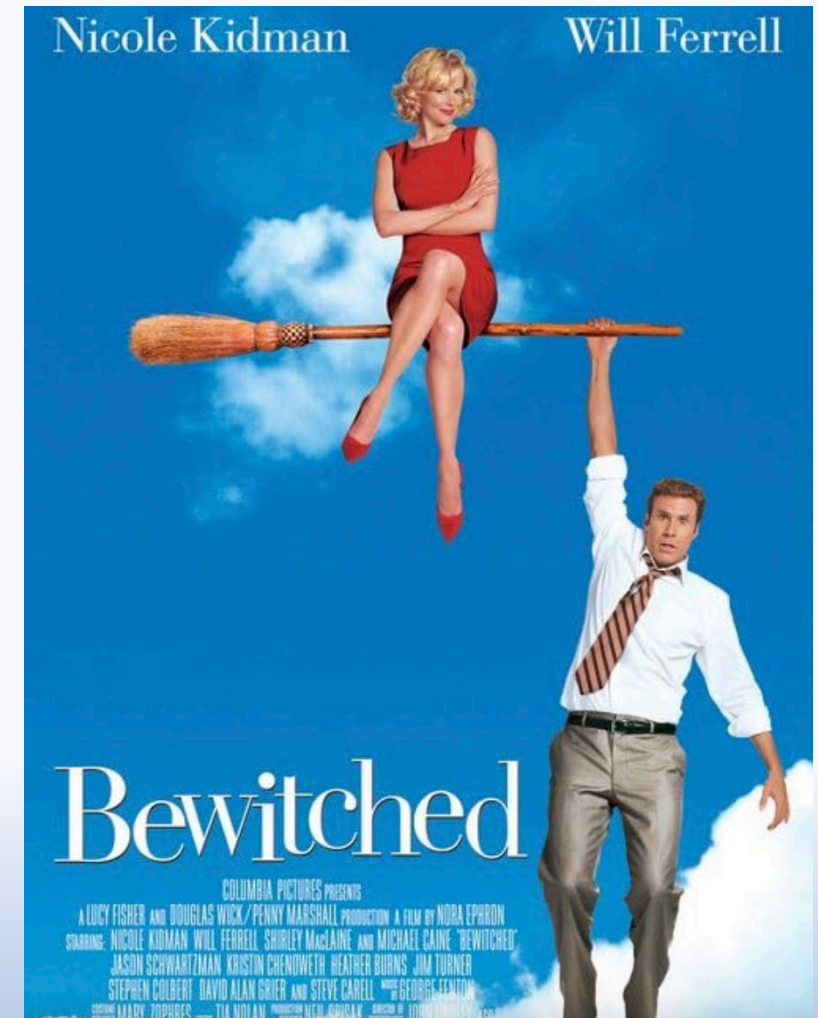
CHG %

0.35%



Fed Squeeze and Adverts

- Pivot to ads that stress cost-saving
- Discount retailers
- Shift to to store brands
 - Premium brands must spend more

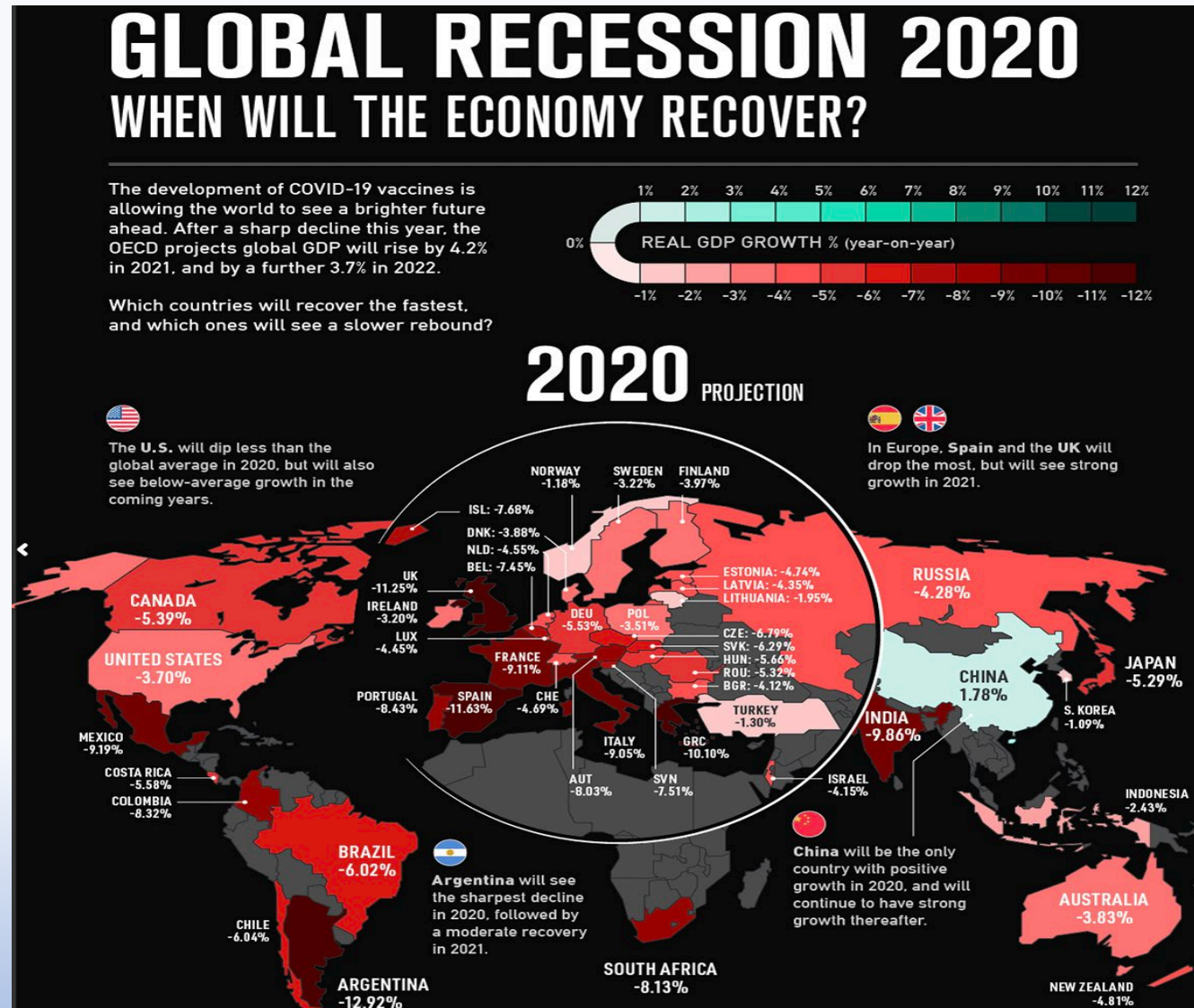


In tough times, BAP!

- Ad rates fall,
health/necessities should
pounce
- Borrow
 - low rates
- Acquire
 - lower p/e
- Poach
 - more talent



The Great Cessation!





- Ask not if the economy will prosper; ask how your clients can win regardless
 - “Value” and “cost-savings” in a slowdown
- Watch commodities, credit, changing tastes
- Inflation must behave! ROT
- Populism >> More Regulation, Slower Growth
- Stay in touch: @EconTodd

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