



...weekly since 1976

Your guide to understanding
today's economy and
financial markets

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Happy Talk

Written by Jeff Thredgold, CSP, President, Thredgold Economic Associates

While involved this week in a Washington, DC and Baltimore book tour promoting my new book, *econAmerica*, I thought an update of “Happy Talk” was timely. Keep some of these items in mind as the financial world continues to shake, rattle, and roll.

The “dismal science” of economics typically focuses on “bad” news. In addition, the national media’s spin on the economy is so negative that nearly 40% of all Americans think the U.S. economy is in recession. We do face major challenges. However, there are many favorable developments taking place within the U.S. economy. This is our semi-annual update of “Happy Talk.” This *Tea Leaf* focuses ONLY on the “good” news...

- The nation’s jobless rate averaged 4.6% over the past 18 months, the lowest average in six years, and lower than average rates in the ’70s, ’80s, and ’90s
- For every dollar of U.S. economic output generated today, we burn less than half as much oil as 30 years ago
- The Congress now has 90 female members—the highest in history—with 16 in the Senate and 74 in the House
- Even as the national media talks of the “jobless” recovery, the American economy added nearly seven million net additional jobs during 2004 to 2006, and nearly one million more in 2007’s first seven months
- Donations to charitable causes set an all-time high in 2006, with a total of \$295 billion donated by individuals, foundations, and corporations. As a percentage of GDP, Americans gave twice as much as the next most charitable nation...England
- Some 68.6% of the 2.7 million “Class of ’05” high school graduates enrolled in colleges & universities, the highest ever
- Productivity of the average American worker rose an average of 2.6% annually during each of the past 10 years, the largest gains in 40 years. Rising productivity is a long-term key to higher standards of living
- The U.S. rate of home ownership reached 69% of households in recent quarters, the highest ever
- Median (half more, half less) family income now exceeds \$54,000 annually
- The upward “mobility” of the typical American remains the greatest in the world. Why? The U.S. economy “rewards” the combination of hard work and educational achievement more than ever before...and more than any other country in the world
- Women earned nearly 60% of all bachelor’s degrees awarded in recent years, versus 43% in 1970 and 24% in 1950. Women earned a similar share of master’s degrees
- Solid U.S. economic growth and incentive-based tax cuts of recent years have led government revenues to surge an average of 13% during each of the past three years, with strong revenue gains also flowing in to date in FY2007. The FY2007 deficit should fall below \$150 billion, a modest 1.1% of GDP, and the smallest in six years
- Average U.S. life expectancy has reached 78 years (men 75...women 80), the highest ever. This compares to 68 years in 1950 and 47 years in 1900
- Global economic growth should exceed 4.0% in 2007 (after inflation) for the fifth consecutive year, the first such occurrence since the early 1970s. Strong growth allows millions of people to rise above poverty
- Air pollution declined 25% over the past 30 years even as the population and the economy grew. Water quality also continues to improve. More progress will occur in coming years as companies see rising value in “going green”
- Overall illicit drug use among youths 12 to 17 has declined 19% since 2001

- The U.S. still accounts for roughly 40% of global research and development (R&D) spending
- During the early 1960s, the five-year survival rate from cancer was one in three. Today it is two in three...and continuing to climb
- American household net worth at year-end 2006 reached \$55.6 trillion, the highest ever, and three times the total of 18 years ago. Net worth—the difference between assets and liabilities—has risen for 17 consecutive quarters. Higher home and stock prices led the way
- The number of people who have quit smoking (46 million) now exceeds the number who still smoke (45 million)
- A record 29% of men have earned a bachelor's degree or higher, versus 26% of women, also a record. This compares to a combined 7.7% in 1960. A record 84.6% of adults over age 25 now have at least a high school diploma, versus 24.5% in 1940
- U.S. teen pregnancy and birth rates have plummeted to all-time lows. The reasons? More widespread use of birth control, more work opportunities, and more girls who “just say no”
- U.S. economic growth in real terms (after inflation) averaged a strong 3.2% annually during the past four years
- Educational achievement gaps between white students and Black & Hispanic students recently fell to the lowest levels ever, with all rising
- Flexible work schedules are now the norm for 43% of workers, up from 29% in 1992 and 13% in 1985. This allows greater flexibility for more people, especially those with children
- Despite the traditional shocks of aggressive Federal Reserve tightening and a tripling of energy prices, the Dow Jones average has set dozens of new all-time highs over the past 10 months
- Today's moms and dads, whether working or at home, are spending four to six hours more per week with their kids than did the previous generation
- The Consumer Price Index rose only 2.5% in 2006, the smallest increase in three years. Similar increases are expected in 2007 and 2008
- Roughly 30% of trash was recycled or composted in the latest year, versus 16% in 1990
- In 1967, only one family in 25 earned \$100,000 or more (inflation adjusted to 2005). Today, one in six families does. The share of families earning more than \$75,000 annually in real dollars has tripled from 9% to 27%, while the share of families earning between \$5,000 and \$50,000 in real dollars has fallen by 19% since 1967
- Seat belt usage by Americans was at 81% in 2006, versus 49% in 1990 and 14% in 1983
- Women now hold nearly 15% of board of director seats at Fortune 500 companies, up from 9.6% in 1995
- The rate of auto-related injury per mile traveled in 2005 was the lowest since the Interstate Freeway System was built 50 years ago
- Corporate profits now represent more than 12% of national income, up from 7% in 2001, and the highest since recordkeeping began in 1947. Strong corporate earnings are the backbone of rising stock prices
- Violent crime overall is down 55% since 1993, with violence by teens down 71%. School violence has declined by half from a decade ago
- Children's deaths from unintentional injury have dropped by almost 40% since 1987. Bicycle deaths fell 60%, while firearms-related deaths fell 72%
- Alcohol-related traffic fatalities in the most recently reported year dropped by more than half versus 20 years ago
- The number of abortions performed in this country has declined by one-third since 1990 and is now at a record low
- The U.S. role of dominance in the global economy in recent years has been as clear-cut as at any time since the 1950s

“TEA”ser

Why is the alphabet in that order? Is it because of that song?

—Scott Friedman, CSP

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