



...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

The “dismal science” of economics typically focuses on “bad” news. However, there are many favorable developments taking place within the U.S. economy. We do face major challenges...no question. Recessionary pressures are intense...no argument here. This is our semi-annual update of “Happy Talk.” This *Tea Leaf* focuses ONLY on the “good” news...

- U.S. exports to the world of goods and services are at record levels
- A year-end 2007 Gallup Poll noted that “more than 8 in 10 Americans say they are satisfied with their personal lives at this time, including a solid majority who say they are ‘very satisfied.’”
- During the early 1960s, the five-year survival rate from cancer for Americans was one in three. Today it is two in three...continuing to climb...and the highest in the world
- For every dollar of U.S. economic output generated today, we burn less than half as much oil as 30 years ago
- 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
- Alcohol-related traffic fatalities in the most recently reported year dropped by more than half versus 20 years ago
- The nation’s jobless rate averaged 4.6% in both 2006 and 2007, the lowest average in six years, and lower than average rates in the ’70s, ’80s, and ’90s
- The number of people who have quit smoking (46 million) now exceeds the number who still smoke (45 million)
- The American economy added nearly seven million net additional jobs during 2004 to 2006, and added more than 1.1 million in 2007
- The sharp decline last week in the 10-Year U.S. Treasury Note yield from around 3.85% to 3.53% should lead mortgage rates lower in coming days
- Substantiated cases of childhood sexual abuse have fallen 49% since 1990. Physical abuse of children is down by 43%
- U.S. corporations hold an estimated \$611 billion in cash on their balance sheets, a “tool” to help lessen the chance of, or minimize the impact of, a recession
- More than three million girls participated in high school sports last year, part of a record 7.3 million total participants
- The Federal Reserve is expected to reduce its key short-term interest rate for a sixth time no later than March 18, with another cut possible in April. Debt costs for millions of Americans will decline as a result
- Donations to charity 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 U.S. worker rose an average of 2.6% annually during 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 69.2% of households in recent quarters, the highest ever, before declining slightly
- 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 have led government revenues to surge impressively during each of the past four years
- Average U.S. life expectancy has reached 78 years (men 75...women 80), the highest ever. This compares to 76 years in 1995, 68 years in 1950, and 47 years in 1900
- Global economic growth should exceed 4.0% in 2008 (after inflation) for the sixth consecutive year, a development not seen in generations. Strong growth allows millions to rise above poverty
- Children's deaths from unintentional injury have dropped by almost 40% since 1987. Bicycle deaths fell 60%, while firearms-related deaths fell 72%
- 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"
- Median (half more, half less) family income now exceeds \$54,000 annually
- Illicit drug use among U.S. teenagers hit a five-year low of 9.8% in 2006, down 16% since 2002
- The U.S. still accounts for roughly 40% of global research and development (R&D) spending
- The Congress now has 90 female members—the highest in history—with 16 in the Senate and 74 in the House
- American household net worth in 2007's third quarter reached \$58.6 trillion, the highest ever, and three times the total of 18 years ago. Net worth—the difference between assets and liabilities—has risen for 19 consecutive quarters. The measure included much of the recent weakness in housing values
- 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 plummeted to all-time lows in recent years, before a slight rise in 2006. The reasons? More widespread use of birth control, more work opportunities, and more girls who "just say no"
- 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
- The Consumer Price Index has risen an average of 2.7% annually since 1992
- 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
- 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
- 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”sers

Actually heard in a courtroom:

-All your responses must be oral, OK? What school did you go to?
-Oral.

-Was it you or your younger brother who was killed in the war?

—from *Disorder in the Court: Great Fractured Moments in Courtroom History* by Charles M. Sevilla



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