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Your guide to understanding
today's economy and
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Happy Talk

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The “dismal science” of economics typically focuses on “bad” news. We clearly face significant challenges...no argument here. However, there are also 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 middle and lower-middle class had stronger income gains in 2007 than did the top one-fifth of households
- For every dollar of U.S. economic output generated today, we burn less than half as much oil as 30 years ago
- The number of illegal immigrants in the U.S. declined by an estimated 1.3 million (to 11.2 million) between August 2007 and May 2008. Stronger enforcement and fewer job opportunities contributed to the decline
- Keep this in mind during the election campaign...the Bush tax cuts led to an enormous surge in overall tax revenues in recent years. In addition, the top 1% of income earners paid 40% of all income taxes in 2006, the highest share in at least 40 years
- Overall violent crime declined 1.4% in 2007 versus the prior year
- Donations to charity set an all-time high in 2007, with more than \$300 billion donated by individuals, foundations, and corporations. As a percentage of GDP, Americans gave twice as much as the next most charitable nation...England
- 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
- American household net worth at year-end 2007 was \$57.7 trillion, near the highest ever, and three times the total of 18 years ago. Net worth—the difference between assets and liabilities—had risen for 19 consecutive quarters before declining during 2007's fourth quarter
- The number of people who have quit smoking (46 million) now exceeds the number who still smoke (45 million). Roughly 21% of adults smoke today, versus nearly half in the early 1950s
- Men's contribution to housework has doubled over the past 40 years, while their time spent on child care has tripled
- Seat belt usage by Americans was at 82% in 2007, versus 49% in 1990 and 14% in 1983
- 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
- U.S. exports to China have risen roughly 24% per year since 2001, making China the fastest growing market for U.S. goods
- 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”
- Children's deaths from unintentional injury have dropped by almost 40% since 1987. Bicycle deaths fell 60%, while firearms-related deaths fell 72%
- Toyota has developed a new fuel cell hybrid car that can travel more than twice the distance of its predecessor model
- For the second time in two decades, the U.S. airline industry did not have a passenger fatality or major accident last year
- U.S. exports of goods and services to the world are at record levels
- Police officer deaths during 2008's first six months were the lowest in 43 years
- 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’”
- Alcohol-related traffic fatalities in the most recently reported year dropped by more than half versus 20 years ago

- The number of homeless people declined by an estimated 12% between 2005 and 2007, with an even larger decline in those who are chronically homeless
- 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
- Traffic deaths per 100 million miles traveled last year were the lowest on record
- The number of people without health insurance declined by 1.3 million to 45.7 million in 2007 versus the prior year
- Childhood obesity, which rose sharply over the past two decades, appears to have stabilized
- The American economy added eight million net additional jobs between 2004 and 2007. Job losses averaging 66,000 monthly in 2008, while painful, are 64% fewer than average monthly losses during the 2001 recession
- Substantiated cases of childhood sexual abuse have fallen 49% since 1990. Physical abuse of children is down by 43%
- More than three million girls participated in high school sports last year, part of a record 7.3 million total participants
- The Federal Reserve aggressively reduced its key short-term interest rate seven times during the past year. One result? Interest costs for millions of Americans have declined
- Some 68.6% of the 2.7 million "Class of '05" high school graduates enrolled in colleges and universities, the highest ever
- 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. 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
- Median (half more, half less) household income rose 1.3% after inflation to \$50,233 in 2007 versus the prior year
- 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
- 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
- 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
- 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 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

Don't worry about avoiding temptation as you grow older. It will avoid you.

—Winston Churchill



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