Clemson expert: Economy 'finally on its legs and walking'

Yandle predicts next recession in 2018

BY STEVEN BRADLEY
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SENECA — Bruce Yandle stopped for coffee at an Oconee County gas station Thursday morning and saw what he considered a beautiful sight: a line of pickup trucks at the pumps.

The former presidential economist and dean emeritus of Clemson University's College of Business and Behavioral Science was on his way to a monthly business forum hosted by the Oconee Economic Alliance, where he delivered a message that the U.S. economy is "finally on its legs and walking at a pretty normal pace."

Yandle said he viewed the people filling up their trucks on the way to work as symbolic of the county's economic recovery.


Yandle

"They're out there hanging drywall and putting in air conditioners," he said. "They are roofers, they are carpenters, they are framing houses. ... It's trucks and truck sales that give us an indication that our economy is producing things and producing wealth again and spreading it around."

A recent rise in the sale of light trucks in America was one of a number of factors Yandle pointed to during his lecture, which predicted the country's economy would continue to grow through 2017 before an expected "typical" recession in 2018.

"But that's a long way off," he said. "Let's celebrate the good times we have right now."

As evidence of the currently strong economy, Yandle pointed to data that showed growth in the real gross domestic product — an inflation-adjusted measure of the value

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of goods and services produced — for the last two quarters of 4.6 and 3.9 percent, respectively, which he said is above the long-term 3.14 percent average of real GDP growth for the nation.

Yandle predicted the final quarter of this year would be weaker than the two previous, but would still be above the long-term average, and said next year's projections were being raised as well because of the declining price of oil and energy.

While Yandle maintained the near future of the U.S. economy is strong, it has gone into a recession on average every 54 months since World War II, and has already passed that mark since the recent growth period began after the 2007-08 recession.

"So we're running on borrowed time — in terms of those numbers," Yandle said. "Our economy — when it's tripping along at a pretty good pace and then begins to weaken — unlike people, it doesn't die of old age; it dies of an axe murder. It gets hit in the head by the federal reserve board."

Yandle said the central bank would "always" be the culprit for slowing the economy — though there are other circumstances, such as 9/11, that could occur — because of the fear of inflation.

"So my expectation is those concerns will begin to show up in 2018, maybe 2019," he said.

Signs of economic growth have been plenty evident in Oconee recently, as two projects were on the agenda at the Dec. 2 meeting of county council — Michelin North America at the Golden Corner Commerce Park and Casto Southeast's mixed-use development in eastern Oconee — that would mean up to $280 million and 470 jobs to the county.

Oconee Economic Alliance director Richard Blackwell agreed with Yandle's message that the economy is currently strong and said it was evident inside Oconee's borders.

"You see it on Main Street, you see it in the retail expansion and the construction, you see more subdivisions," he said. "So, we are blessed here in Oconee County. The economy, it's not perfect, it's not where we want it to be, but it's certainly better than it used to be."

With Yandle's prediction of a recession looming in 2018, Blackwell said it was important to take advantage of the current period of economic strength.

"We want to get all the expansions and new companies here that we can, so that we can survive those darker months," Blackwell said. "But the good news is right now the economy is improving here in Oconee County, and we hope that trend continues."

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