

# Expert says 3 'bears' threatening 'Goldilocks' economy

BY JASON EVANS  
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**EASLEY**—According to retired Clemson University economist Bruce Yandle, the U.S. is currently enjoying a "Goldilocks economy."

"Everything is just right," he said.

Yandle, dean emeritus of Clemson University's College of Business and Behavioral Science, gave

his annual "State of the Economy" address at a Greater Easley Chamber of Commerce luncheon this week.

"We have a lot to celebrate," Yandle said.

During his address last year, he called the nation's economy "a

sleepwalking economy."

Gross domestic product (GDP) growth had been "tripping along now for several years" at just more than 2 percent.

"Sleepwalking," Yandle said.

After last year's address, he said the economy "woke up."

"We began to break 3 percent growth in real GDP," Yandle said.

"Gee whiz, we broke 4 percent."

Unemployment is low, he added.

"There are more job openings in our economy than there are unem-

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ployed people — one of the rare times in our history," Yandle said. "Trying to find people is the chief challenge."

The nation also saw growth in per capita GDP.

"That means the average person is getting better off," Yandle said. "That means better health, better housing, better food, nutrition, better education."

He asked his audience to remember what happened at the end of the Goldilocks story.

"The three bears came home, scared the hell out of Goldilocks," Yandle said.

He added that the economy's three "bears" are accelerating trade wars, the recent interest rate hike by the Federal Reserve Board and the government shutdown.

"These are the three bears that came in December," Yandle said. "These three bears rally in unison, take the edge off GDP growth and they cause a lot of people to get nervous."

Signs of economic uncertainty include moving to cash from equities, hiring temp employees instead of permanent ones, additional surcharges on products and offering bonuses or increased fringe benefits instead of raises.

"When uncertainty goes up for an extended period of time, unemployment goes up," Yandle said. "These are some of the things we see going on in our economy."

He said the Upstate's economy is international, "much more so than the nation."

In terms of the share of the workforce employed in firms that export prod-

ucts, the two Carolinas are "the most international states east of the Mississippi."

China is the No. 1 destination for goods produced in South Carolina, he said.

"So when our leadership kicks China in the shins, I hope they have on soft-toed shoes, because those are the people who buy our products," Yandle said.

Due to the trade wars, exports coming out of the Port of Charleston have already dropped.

He said the federal government's recent 35-day shutdown will probably cause the GDP growth rate to lose 0.2 percent, he said.

"We lost about \$13 billion in economic activity as a result of the shutdown," Yandle said. "It's what we can't measure that I think is probably more important."

## ground this year'

That includes EPA permits needed for construction not being issued, late patents, delayed mergers, trial runs of new cancer drugs being put off and canceled vacations nationwide, he said.

He said the economy has moved from "levitating" to hesitating.

There is a speed limit to the economy, Yandle said.

"The economy can never run faster than growth in the number of people who go to work every day and their productivity," he said.

There's "very weak growth in the workforce now," Yandle said. "The Baby Boomers are retiring. That next generation is small, so we have very

weak growth in the labor force on average for the nation."

He said productivity is also not growing very fast.

TD Economics recently estimated that GDP growth will be 2.3 percent for 2019 and 1.7 percent in 2020.

That's almost "dead on" in line with the Congressional Budget Office's recent estimate, Yandle said.

"Will there be a recession?" Yandle said. "There is not a recession in that data for this year, and I don't think we will see one this year, based on the data I examine. I think we're on safe ground this year. We will be slower."

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