

Economic Outlook for 2009:  
How Much is a Trillion Dollars  
?

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Real Estate Center  
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Economic Outlook for 2009:  
How Much is a Trillion Dollars  
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There are about 300 million  
people in the US.

So there are about 116 million  
Households in the US.



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Economic Outlook for 2009:  
How Much is a Trillion Dollars  
?

$$\frac{\$1,000,000,000,000}{160,000,000}$$

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\$8,620  
per American household



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Economic Outlook for 2009:  
How Much is a Trillion Dollars  
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The United States of America has  
been a country for 233 years

(or 85,045 days)



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Economic Outlook for 2009:  
How Much is a Trillion Dollars  
?

$$\frac{\$1,000,000,000,000}{85,045} = \$11.7 \text{ million}$$

The US government would have to spend  
\$11.7 million dollars a day  
for each day since the country was founded  
to reach just \$1 trillion.



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Economic Outlook for 2009:  
How Much is a Trillion Dollars  
?

If Americans worked every day of  
the year for 8 hours per day  
and earned \$20 per hour  
And paid 100% income tax

How many Americans would it take  
to pay back \$1 trillion ?



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Economic Outlook for 2009:  
**How Much is a Trillion Dollars**  
 ?

$$\frac{\$1,000,000,000,000}{(\$20 \times 365 \times 8)}$$

$$=$$

$$17,123,287$$

It would take 17 million workers,  
 who work every day of the year at  
 \$20 per hour to pay back \$1 Trillion




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**Recessions and Employment**

Jobs Peak	Jobs Lost	% Jobs Lost	Months of Decline	Max Rate Unemployment
Nov-43	4.3 million	10.1 %	22 months	
Sep-48	2.3 million	5.2 %	12 months	7.9%
Apr-57	2.3 million	4.4 %	14 months	7.5%
Jul-74	2.1 million	2.8 %	9 months	9.0%
Jul-81	2.8 million	3.1 %	16 months	10.8%
Jun-90	1.6 million	1.5 %	11 months	7.8%
Feb-01	2.7 million	2.0 %	29 months	6.3%
Dec-07	2.6 million	1.9%	12 months	7.2%




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**Composition of the US Economy**

- 71.2% Consumer Spending
- 13.9% Business Investment
- 20.1% Government Spending
- 5.2% Net Exports




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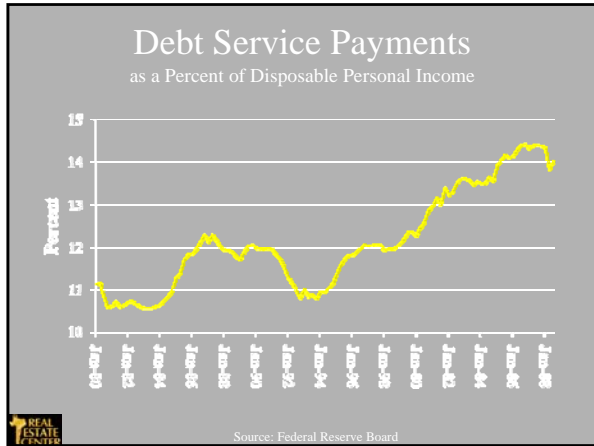
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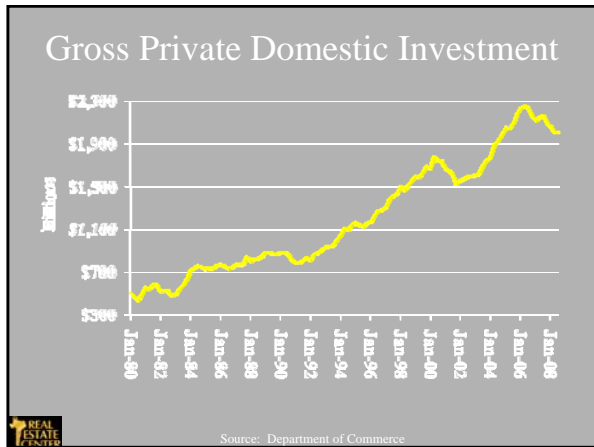
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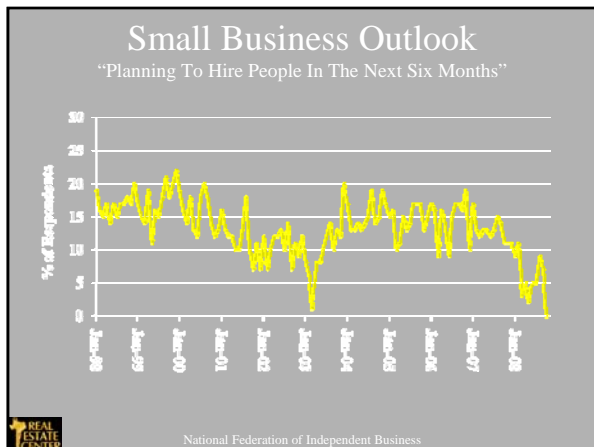
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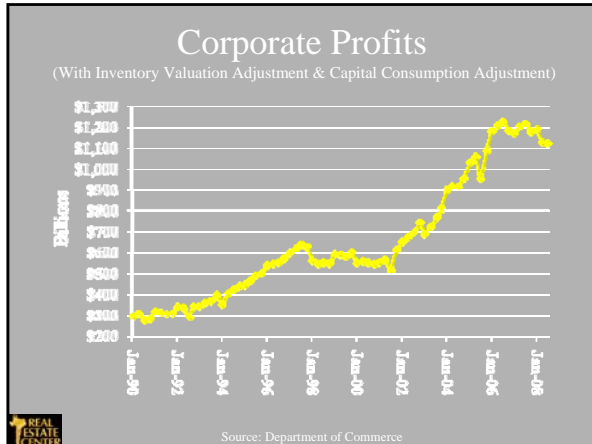
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### American businesses and investors listening to campaign threats in 2007 and 2008

Business owners and investors take the risks to provide goods and services that people want.

Government takes money from some and gives money to others. It doesn't generate revenue.

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### Investor Concerns

- Raise Capital Gains Rate
- Raise Income Tax Rates
- Print Too Much Money
- Destroy the Value of Savings
- Government Picks Winners
- Government Picks Losers
- No Longer Investing
- Just Speculating on Gov't

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## Business Concerns



- Raise Income Tax Rate
- Nationalize my industry
- Windfall profits tax
- Carbon tax
- Empower organized labor
- Excessive regulation
- Dictate what products I sell
- Dictate my compensation
- Dictate my advertising
- Dictate my travel



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## The Best Case Scenario

- Favorable corporate earnings 4Q09
- Stocks rise about six months prior to that
- Consumer confidence rises with stocks
- House prices/volume continue to fall
- Foreclosure pressure continues to be heavy
- Rising confidence bolsters spending habits
- More spending results in higher profits
- Employment stabilizes by next summer



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## The Worst Case Scenario

- No effective fiscal package gets passed
- Treasury and Fed continue to stumble
- Bad banks and businesses propped up
- No price discovery for mortgages
- CDS market doesn't get unwound
- Political indecision leads to threats in future
- Business / consumers "sit on their hands"
- Unemployment goes well over 10%
- Commodity deflation and price deflation



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