

ECONOMIC OUTLOOK: THE "MANDATED RECESSION," UNCHARTED TERRITORY, AND PERMANENT CHANGES TO THE ECONOMY

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THE ECONOMY WAS VERY GOOD PRIOR TO THE VIRUS

1. RECORD LENGTH OF ECONOMIC GROWTH
2. GROWTH RATE (REAL GDP) OF 2%
3. RISING REAL WAGES
4. 50-YEAR LOW UNEMPLOYMENT
5. LOW INFLATION
6. GAINS AT THE LOWER PART OF THE ECONOMIC LADDER

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TODAY'S RECESSION
CAUSED BY COVID-19

CONTAGIOUS
DEADLY
OUR WORST NIGHTMARE
BUT COULD HAVE BEEN
A FALSE ALARM

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TO CONTROL THE SPREAD,
HEALTH EXPERTS SAID
PERSONAL CONTACT MUST
BE LIMITED

RESULTS:

- * SHUTDOWN ORDERS
- * STAY-AT-HOME ORDERS
- * DEBATE OVER WHETHER
PEOPLE WOULD HAVE
DONE SO ANYWAY
- * THE "MANDATED" RECESSION



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POLLING QUESTION

- THE ORIGIN OF THE CURRENT RECESSION IS:
- A. THE FINANCIAL COLLAPSE OF BANKS
- B. THE INTERRUPTION OF INTERNATIONAL TRADE
- C. TAX CHANGES ADVERSELY IMPACTING BUSINESSES
- D. THE NEED TO LIMIT PERSONAL INTERACTIONS

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HOW BAD OF A RECESSION?

DEEP BUT SHORT

NEGATIVE GROWTH IN BOTH
FIRST AND SECOND QUARTERS

SECOND QUARTER:

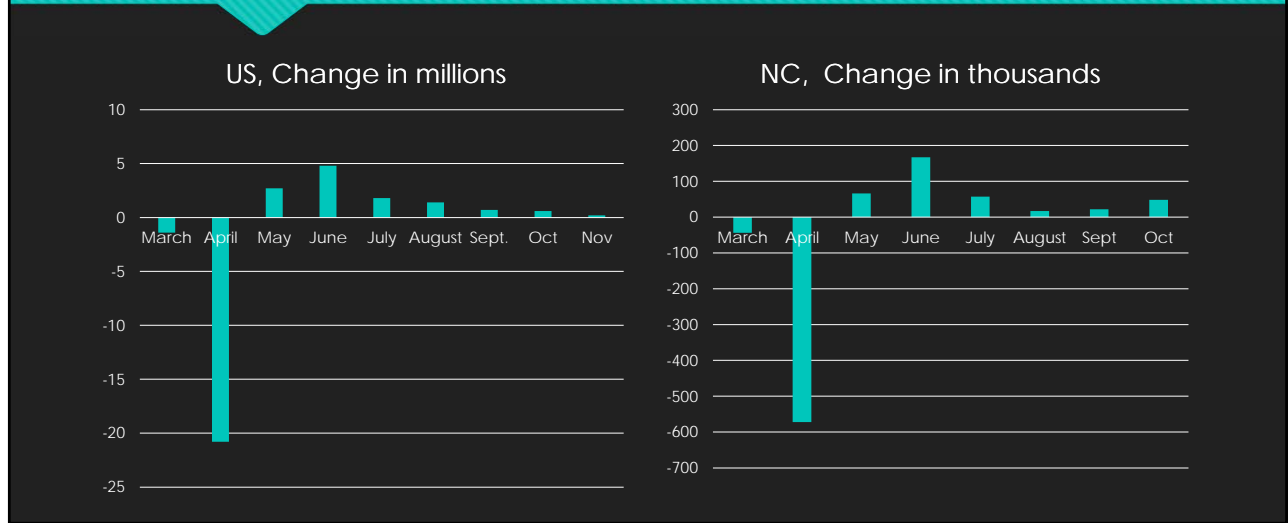
"ANNUALIZED": DOWN 32%

BUT "ACTUAL": DOWN 9%



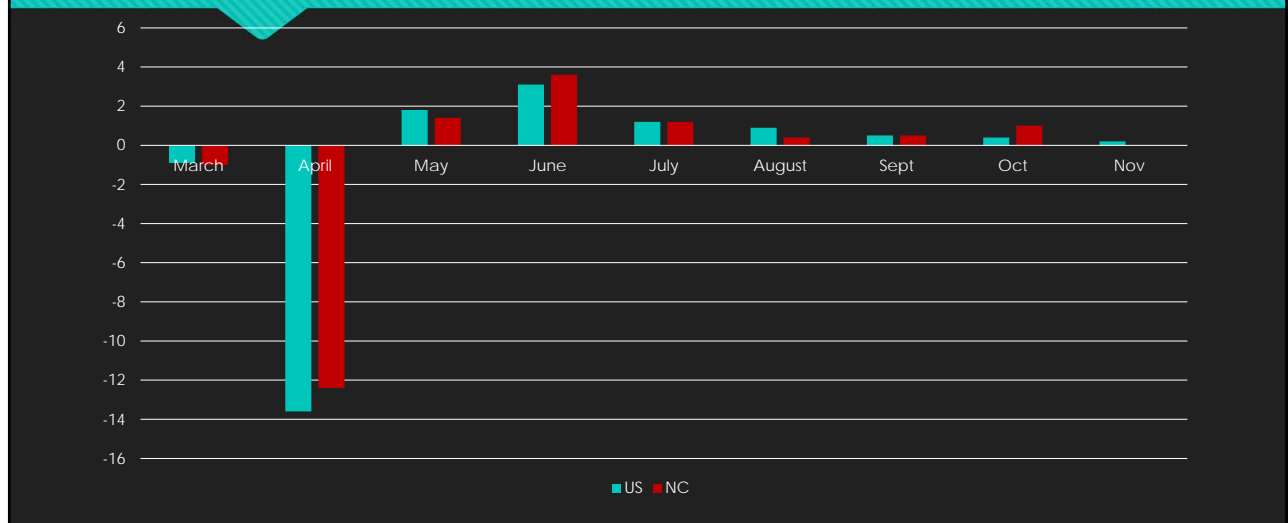
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MONTHLY CHANGE IN NON-FARM EMPLOYMENT, US & NC (seasonally-adjusted)

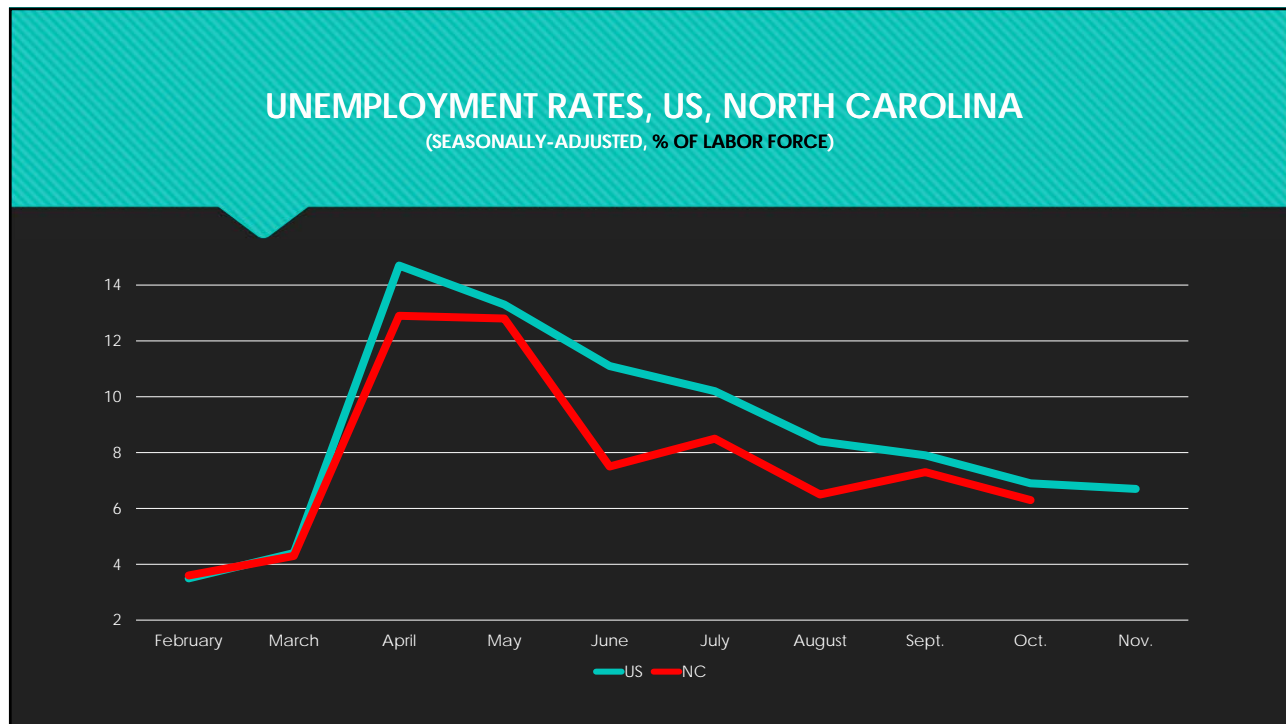


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MONTHLY CHANGE IN NON-FARM EMPLOYMENT, AS A PERCENT OF FEBRUARY TOTAL EMPLOYMENT, US & NC



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BUT IMPACTS HAVE VARIED BY ECONOMIC SECTOR

BIGGEST JOB LOSERS:
 HOSPITALITY AND LEISURE
 PERSONAL SERVICES

SMALLEST JOB LOSERS
 FINANCIAL SERVICES
 CONSTRUCTION
 GOVERNMENT

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POLLING QUESTION

- TO BE "OFFICIALLY" COUNTED AS UNEMPLOYED, AN INDIVIDUAL MUST:
- A. NOT HAVE A JOB
- B. WANT A JOB
- C. BE ACTIVELY LOOKING FOR A JOB
- D. ALL OF THE ABOVE

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THE FEDERAL RESPONSE: OVER \$3 TRILLION IN SPENDING

ALL BORROWED

\$39 BILLION TO NC

FUTURE ECONOMIC
GROWTH WILL BE LOWER

BUT ALTERNATIVE: LOSE
BIG PART OF ECONOMY

TODAY ←————— FUTURE

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THE FEDERAL
RESPONSE: FREE
MONEY AT 0% RATE

COMPLEMENTS OF THE FEDERAL RESERVE

WORRIES ABOUT:

- SPECULATION
- INFLATION

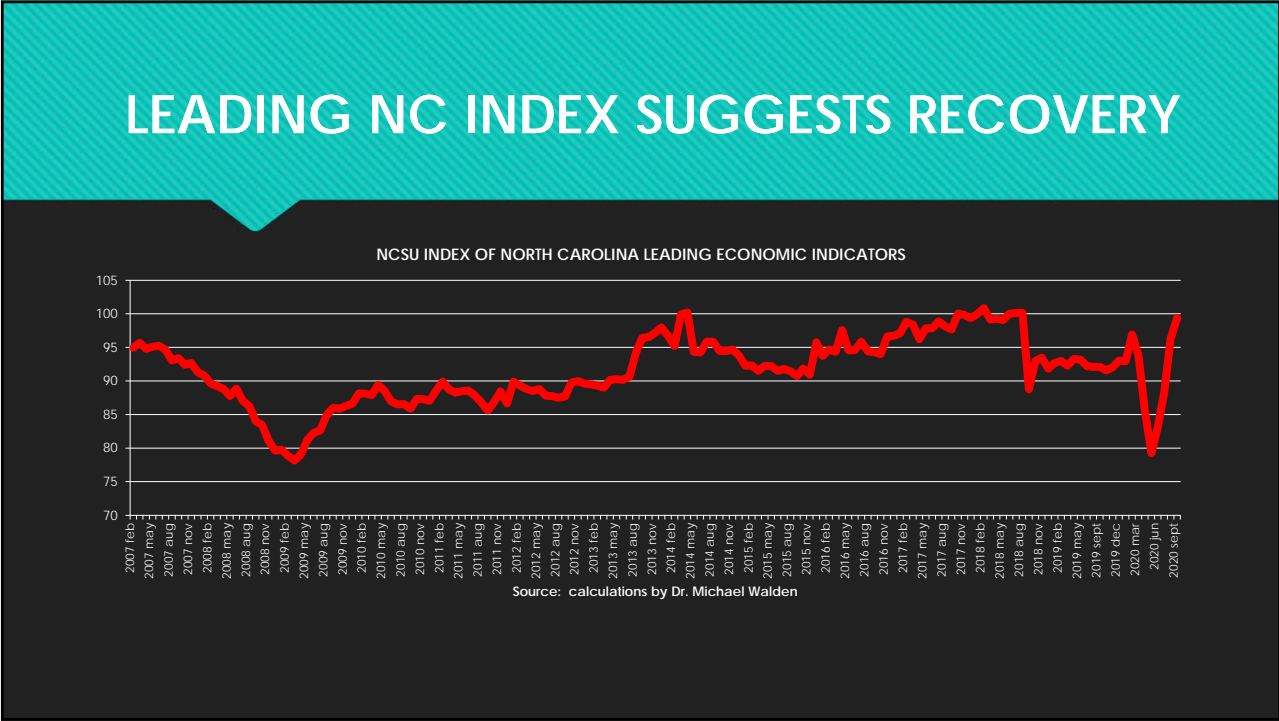
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STATE AND LOCAL
GOVERNMENTS ARE
LOSING REVENUES

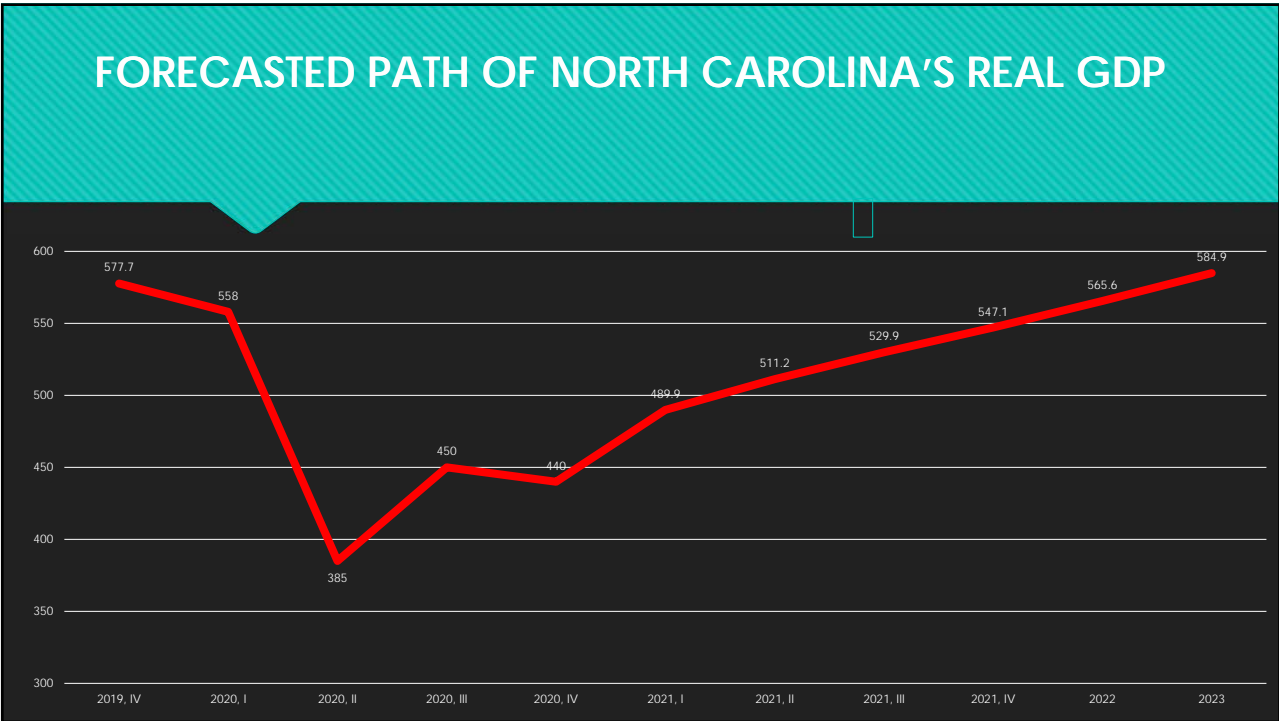
NC IN BETTER SHAPE THAN MOST STATES

OF THE \$39 BILLION OF FEDERAL MONEY
PROVIDED TO NC, ONLY \$1 BILLION WAS
DISCRETIONARY

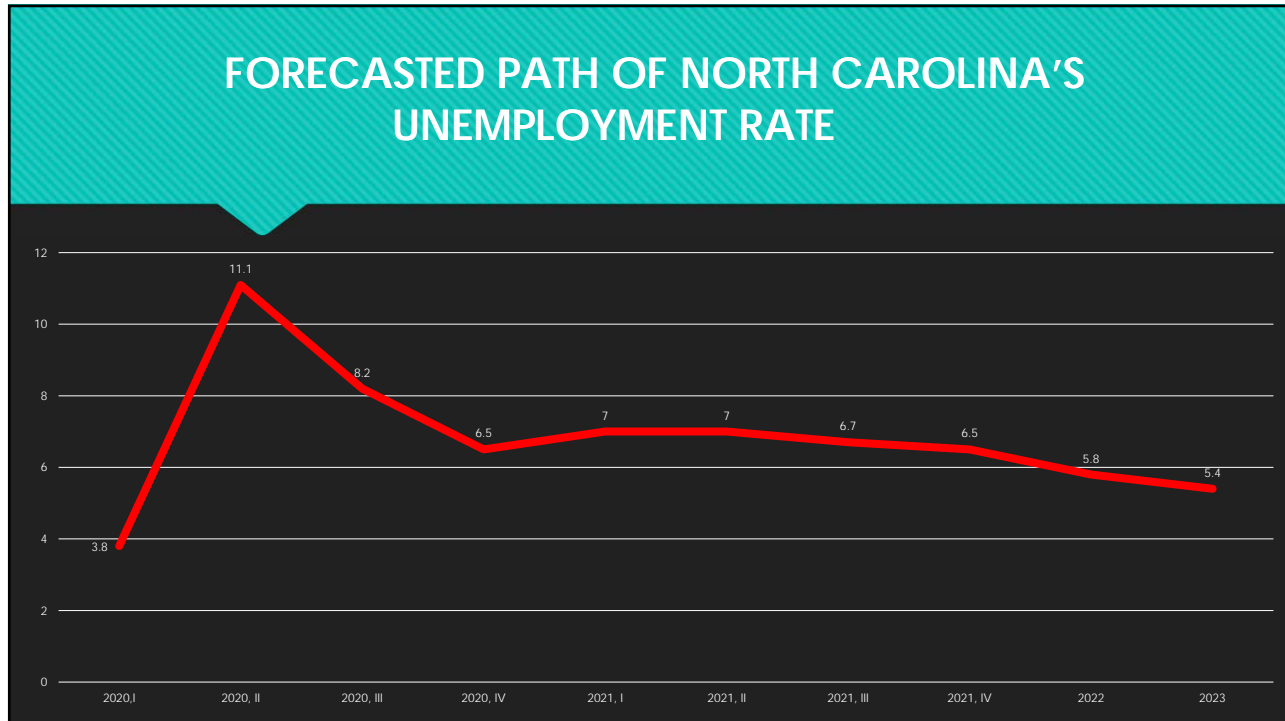
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**GLOBALIZATION
RE-CONSIDERED**

TO CONTAIN SPREAD OF VIRUSES

TO REDUCE RELIANCE ON FOREIGN SUPPLIERS OF KEY PRODUCTS – ESPECIALLY MEDICAL

TO PREVENT INTERRUPTIONS OF SUPPLY-CHAINS

WORLD TRADE TO BE CURTRAILED ?

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MORE LABOR MARKET DISRUPTION

TECHNOLOGICAL UNEMPLOYMENT

PANDEMIC HAS SPEEDED IT

NO WORRIES ABOUT SOCIAL
DISTANCING WITH MACHINES

ROBOTS IN FOOD PROCESSING PLANTS

HUMANS VERSUS MACHINES

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POLLING QUESTION

- CURRENT ECONOMIC FORECASTS FOR NORTH CAROLINA SUGGEST:
- A. ECONOMIC OUTPUT AND JOBS RECOVER AT THE SAME RATE
- B. ECONOMIC OUTPUT WILL RECOVER FASTER THAN JOBS
- C. ECONOMIC OUTPUT WILL RECOVER SLOWER THAN JOBS

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**BIG IMPLICATIONS
FOR EDUCATION**

MORE DIRECT JOB TRAINING
IN HIGH SCHOOL

MORE SHORT, TASK ORIENTED
TRAINING IN COLLEGES

FAST, FOCUSED, AFFORDABLE

**EDUCATION
RE-MADE**

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TELE-WORKING

8% PRE-VIRUS

40% NOW

NOT FOR EVERYONE, BUT SHARE
WILL RISE TO 50%

**WORK – HOME
BALANCE**

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**TELE-EDUCATION AND
TELE-MEDICINE**

TECHNOLOGY WILL
IMPROVE

INTERNET ACCESS
DELIVERED BY LOW-
ORBITING SATELLITES

COULD HELP WORK/LIFE
BALANCE

SERVICES ON-LINE

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**DRONE DELIVERY OF
PRODUCTS; INTERNET
DELIVERY OF SERVICES**

AVOIDS FACE TO FACE CONTACT

NEXT: 4D HOME MANUFACTURING

**IMPLICATIONS FOR
CONTROL OF THE SKIES**

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RECONSIDERATION OF RESIDENTIAL LOCATION

"DISTANCE IS DEAD"

PROXIMITY TO WORK,
SCHOOLS, SHOPPING NO
LONGER NEEDED

"NEW FARM LIFESTYLE" ON
CHEAPER LAND

WHERE IS HOME ?

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CONCLUSION

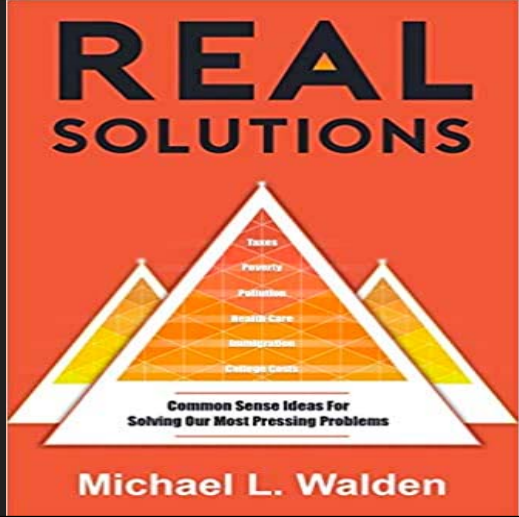
THE CORONAVIRUS PANDEMIC HAS CREATED PERMANENT PERSONAL AND ECONOMIC LOSSES ON THE WORLD

ALL THE MORE DIFFICULT BECAUSE IT HAS BEEN OVER 60 YEARS SINCE A SIMILAR OUTBREAK OCCURRED

LESSON: VIRUS PANDEMICS CAN STILL OCCUR - \$ SPENT IN PREDICTION AND PREVENTION HAVE A VERY HIGH RATE OF RETURN

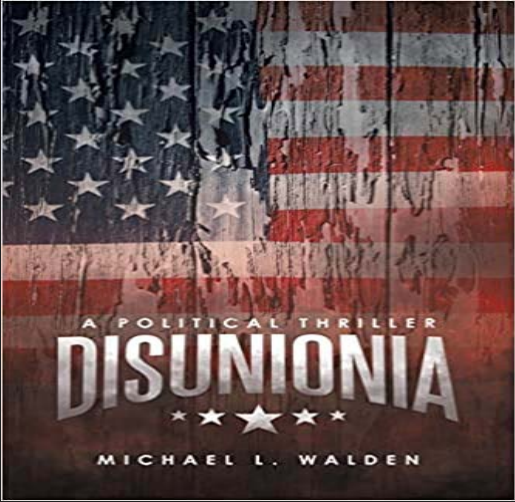
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"REAL SOLUTIONS" IS NOW AVAILABLE



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AND SO IS "DISUNIONIA"



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