

US Economic and Innovation Prospects: *Global Headwinds or Global Support?*

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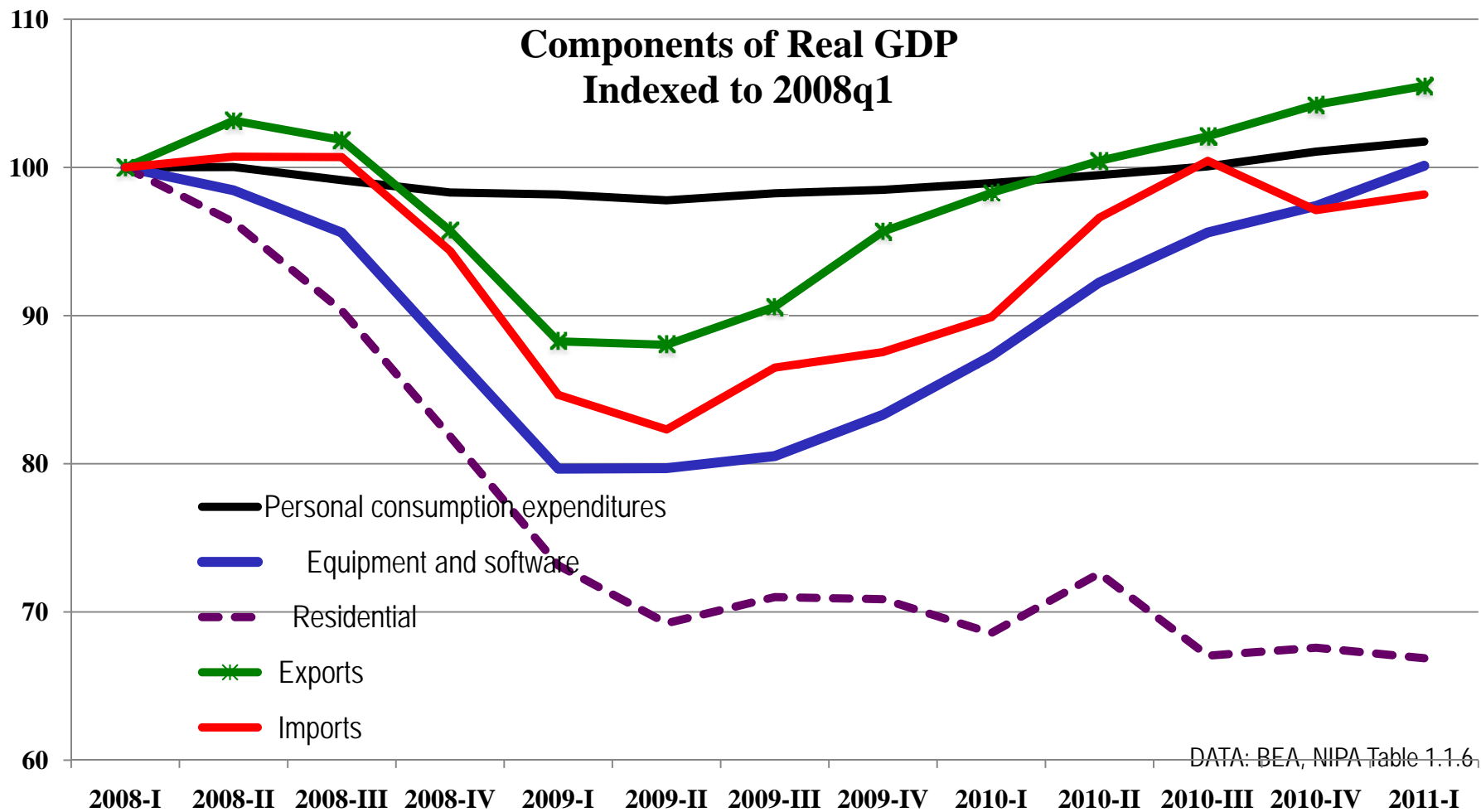
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AAAS Science and Technology Forum, May 2011

The State of the Recovery: *the global view*

- 1. What Components of GDP Lead?*
- 2. What Products and Geography in Trade?*

Real Exports Lead Economic Recovery

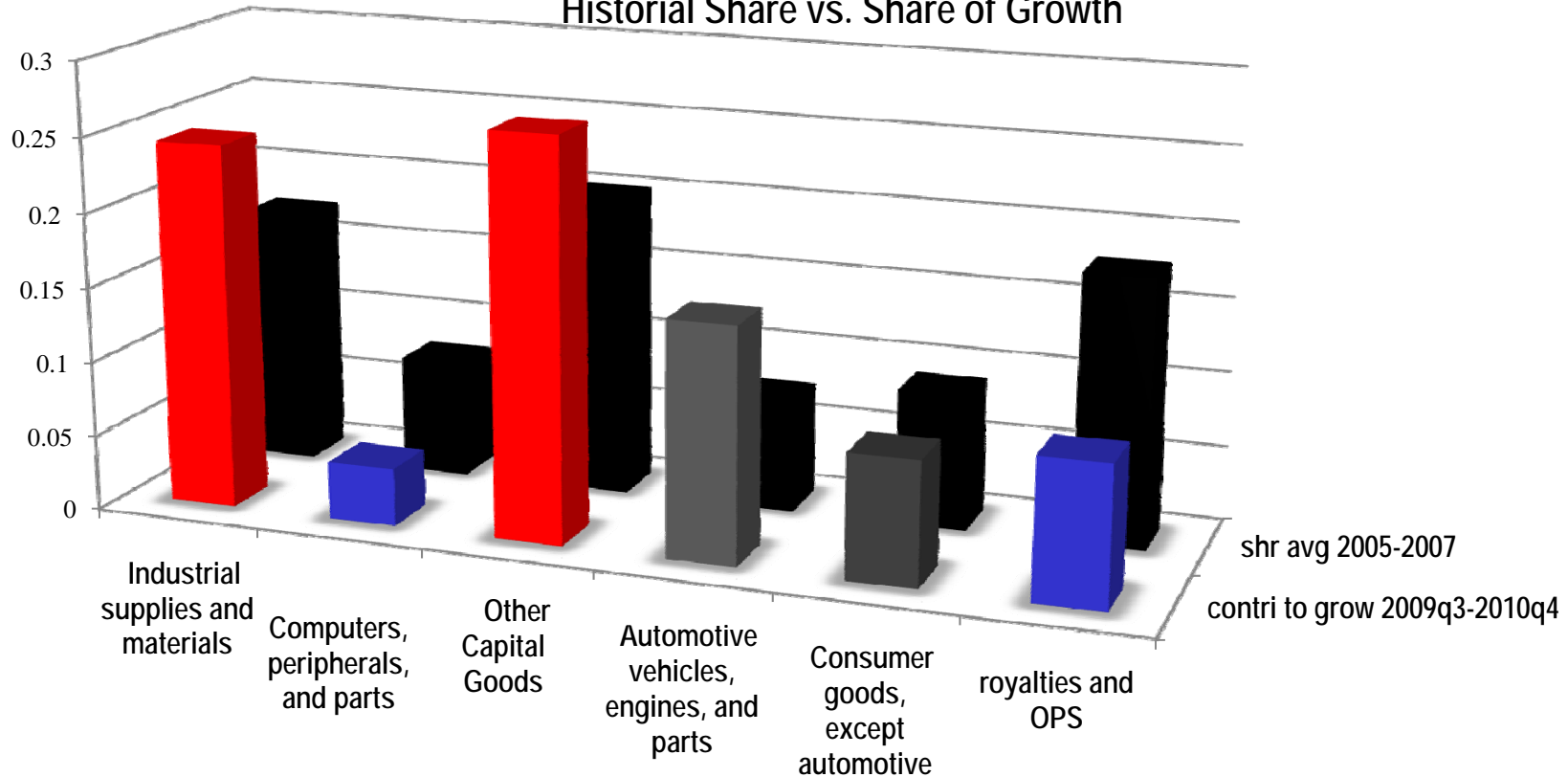


DATA: BEA, NIPA Table 1.1.6,

Real exports exceed 2008 peak +5%. Real imports near previous peak.
PCE and E&S fully recovered +1%; Structures dismal.

Strong Rebound: Industrial Supplies & Capital Goods

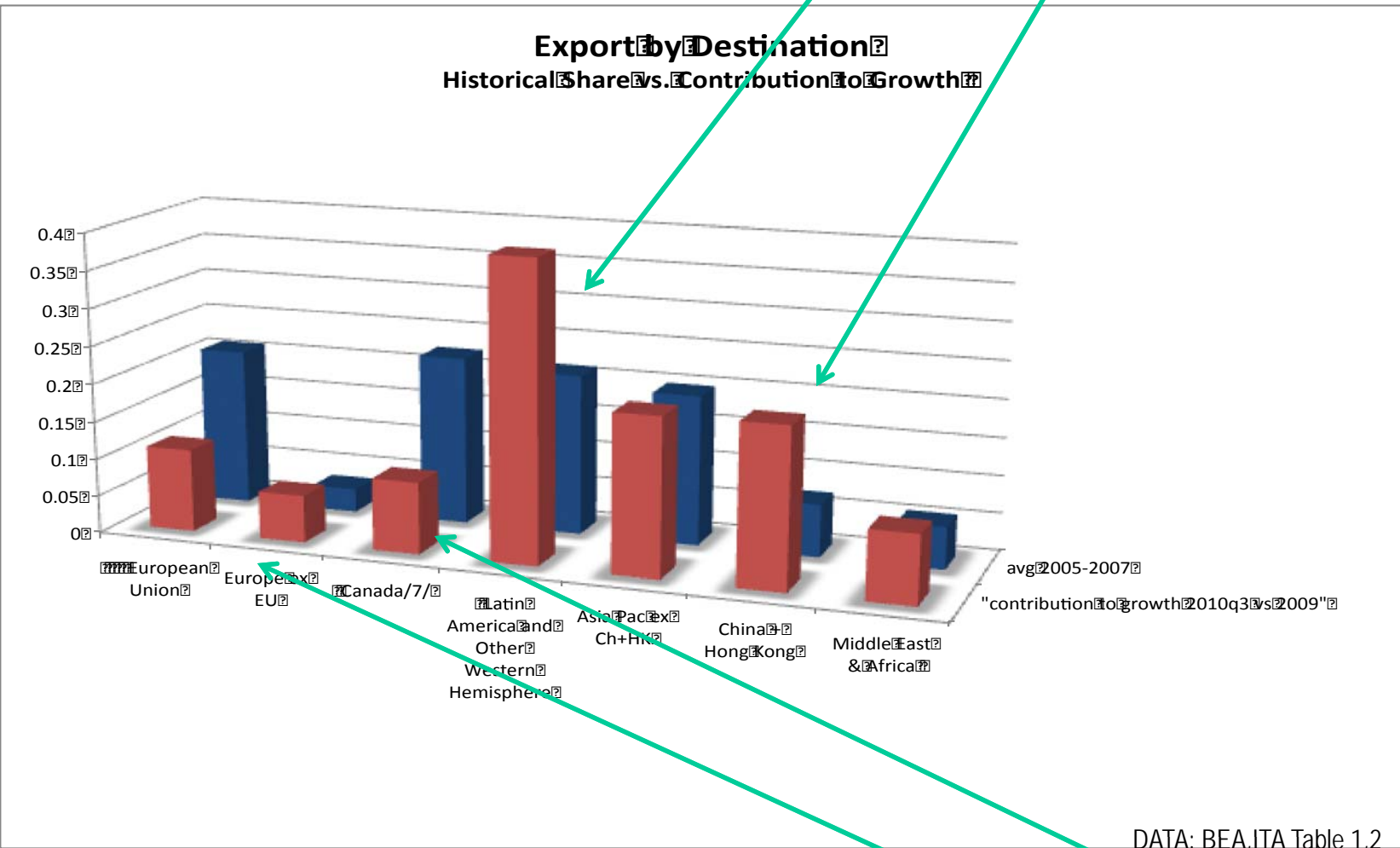
Real Export by Product
Historial Share vs. Share of Growth



DATA: BEA,NIPA 4.2.2/.4.2.6

Computers, Royalties, and Business Services Lag

Strong Rebound: LatAm, China



Large and traditional markets Europe, Canada lag

DATA: BEA,ITA Table 1,2

Who Exports?

- ~8500 firms account for 93% of exports
- 40% export 1 product to 1 country
- 12% export +5 products to +5 countries

***More Innovation :
More Firms, More Products, More Markets***

Sustaining the Recovery:

In the face of global crises, domestic issues

1. Set of global crises

2. US Fiscal Budget

The Anatomy of US Recessions:

	oil[?] prices	bank[?] problems	stock[?] market	sovereign[?] debt[?]	tight[?] money
1930s		X	X	X	X
1957-8					X
1973-5	X				X
1980	X				X
1991-2	X	X			
2001			X		
2008-9	X	X	X		

And the link to current global crises

Oil prices

- **MENA**
- **Japan**
- **Nuclear**

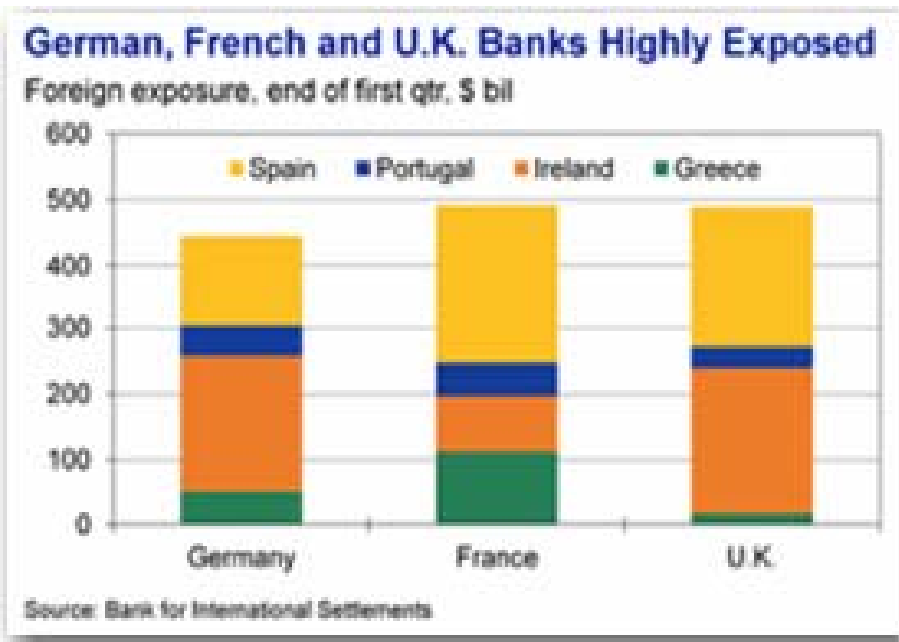


By Ben Rooney, staff reporter March 9, 2011: 4:13 PM ET CNNMoney.com

<http://oil-price.net/dashboard.php?lang=en>

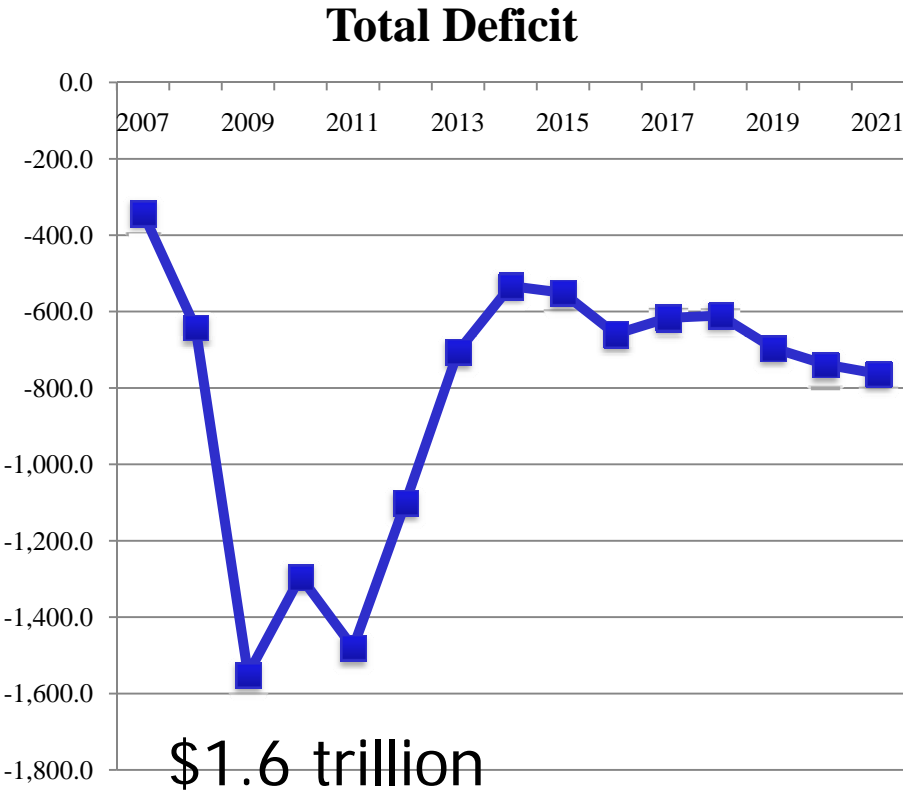
Bank Problems Home and Abroad

- Europe -- PIIGs

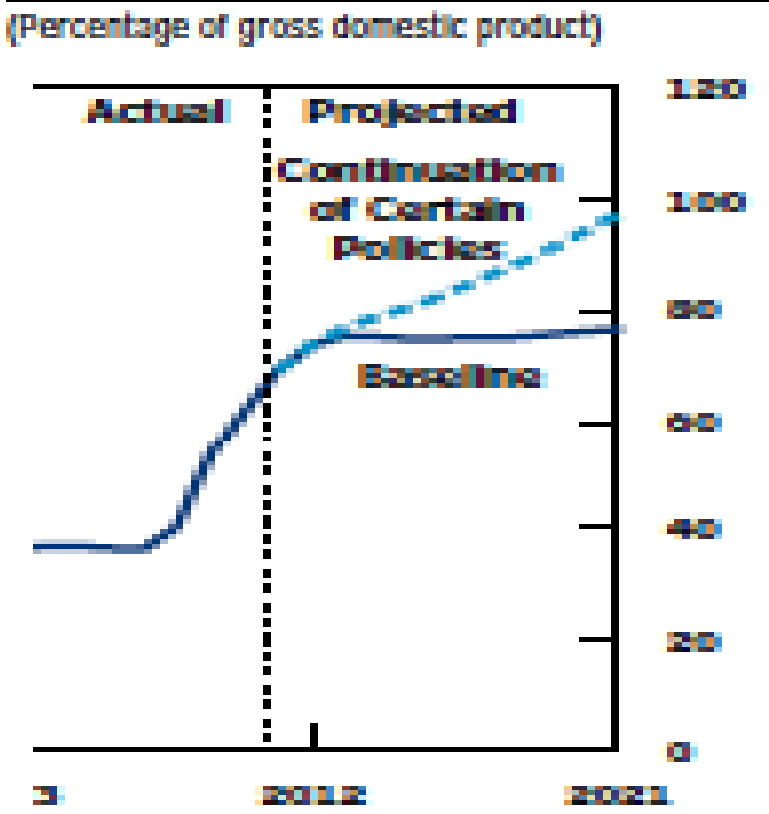


- Japan – Insurance

US Fiscal Deficit/US Sovereign Debt



Federal Debt Held by the Public—Continuation of Certain Policies

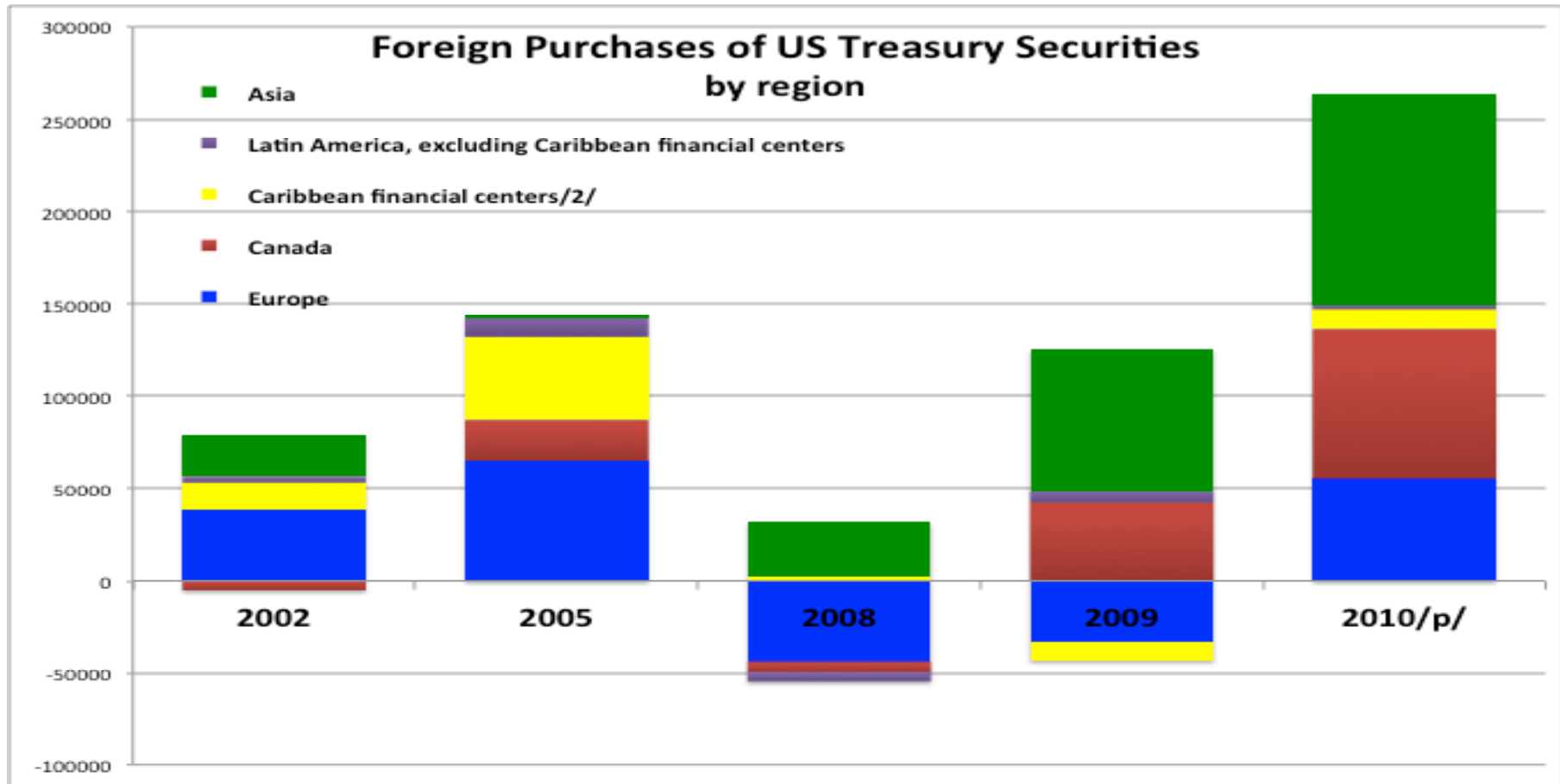


Congressional Budget Office.

No Crisis in 2010; Prospects for 2011, 2012? 11

Thanks to PIIGS

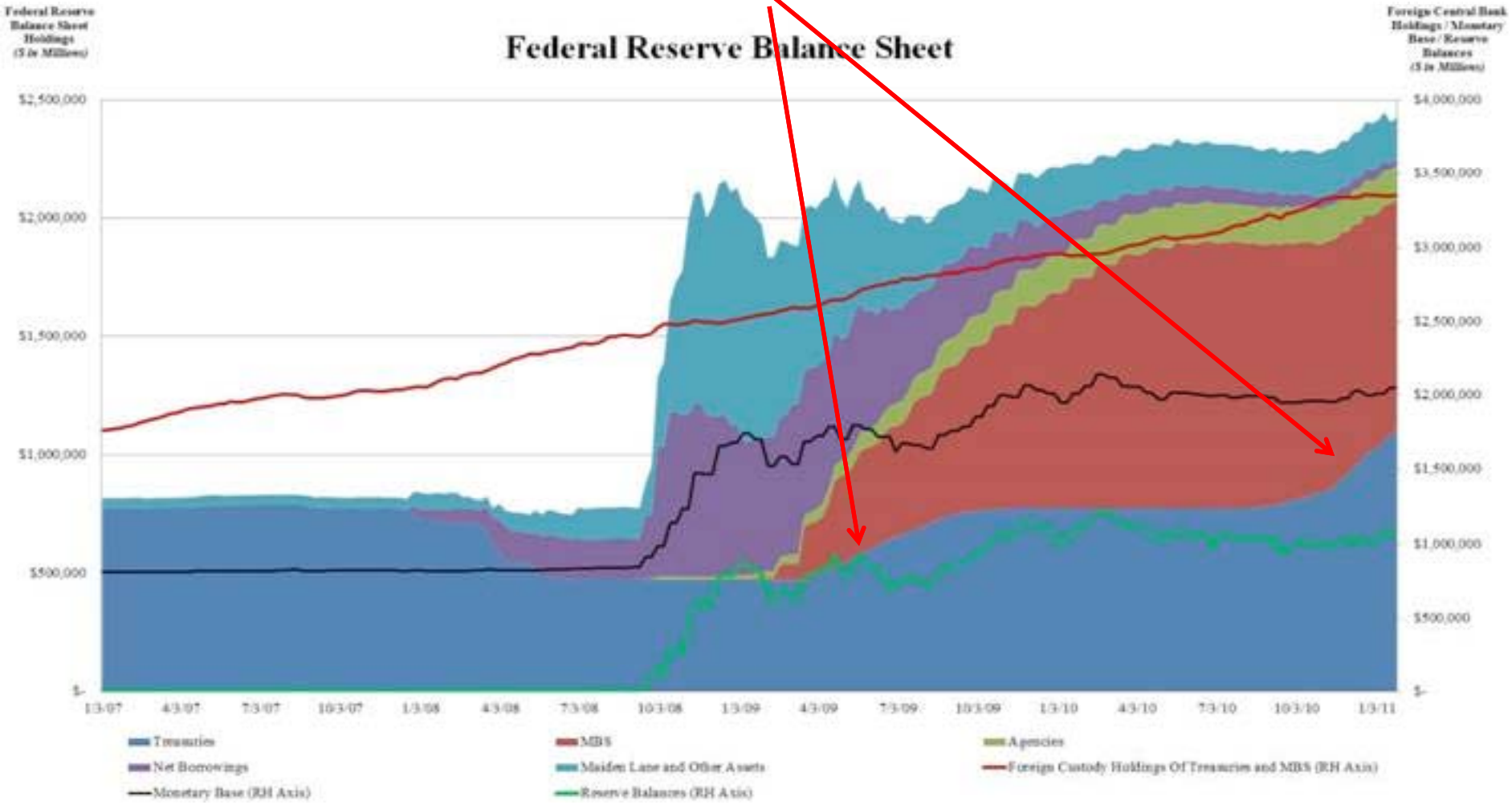
European Sovereign Debt Crisis



Europe, Canadian private capital inflows shift to UST
Asian Official purchases continue

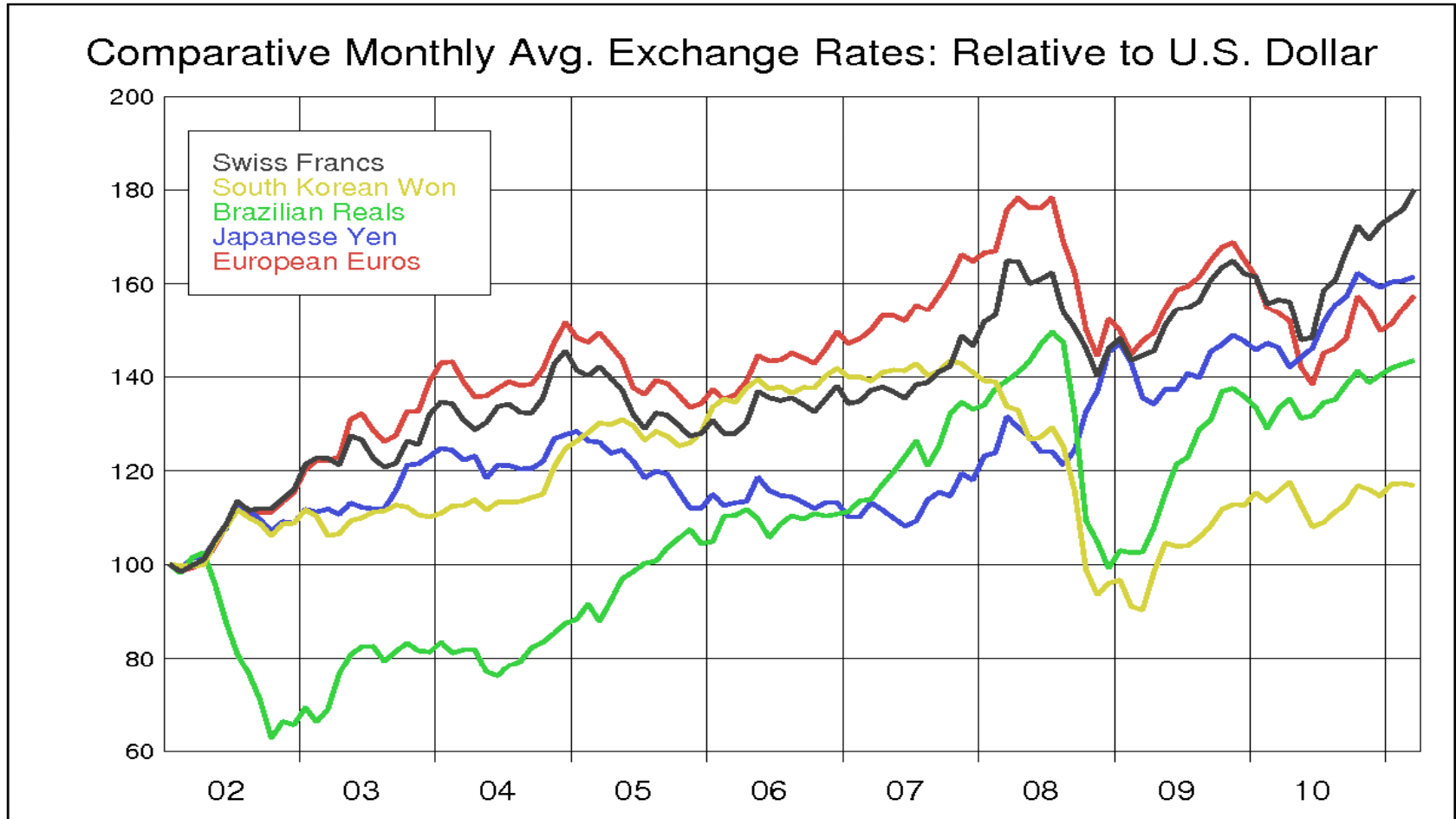
Thanks to QE

Federal Reserve Balance Sheet



Fed QE&QE2 as large as 'normal' foreign demand

Wild Card: Is Dollar Support Over?



Depreciation since 2002 to lowest value since 1990s

Prospects for 2011: Global and Domestic Headwinds

- Oil Prices – stay high, not higher
- Bank Problems – controlled but not solved
- Stock markets – soften, but no crash
- Monetary policy – QE run out
- US Sovereign debt – ? foreign purchase UST ?
- Dollar Wild Card – Trade-off for purchase UST

Innovate Against these Headwinds?

Thank You!

Questions?