



THE PRICE OF PROSPERITY

Why Rich Nations Fail
and How to Renew Them

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What's at Stake?
CANACERO
September 2016

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Part 1: Volatile Economy



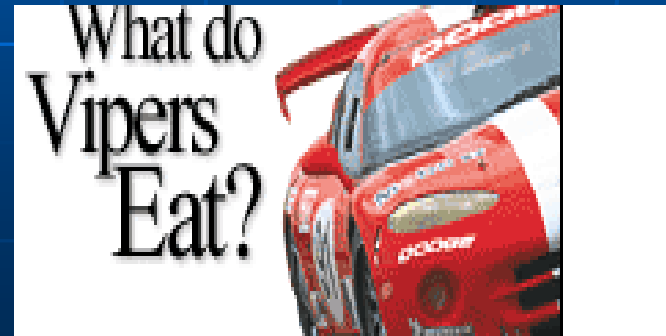
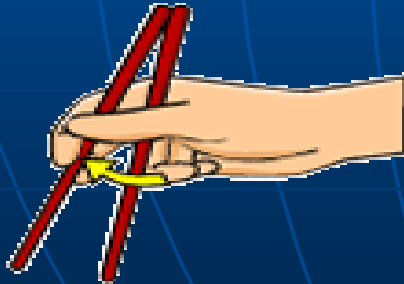
Anything Can Happen



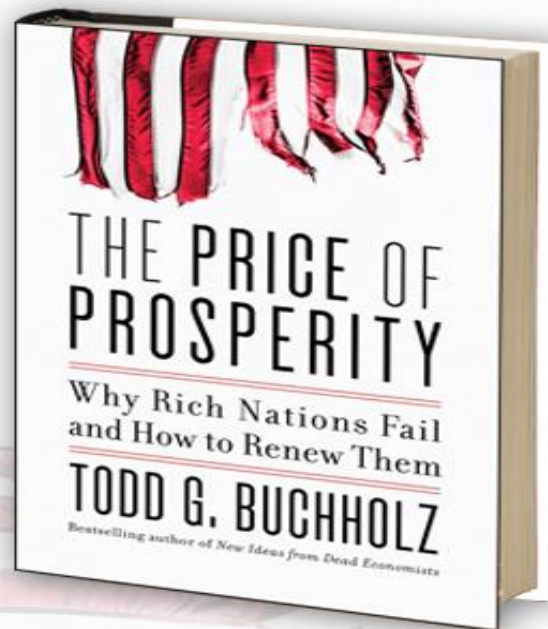
Who's Faster? Who's Bigger?



Age of Anxiety



How did we go
from
MADE IN USA
to
**MADE IN
WHEREVER'S
CHEAPER?**



On Sale June 7th

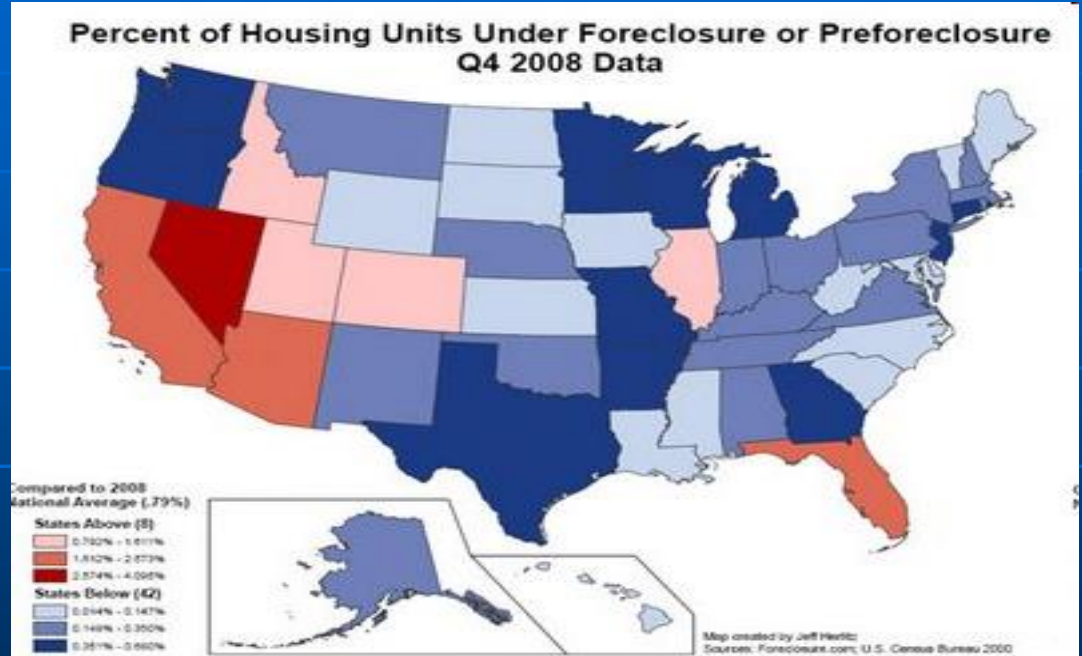


Why the US Struggles

- Bubbles
- China
- Children/Debt
- Regulation



Pick Up a Club



No “Skin in the Game”



- ▣ “trust me” paper
- ▣ Avalanche of defaults, downgrades, CDS, mark-to-market, pension exits

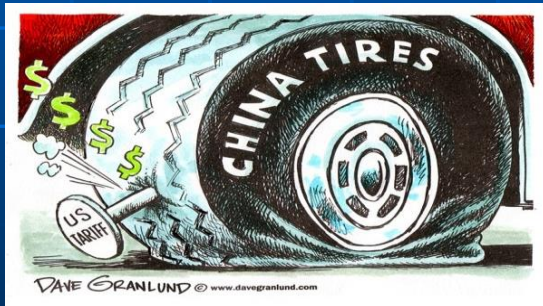
China Bubble



- ❑ China consumed more cement in 5yrs than US in 100
- ❑ Housing prices triple 2005-2009
- ❑ 270m move off farms; N/S America feed them

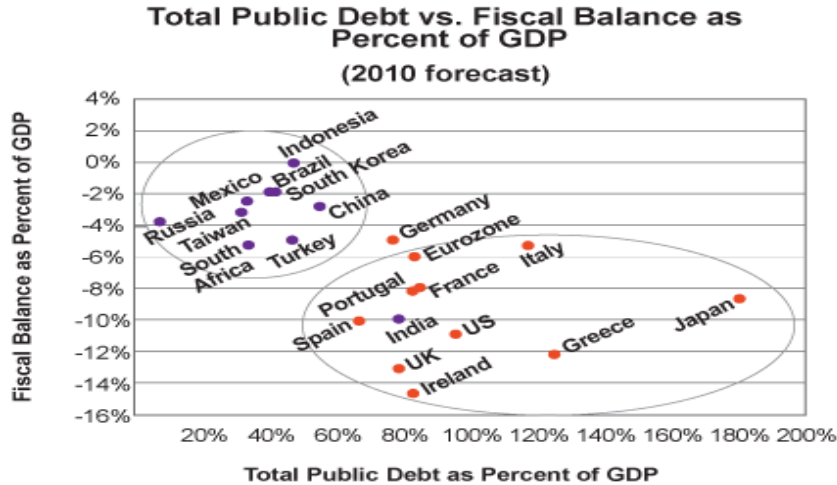


Free Trade Backlash:

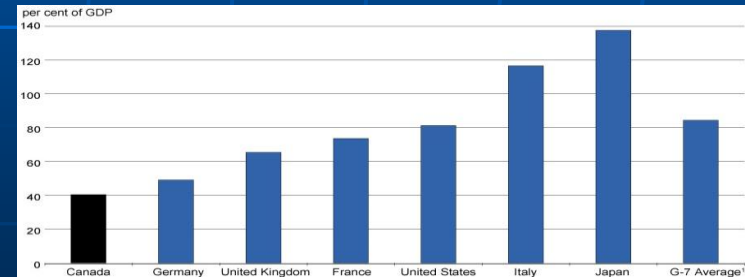


- ❑ Dems vs. NAFTA
- ❑ Trump & Sanders!
- ❑ Sovereign Wealth Fears
- ❑ "Buy America?"
- ❑ India v. Steel; Russia v. Cars and Chickens; Argentina v. auto parts
- ❑ Boeing vs. Airbus

Who's in Debt?

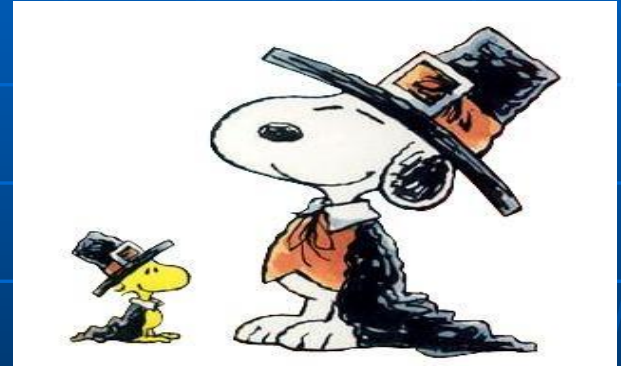
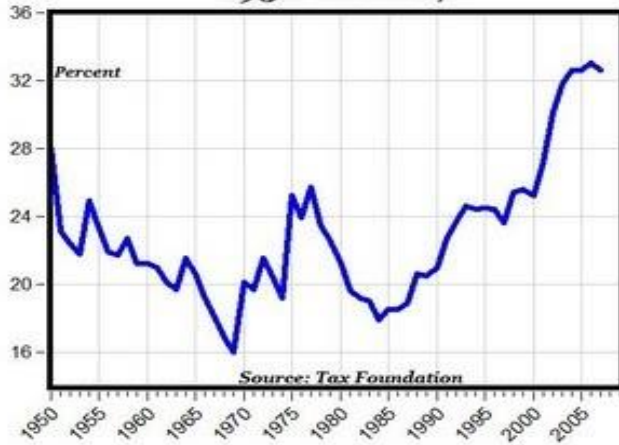


Source: Eurostat, IMF.



The High Price of a Free Lunch?

**Percent of Individual Income Tax Returns
with Zero or Negative Tax Liability
1950 to 2007**





One of the Great Moments of your life... *His First Day At School*

Why it's one of the most important times to see your life insurance agent.

Do you remember, how he looked? Eager... and scared. Proud, too. Remember how you felt... such a little boy taking such a big step. Both your lives changed that day—yours with the responsibility to see him through high school... and per-

haps college. His with the hope of the future. Great changes in your life, like these, are times when you should see your Massachusetts Mutual Agent...

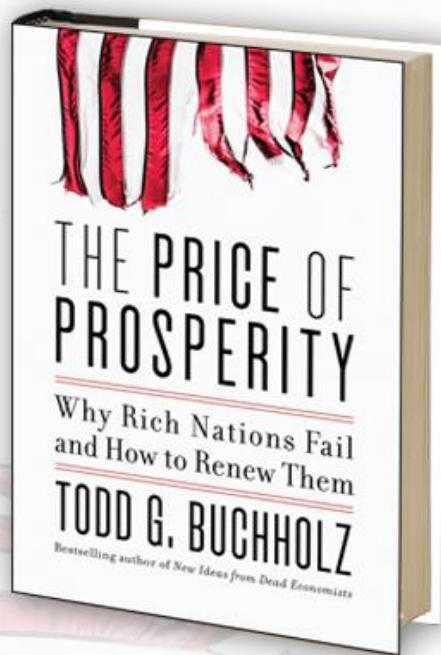
...for he's been especially trained to help you get the extra security and protection you may need. It does not necessarily mean that you must buy more life insurance. Perhaps all you need to do is reprogram your present

life insurance, so that it has a flexibility planned for your son's education.

Providing life insurance programs of "planned flexibility" to meet changing insurance needs has been our job for almost one hundred years... another good reason why, at the great moments of your life, you should talk over your plans with your Massachusetts Mutual Agent.

Massachusetts Mutual Life Insurance Company
SPRINGFIELD, MASS. For nearly 100 years... a great name in life insurance.

We used to size up
a man by counting
his children. Now
we count Rolex
watches, six-pack
abs, and Twitter
followers.



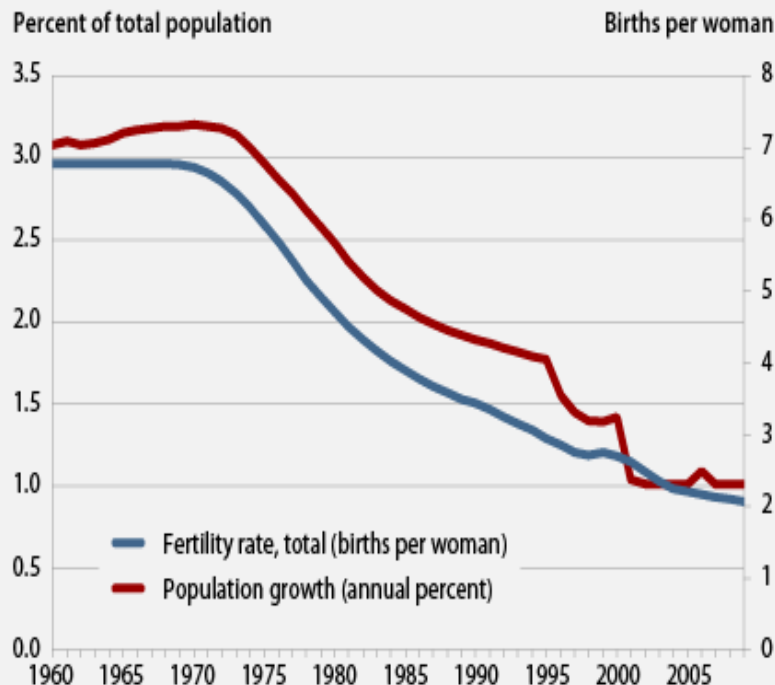
On Sale June 7th



FIGURE 1

Birth rate in a freefall

Births per woman and population growth in Mexico 1960-2009



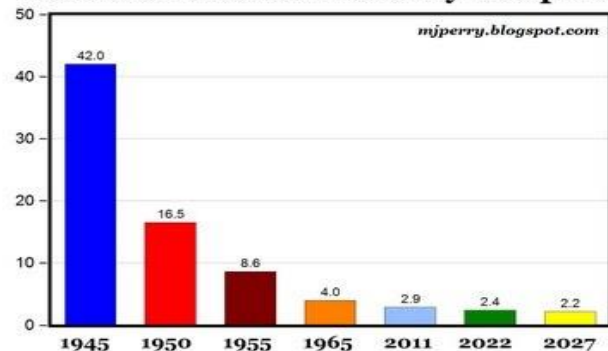
Source: World Bank, "World Bank Development Indicators," available at <http://databank.worldbank.org/ddp/home.do>.

Taking from Peter...

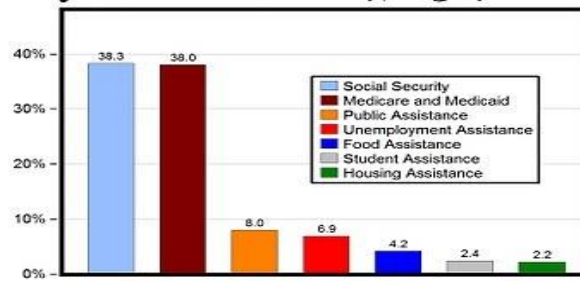
**Composition of Federal Spending
1952 to 2016 (Projected)**



Workers Per Social Security Recipient

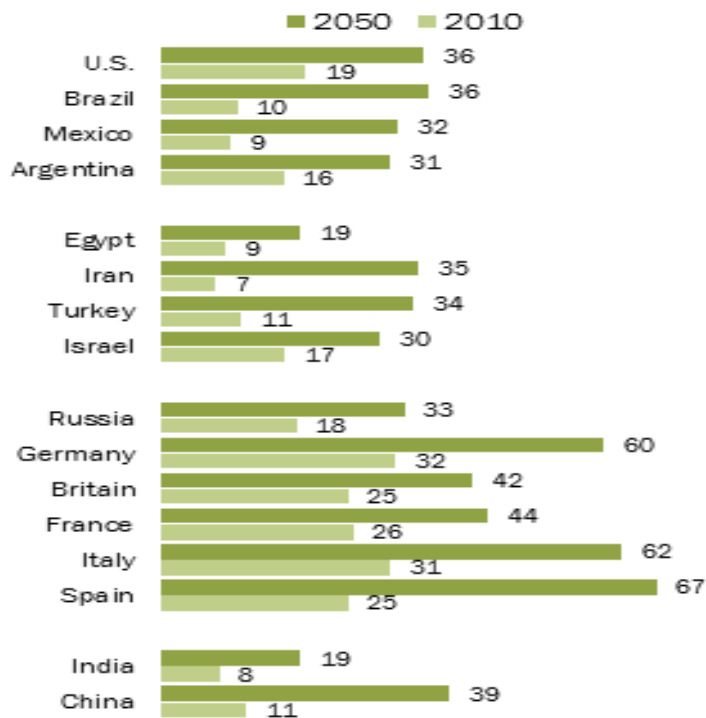


**Federal Payments to Individuals
By Share of Total (\$2.3T) in 2010**



Old-age Dependency Ratios, 2010 and 2050

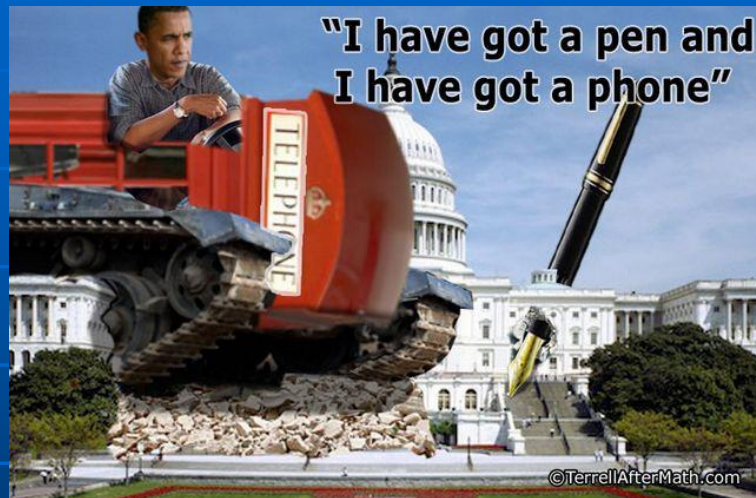
Number of people older than 64 per 100 people of working age (ages 15 to 64)



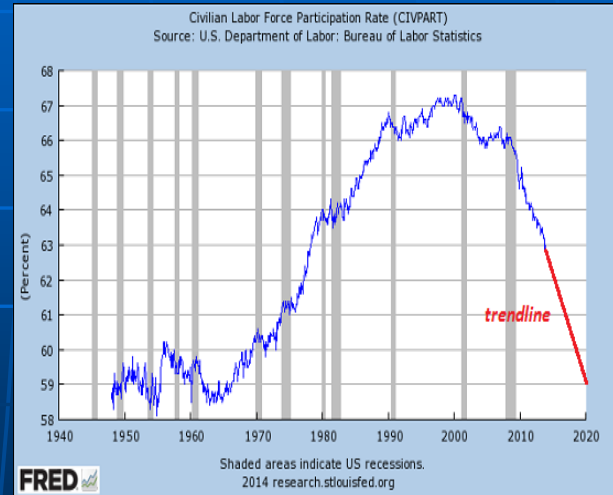
your scooter can pull wagons & trailers also

Who's the Enemy?

- ❑ Insurance
- ❑ Oil, Gas, Coal
- ❑ Healthcare
- ❑ Chemicals
- ❑ Finance
- ❑ Manufacturing
- ❑ Hotels/Restaurants



The Agony of Work & Play





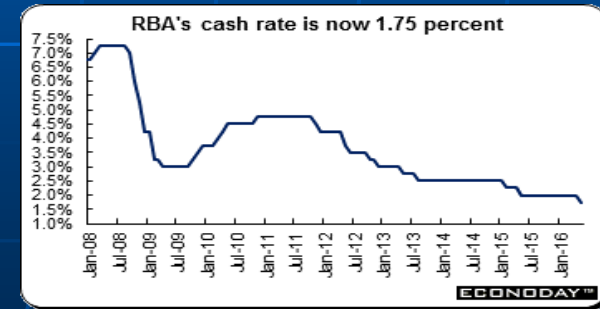
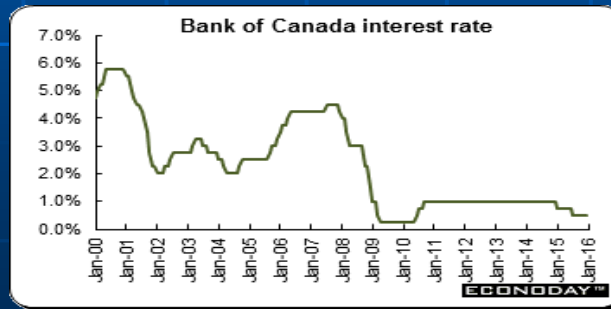
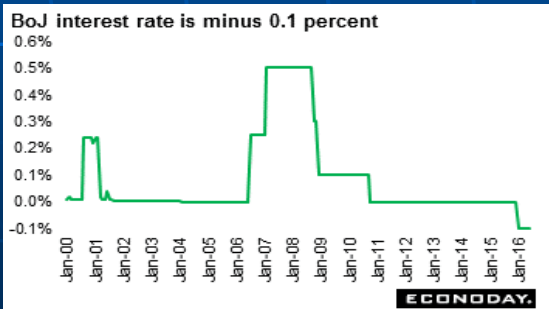
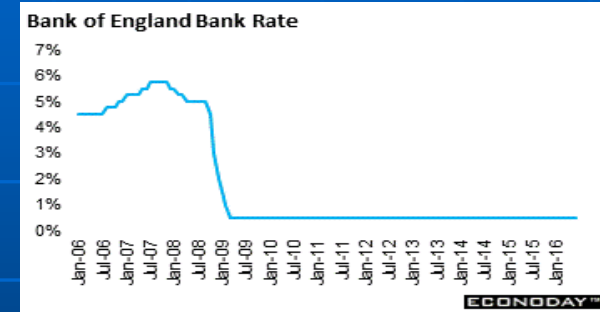
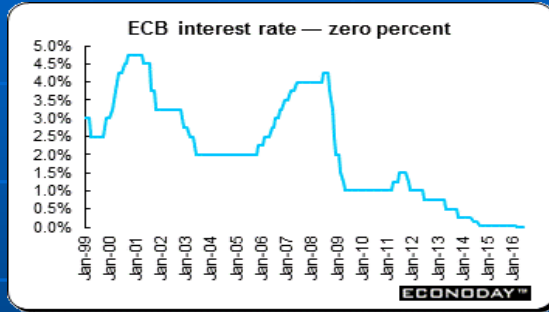


We Can Beat Our FOE's

- Federal Reserve's New World
 - Sparks risky schemes?
- Oil and Gravity
- Euro under pressure



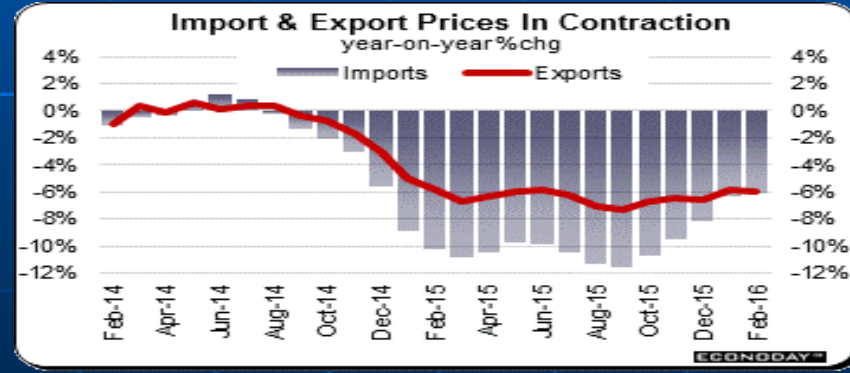
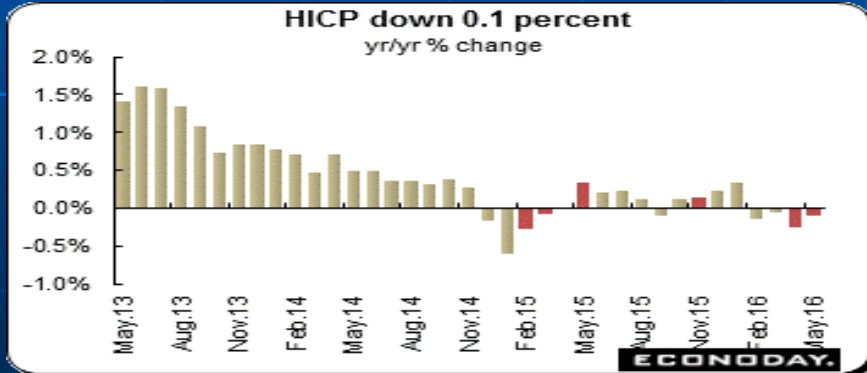
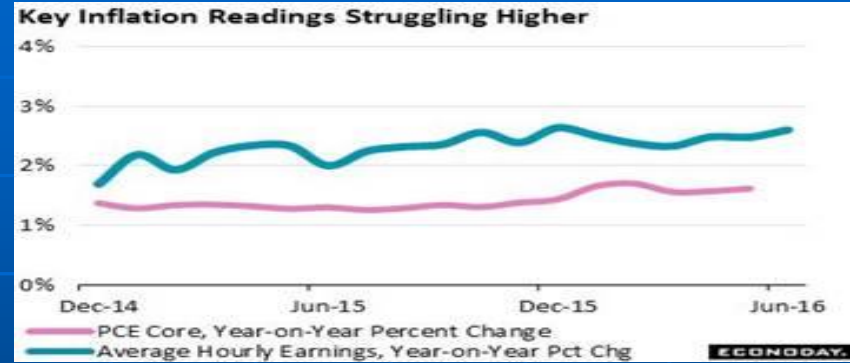
A Flood of Money...Pass It On



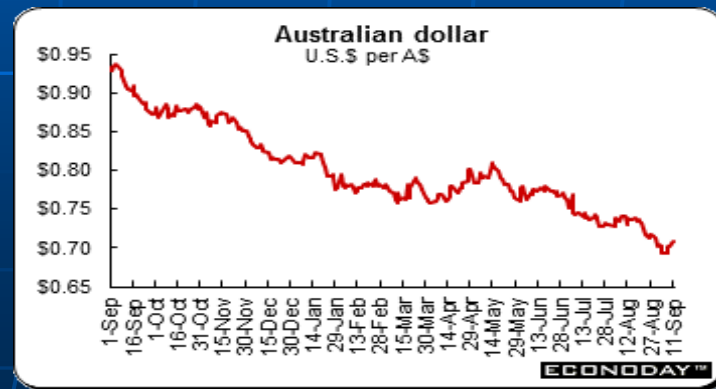
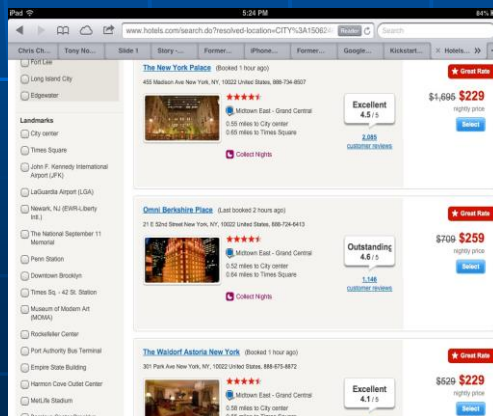
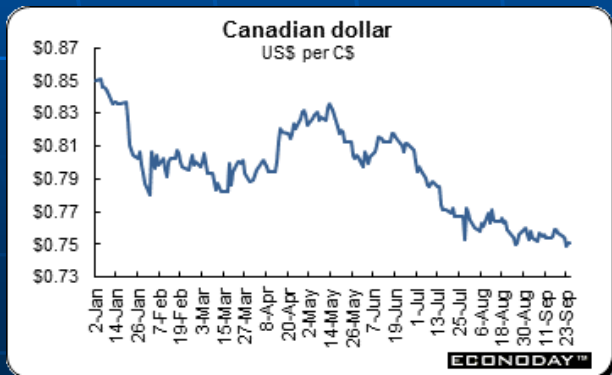
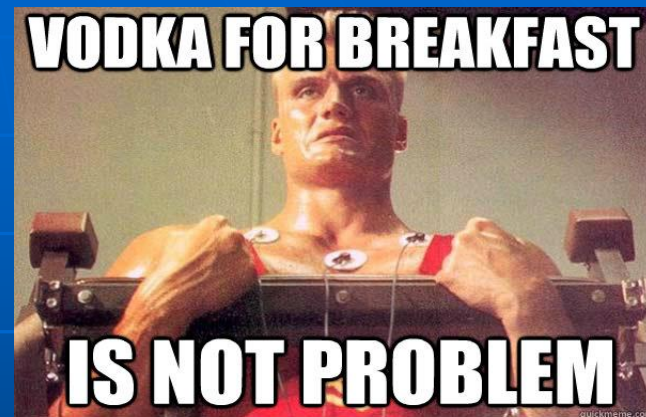
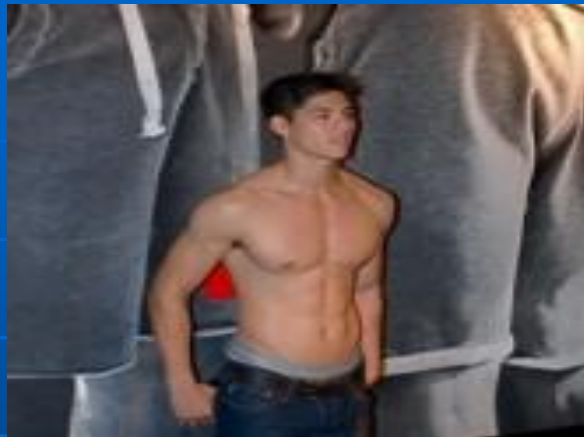
Back to the '70s?



Is Inflation Baked in the Cake?



Why's the Abercrombie Dude Lonely?



OIL CRUDE (SWEET) (CL/)

3 YEAR 100.76 ▼ 0.82 TODAY'S CHANGE (-0.81%)

HIGH ▲ 4/29/11 | LOW ▼ 9/30/11

12 13 14

120
109
98
87
76

OPENING BELL CRUDE OIL ▼ ON CHINA FACTORY DATA, CRISIS IN UKRAINE

Oil headed for \$50 a barrel?

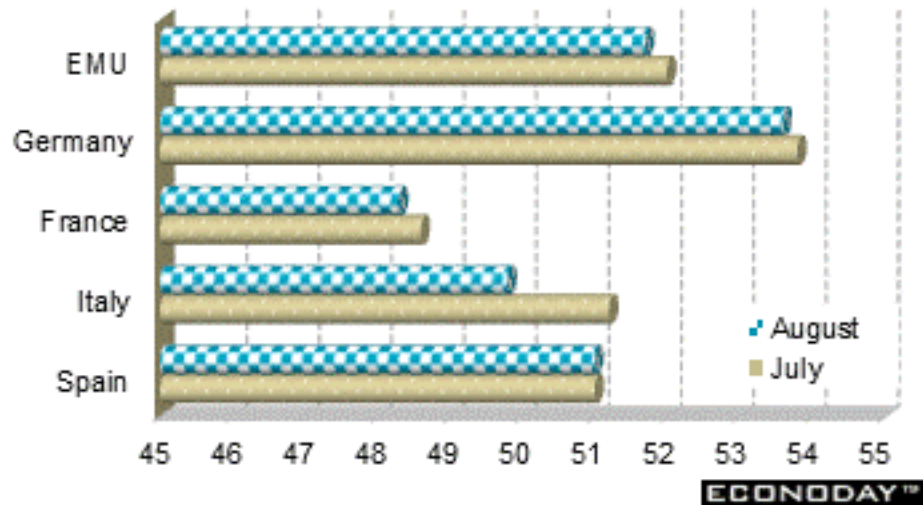
Apr. 01, 2014 - 4:22 - Former White House economic policy director Todd Buchholz gives his outlook for oil and energy.



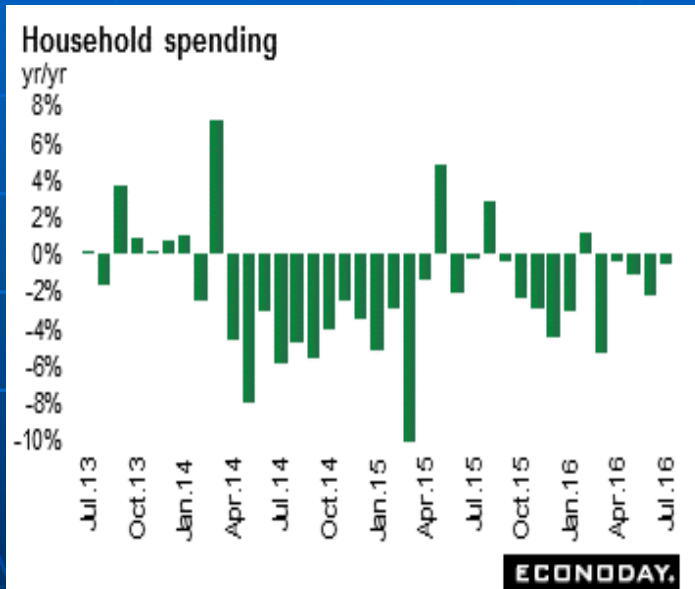
Europe Earns a Blah +



Manufacturing PMI



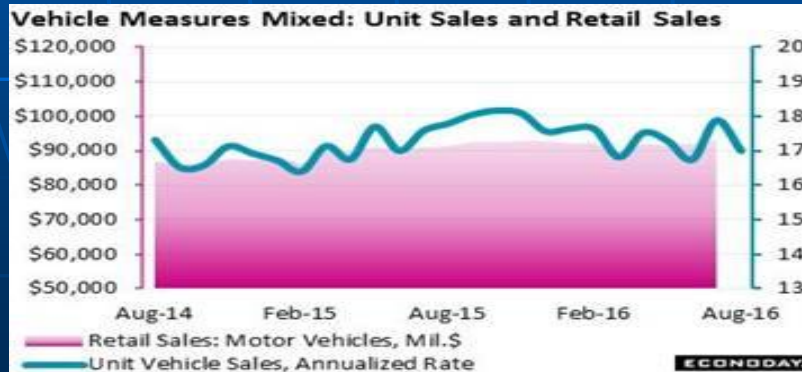
Pokemon Slow Economy



Baltic Dry Index



What Are They Buying?



Millennial Rules

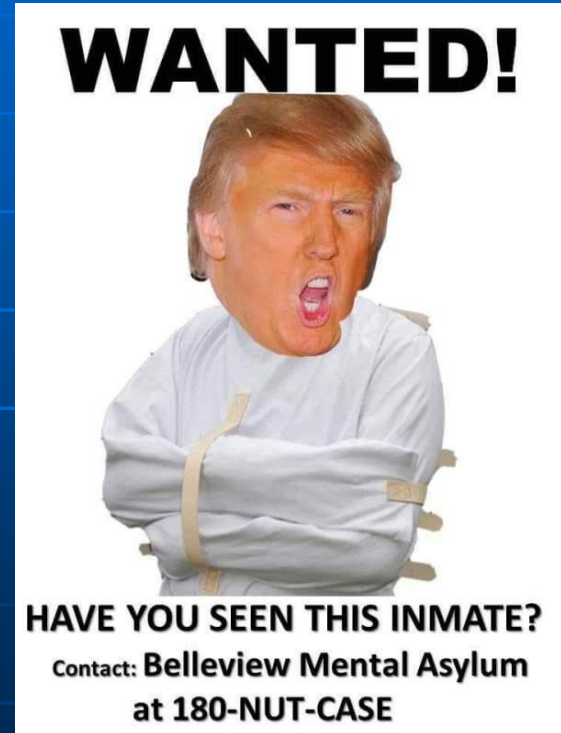
- Choose beer: 40%
vs 70% in 1990
- Choose liquor: 30%
vs 13% 1990
- Driver licenses 65%
vs 90%
- 75 year-old more
likely to own car



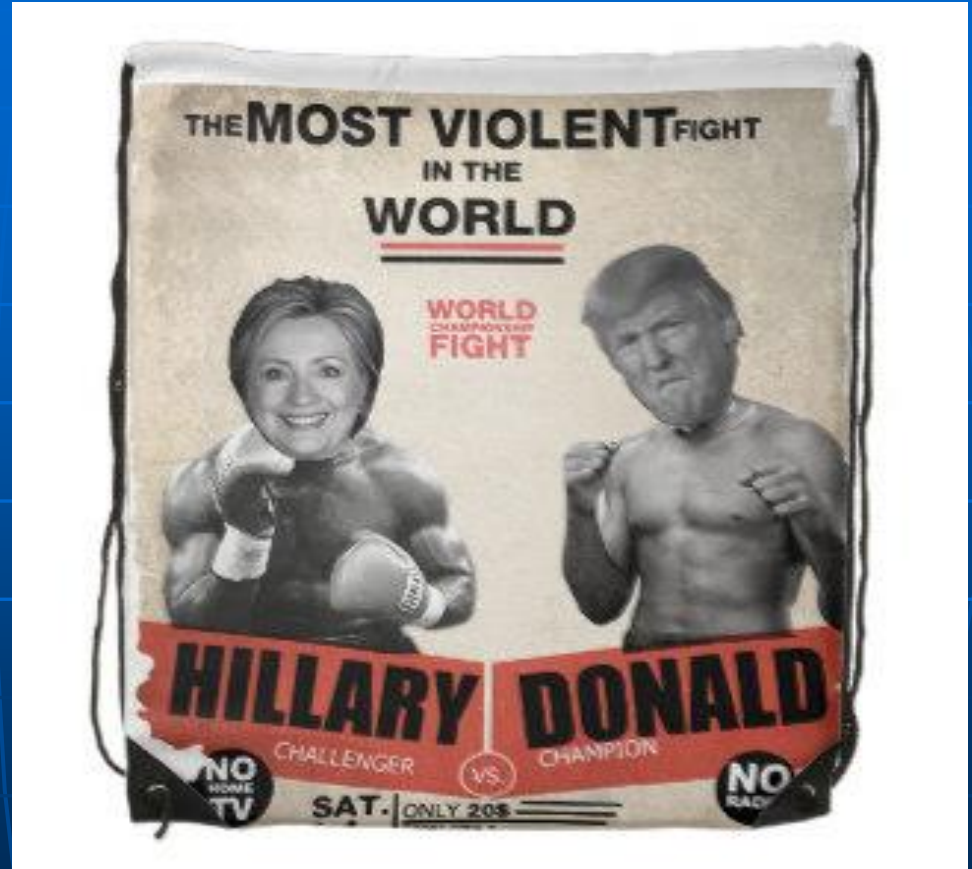
Part II: Leading Amid Uncertainty



2016: Sing Sing vs. Bellevue



- Tax Cuts or Hikes?
- Trade Wars?
- Obamacare?
- Debts
- Regulation?
- Federal Reserve



What to Watch?

- Debates
- Swing States
- “Dangerous?”
- Blue-Collar Dems
- Closet Trumpists



Friends, Foes or Fiends?



What is Putin
Auditioning for?



iPad 5:36 AM 100%

time.com/3824928/doctor-zhivago-vladimir-putins-russia/

A Glory... Dr Zhivago... Economi... SCHOOL... Chris Chr... Three Da... Tony No... StayCon... Slide 1 x Forme... +

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LATEST MAGAZINE VIDEOS

Former White House Adviser: What Vladimir Putin Could Learn From 'Doctor Zhivago'

Todd G. Buchholz @rushbook April 19, 2015

IDEAS Todd G. Buchholz is a former White House economic adviser and recipient of the Allyn Young Teaching Prize at Harvard. He is co-writer of the new musical about the Italian Resistance against Fascism "Glory Ride."

There is still greatness in the Russian people – but they have been bottled up for 100 years

Matthew Murphy-Polin and Co. Kelli Barrett as Lara and Tam Mutu as Doctor Zhivago.

SCROLL TO SEE MORE

Does China Take Over?



China Aging





- ▣ U.S., Canada, and Mexico work alone
- ▣ Fed may be a target of Trump win
- ▣ Commodity/China hype is over
- ▣ Nationalism means trade friction
- ▣ Debt overhang will worsen
- ▣ Stay in touch: @EconTodd
www.toddbuchholz.com

