Launch Checklist

☐ Gravitas
☐ Opportunitus
☐ Porposer
Launch Checklist

☐ Gravitas
What does this mean?
The U.S. Business Cycle (1855 – 2017)

Black = Months in Contraction (Recession)
The Great Recession’s Length

- 2007-09: 18 months
- 2001: 8 months
- 1990-91: 8 months
- 1981-82: 16 months
- 1980: 6 months
- 1973-75: 16 months
- 1969-70: 11 months
- 1960-61: 10 months
- 1957-58: 8 months
- 1953-54: 10 months
- 1948-49: 11 months
- 1945: 8 months
- 1937-38: 13 months
- 1929-33: 43 months

Federal Reserve Bank of Dallas
The Great Recession’s Depth

Peak to Trough Percentage Decline in GDP

Federal Reserve Bank of Dallas
GDP = C + I + G + (X – M)

Real GDP, 2009$ in billions
GDP = C + I + G + (X – M)
GDP = C + I + G + (X – M)

Real GDP, 2009\$ in billions

Federal Reserve Bank of Dallas
GDP = C + I + G + (X – M)
GDP = C + I + G + (X – M)
The Fed’s Dual Mandate
The Fed’s Dual Mandate

Price Stability
The Fed’s Dual Mandate

Price Stability

Full Employment
Core and Trimmed Mean Inflation Heading for 2 Percent

NOTES: Shaded areas indicate recessions. The dotted line represents the Federal Reserve’s inflation target.

Labor Markets Continue to Improve

NOTE: The shaded area indicates recession.
Labor Markets Continue to Improve

Monthly Change in Payroll Employment

Federal Reserve Bank of Dallas
U.S. Job Growth By Sector

Thousands of Jobs Created in Last 12 Months (Total = 1.8 million)
Economic Growth Has Been Weaker Than Historically

Annualized Real GDP Growth Rate

Long Run Trend 3%

2.2%

1.6%
Slower GDP Growth: Some Possible Explanations

- Slower Overall Productivity Growth
- Aging Workforce/Demographics
- Technology-Enabled Disruption
- The Changing Nature of Work
- Increased Globalization
- Higher Federal Debt/GDP
- Economic and Political Uncertainty
Launch Checklist

☑️ Gravitas
☐ Opportunitas
A 5000 Year Leap
The U.S. as a Case Study

GDP/Capita (International Dollars)

- United States
- Britain
- Italy
- China
- India

1500, 1700, 1820, 1913, 1950, 2010
Adam Smith (1776)

- The **division of labor** (specialization)
- The **role of money** (efficient)
- The **ability to exchange** (cooperation)
- The **nature of markets** (invisible hand)
What Drives Economic Growth?

- Proficiencies?
- Practices?
- Policies?
- Providence?
Neural Network Cluster Analysis

- Objective: Cluster nations into 3 groups
  - Mostly-open
  - Partially-open
  - Mostly-closed
- Methodology: Artificial Neural Network Model
- Data: 119 nations
- Variables: To proxy globalization (openness)
  - 5 “Freedom to Trade Internationally” measures
  - 2 Economic Size and Wealth measures
Openness and Freedom Go Together

Summary Index

- Size of Government
- Legal Structure & Property Rights
- Freedom to Trade Internationally
- Sound Money
- Regulation

Legend:
- Mostly Open
- Partially Open
- Mostly Closed
Openness and Wealth are Related to Better Institutional Quality and Lower Corruption Perceptions

Legal structure and security of property rights

Size of bubble based
BRAIN STORE
Engineer Brain = $3/ounce
Physician Brain = $4/ounce
Lawyer Brain = $1,000/ounce
What Drives Economic Growth?

- Innovative Ideas/Entrepreneurship
- Strong Legal Protections and the Rule of Law
- Trustworthy Financial Markets
- Openness (Globalization)
- Creative Human Capital
- Technological Adeptness

Economic Growth Model

- People
- Ideas
- Things

Open Economy

Financial Markets

Rule of Law & Protection of People/Ideas/Things

Economic Growth

Federal Reserve Bank of Dallas
Notable U.S. Outcomes…

- World’s largest economy: >$19 trillion
- Eight of the top 10 universities in the world (and 16 of the top 20)
- Most Nobel prizes awarded (372 vs. 127 for runner-up United Kingdom)
- Most new businesses created
- More patents and innovation
- Greatest concentration of financial assets (40% of world share)
Launch Checklist

☑️ Gravitas
☑️ Opportunitas
☐ Porposer
The Importance of Vision and Purpose

- Vision and Purpose are your most powerful driving forces
  - Strategic
  - Inspiring
  - Exciting
  - Challenging

“Whatever the mind can conceive and believe, it can achieve”
- Napoleon Hill (1937)
Schumpeter’s Waves of Innovation

1785 1845 1900 1950 1990 2020

Water power  
Textiles, Iron  
Steam Railways  
Electricity Chemicals Engines  
Petrochemicals Electronics Aviation/Aerospace  
Digital Networks Software Big Data
Use the GAP between Vision and Current Reality as a source of CREATIVE ENERGY

Don’t confuse “negative” emotions with this CREATIVE TENSION

Peter Senge, “The Fifth Discipline”
Marathon Man!

- Don’t lower your vision
- Learn from your mistakes
- Create your own funding sources
- Enjoy the journey
- Inspire others
- Take your game to the next level
Launch Checklist

- Gravitas
- Opportunitas
- Porposer
Go For Launch!