

ATASCOSA COUNTY JUDGES REPORT

THE ECONOMY

The USA economy in 2020 decreased by 3.4%. This is based on the government report on GDP (gross domestic product). In 2021 the GDP increased by 5.7%. The first quarter of 2022 and the fourth quarter of 2021 saw an annualized rate of 5.5%. The economy has come back since the COVID19 shutdown, and we have seen inflation go from 2.3% to 7% in 2021 and an annualized rate of 7.9% so far in 2022. (www.usinflationcalculator.com/inflation/current-inflation-rates). The government is implementing measures to dampen inflation.

We have heard many explanations, i.e., "supply-chain problems" – "the price of oil," – "pent-up demand," and others. Globally, coming out of COVID is financially messy. And now we have the war in Ukraine, bringing us shortages in wheat, which will ripple through many commodities. The price of oil (and therefore auto fuel) is significant. Remember that in 2020 we saw COVID19, and the lack of driving brought the crude price once to a negative value. I believe oil and gas (after the Ukraine conflict is over) will settle down to a more realistic figure in the \$70 to \$80 range which will be much more livable. But that is a guess. But I am confident that the price will settle down. So will the cost of vehicles, groceries, and all else. However, we should expect a bumpy ride for up to another year. We live in a troubled world.

We should not forget the many stories we hear about companies raising their starting pay to \$15 per hour. The last increase in minimum wage was \$7.15 in 2009 (13 years ago). One story I heard said that with inflation added, that wage today would be \$9.60. I believe that many giant corporations have the revenue and the economic base to afford that kind of increase (\$15). It will bring financial help for many and cause upward level raises. I do not think that small businesses (at least until they are successful) can afford \$15. I believe that, with certain exceptions, a good starting wage for a small business is \$10. I would further say that a well-managed small business will provide some sort of profit-sharing to increase pay when their profits allow. Employees interested in improving profits is a business-builder.

All pay increases, especially in competitive retail businesses, will quickly translate into higher prices, competing upward in the inflation battle and countering the government's attempts to dampen. My crystal ball, however cloudy, does tell me that by 2023, with the Ukraine war settled (which is my prayer) and supply chain problems behind us, we will see some normality come back. I do not think we will see prices or salaries drop, but I predict stabilization. And that is regardless of who is in the White House. Be optimistic. It will get better, not worse.

I write this because I think every Atascosa Citizen is worried about the economy, present, and future. Thank you for listening to my comments on the issue of the economy.

Robert L. Hurley

Thank you for listening, and God bless us all.