

## Not Our First Rodeo

**T**ed C. Jones knows that nothing much has changed with the economy in more than 2,000 years. For evidence, he points to Roman philosopher and statesman Cicero (c. 55 BC), who said, “The budget should be balanced, the treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled... lest Rome become bankrupt.

“We have had eight recessions since 1960, so this is not our first rodeo, and we recovered from each and every one of them—just as we are recovering from this one,” says Jones, senior vice president—chief economist for Stewart Title Guaranty Company and director of investor relations for Stewart Information Services Corporation, who will be a featured presenter at the Worldwide ERC® National Relocation Conference in May. Through his economist’s lens, he provides one of his basic guiding principles: “One thing we keep learning, over and over, is that jobs are everything to an economy. Period. People—except the very wealthy or retirees—do not make purchases beyond food, medicine, and basic transportation without jobs. And it’s clear there is no such thing as a national economy or even a global economy—every market is different. But the economy is just like the wind—as it picks up speed, it is felt everywhere—and that is what is happening today.”

Economists have always been taught that unemployment of less than 5 percent is not sustainable in the long run, given that a percentage of people are always moving from one location to the next or changing from one career to the next. The good news is that global unemployment has finally stabilized, maintaining a relatively constant level from 2010 going through 2011—and it is that lack of variability that is reducing risk and positioning these economies to once again grow.

The mobility industry watches unemployment figures with a keen

eye. And at a time when we’re seeing headlines like this one just a couple of weeks ago—“Global economy recovering, but unemployment still an affliction”—we’re even more aware when additional challenges are added to the mix, like rising oil prices.

“It’s when the pendulum swings out dramatically to one side or the other that we face the most challenges,” said Jones. “Boom and bust are both four-letter words... and economically are unsustainable. ‘Average’ is the attractive descriptor when it comes to the economy—and we again are heading back to average and sustainable economic growth.”

Jones observes that globally, the most powerful impact on inflation, and generally on interest rates for 30+ years, has come from oil prices. “Think about it: what costs more when oil prices rise? Everything. Higher prices for commodities prompt inflationary strains that put central banks in a position to increase interest rates and slow down economies. And that means consumers and companies must spend more on consumables, which in turn shifts their ability to spend in other areas. Yet while oil prices are rising, new technology has seen the inflation-adjusted price of natural gas return to levels below that seen in the early 1980s. And here’s an example of change begetting good change

for the labor market: the conversion and manufacturing of vehicle fleets to run on natural gas will bolster jobs in the entire transportation sector.”

Jones notes that “there is optimism that upswings in commodity prices won’t flatten the global recovery, and here’s why: commodity prices have been on the increase for several months, and the global economy is still gaining. That says that the world is getting healthier, and better able to absorb higher commodity prices than previously. Last year, global growth in the value of total goods and services was an estimated 4.0 percent, despite commodity prices acting as a drag on the economy. And the Business Monitor International forecasts a respectable 3.7 percent growth in 2011.”

Jones noted that as an economist, it would be conspicuous for him not to discuss the ongoing political change taking place today, from the U.S. to Egypt and beyond. “Change is inevitable and constant, and instant information demands a transparency never before seen. But while all change is uncomfortable, just look at the results we gain in the long run. And though I hope it doesn’t happen for a long time, we’ll be ready for the next rodeo, too.”

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