



Analytics

Published by the Caesar Rodney Institute

RELEASE: CRI - Center for Economic Policy and Analysis

RE: Staring into an Abyss

DATE: September 15, 2011

The latest Gallup Economic Confidence Index (ECI) numbers for Delaware are stark.

Every week Gallup conducts a nationwide survey of consumers. The ECI is based on two questions: the first asking consumers to rate their perceptions of current economic conditions as "excellent," "good," "only fair," or "poor," and the second asking them whether economic conditions in the country are "getting better" or "getting worse." The final ECI is an average of the percentage of consumers answering positively and negatively.

After progressing from -50 in 2008 to -28 in 2010, the national ECI averaged -32 during the first half of 2011 and fell away to -53 for the last three weeks of August.

The ECI in Delaware went from worse than the nation in 2008 (-51) to more optimistic in 2010 (-21). For the first half of 2011 the Delaware ECI has dropped to -35, ranking Delaware consumers the 8th most pessimistic among all the states. About 46% of Delawareans rate current economic conditions as poor and 63% believe the economy is getting worse. (Data for the last three weeks of August are not broken out by state.)

The confidence of Delaware consumers in the economy makes sense given recent trends. Over the past three months unemployment in Delaware began inching up again even though the size of the labor force has begun dropping. Initial claims for unemployment are on the rise. On a year over year basis, total employment has fallen three straight months. And, driven by upswings in the prices of energy and food at home, Philadelphia area inflation is closing in on 3%.

Obviously this is a critical time where any government changes in taxes, regulations, energy costs or debt spending will send a single to a sensitive business community.

**Dr. John E. Stapleford, Director
Center for Economic Policy and Analysis**