**DELLER2405.mp3**

[00:00:51] **Speaker 1** A whole new spate of tariffs went into effect this week, job numbers were weaker than expected this summer, and business analysts say consumers are tightening their belts. How do economic trends nationally translate to how Wisconsin is faring now and going forward? We asked Stephen Deller, UW-Madison Professor of Agricultural and Applied Economics, and thanks for being here.

[00:01:14] **Speaker 2** Thank you.

[00:01:15] **Speaker 1** So when you look at the broad economic landscape, what are you seeing?

[00:01:20] **Speaker 2** From a Wisconsin perspective, and I think this is kind of generally true across the country, is a lot of businesses have gone into a wait and see mode. That's why the job numbers are weak. We're not seeing an increase in unemployment rates. We're seeing a decline in the number of hires, primarily because businesses are unsure what's happening. And when we're unsure, we kind of go into a lockdown mode. We go into holding pattern, if you will. So I think that's why the job numbers are as weak as they are, and it's going to take a while for this to kind of play out.

[00:01:55] **Speaker 1** And so is this mostly around tariffs or interest rates or inflation or all of it?

[00:02:00] **Speaker 2** I think it's all of it. I think the major concern is that we're not sure exactly what the policies are going to be. The tariffs are on, the tariffs are off. They're back on again, they're off again. And it's that uncertainty. Businesses, I mean, there's kind of we know what we know, we know but we don't know we can make educated guesses, and then there's just we don t know what's going on. That's uncertainty. And when we're in a situation like that, that's when people just hunker down. They go into wait and see mode. And in terms of consumers, it is kind of anticipatory shopping. It is kind like, OK, now let's go into a wait and see mode, and it's just we don't know what's happening.

[00:02:49] **Speaker 1** So you said that the trends kind of are the same nationally and in Wisconsin, but is there anything specific to Wisconsin that we should be watching for?

[00:03:00] **Speaker 2** Wisconsin, our highs, our growth periods are not as strong as the national averages, our lows are not as weak as the natural averages. So Wisconsin is kind of steady, if you will. You have to go back to the farmer crisis of the early 1980s before Wisconsin kind of broke that trend. So I think Wisconsin is going to be kind of in a stable mode for a little while.

[00:03:24] **Speaker 1** And yet are there things that make Wisconsin more or less vulnerable to a downturn?

[00:03:31] **Speaker 2** Not necessarily. One of the reasons is because our economy is pretty diversified. We don't, we're not heavily dependent upon one particular industry. I mean you can point to some of the big ones like agriculture, food processing, tourism, recreation. So there's some industries that maybe might be susceptible, but in general Wisconsin's a pretty diversify economy.

[00:03:54] **Speaker 1** So all of this said, are you seeing indications of a slowdown nationally and in Wisconsin?

[00:04:00] **Speaker 2** Yes, and I think that's what the job numbers are saying. And in talking with businesses around the state, and again, I tend to talk to the smaller businesses, which tends to dominate most of Wisconsin. They're just in a, again, a wait and see mode. They're delaying expansion plans. They're not going into shutdown mode. And one of the reasons they're not go into shutdown mode is because they had such a difficult time hiring labor. Wisconsin has been facing a structural labor shortage for years. Long before COVID, and particularly coming out of COVID. And businesses remember that difficulty of hiring people. So they're really hesitant to lay people off because they don't want to go through that again. So again, they're in that wait and see mode.

[00:04:46] **Speaker 1** And so you're looking at kind of a business activity as a bellwether, are there others?

[00:04:52] **Speaker 2** Yes. One is consumer expenditures. One of the things is we saw an increase in consumer expenditure after the announcement of the tariffs. And the reason for that is people were thinking, oh, I'll buy it now. I'll by it before the tariffs hit. So there was kind of a spike in spending from consumers. Well, that kind of spike is, you know, those purchases have played out now, and now they're going into a wait and see mode. So I think if we start to see consumer expenditures slow down much more than they already have, then that's a warning sign. The other thing is we're seeing the housing market start to slow down, and there's other factors going on there, but again, I think it's that reflection of just, I'm gonna delay making any major purchases because I'm not sure what's gonna happen.

[00:05:42] **Speaker 1** We leave it there. Stephen Deller, thanks very much. Costs and access and yeah, that's it. Yeah. Oh, this stuff is amazing

[00:06:05] **Speaker 2** It is, it is, I mean it is. I've done some work for the Wisconsin Hospitals Association to try to look at the economic impacts and what not. And I've gotten into some discussions with them about Medicare and Medicaid, and it's like wow, this stuff is, you don't dabble.

[00:06:20] **Speaker 1** Care.

[00:06:21] **Speaker 2** In trying to study this.

[00:06:22] **Speaker 1** It's so complicated. She's reporting on stuff I've never heard of. I mean, we've started to see more and more of this whole business about prescription benefit managers and all that.

[00:06:35] **Speaker 2** Oh they're the big, this is something Congress did a number of years ago with the intent of helping but they unleashed a monster and it is, we just did a small piece on a rural pharmacist, independent rural pharmacists and they're getting crushed.

[00:06:56] **Speaker 1** She's got, one of her pieces is about that.

[00:06:59] **Speaker 2** And it is kind of that neighborhood pharmacist that's kind of an anchor to a downtown, they're going away.

[00:07:09] **Speaker 1** You should watch her series, it's on our website. Really good.

[00:07:13] **Speaker 2** I should send her some of the stuff we published on it.

[00:07:16] **Speaker 1** Yeah, she's like up to here with all this, but yes.