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Duke survey: Majority of business leaders not concerned about double-dip recession

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DURHAM – The results of a Duke University survey released Tuesday showed that chief financial officers from a range of public and private companies don't foresee the U.S. economy heading into a double-dip recession.

The results were part of the Duke University/CFO Magazine Global Business Outlook Survey for the third quarter of this year. There were 996 chief financial officers polled about their economic expectations for the survey, which ended Sept. 9.

About 64 percent of business leaders polled were either moderately concerned about a recession, were slightly concerned, or not concerned at all.

Twenty-five percent said they were very concerned about the possibility of a recession, and about 11 percent said they believe the economy is already in one.

John Graham, a professor of finance at Duke's Fuqua School of Business and the survey's director, said that was interpreted to mean that the majority of financial officers polled are not "imminently concerned" about a recession.

Graham said his expectations were low going into the survey, and so he was encouraged by the findings about chief financial officers' expectations for hiring and spending.

"It's not that things are great – there are still hiring problems and all, but we don't believe that we're in a recession," he said.

Capital spending in the U.S. is expected to see "solid" growth of 4.5 percent, according to the survey, down from 9 percent in last quarter's survey and from 12 percent six months ago.

Campbell Harvey, a professor of finance at Duke's Fuqua School of Business and founding survey director, said in a news release that capital spending has been a primary driver of growth in the warm economic recovery period.

"Looking forward, 4.5 percent growth in capital spending is not bad, and certainly does not indicate an imminent recession," Harvey said in the release.

The survey also found that U.S. companies expect domestic employment to increase by

0.9 percent in the next year.

That rate of growth is up slightly from last quarter, and implies that the U.S. economy will create about 100,000 new jobs per month in the next year, according to the release.

Graham said in the release that the U.S. economy needs to create 100,000 jobs per month to keep up with labor force growth, which means unemployment is "stuck" at 9 percent for the next year.

"While the employment situation is stagnant, I expected the jobs outlook to be worse, given the extreme drop in optimism and reduced spending plans," Graham said in the release.

Harvey said that the expected hiring gains of 0.9 percent and the 4.5 percent expected capital spending growth are signals of slow to moderate economic growth.

"While optimism is lower, two-thirds of CFOs are sticking with their spending and hiring plans," he said. "These plans, plus double-digit dividend growth, are inconsistent with a recession mentality. If CFOs thought a recession was forthcoming, we would see capital spending and employment growth in negative territory."
