

The Gipper's Dead: A Personal Note

June 7, 2004

Most everyone has his or her heroes. As a young boy growing up in Kansas, Stan Musial of the St. Louis Cardinals was my first. My room was plastered with pictures of him and the other Cardinals such as Mort & Walker Cooper, Johnny Mize, Whitey Kurowski, Terry Moore, and Marty Marion. One of my favorite names was "4 Sack" Dusak, a little known outfielder that played a few short years for St. Louis. I was so involved that if they lost a funk of considerable length was certain to come. It became so intense that, in order to save my marriage, I quit listening to them on the radio. Our friends used to laugh about three of our children being born in July. If you work out the math, July is nine months after the World Series is over.

My next, and I guess last, hero was Ronald Reagan. His view of America brought me into politics. I yet today feel pride in being a delegate to both conventions in which he was nominated. One of my sons also was a delegate. I spent some time with him privately and was a witness to his speech preparation, going over and over his index cards on a bus that outlined the same speech but always included a local flavor. I truly loved this man and what he stood for – tears came to my eye as he gave his 1980 acceptance speech in Detroit. I was on the convention floor at the time and frankly was just overcome. Another highlight of that date was the birth of my first grandchild in Dallas – my oh my what a rush – it would be difficult to conceive of a more satisfying experience.

It was his supply-side economics along with the help of Paul Volker at the Fed, which changed America economically forever. A 17-year bull market in stocks and bonds was seeded with his tax cuts and other economic maneuvers during his first term. Unfortunately, since that time the political parties and their representation in Congress seem to have blended into a mold of self-serving and childish behavior through an unholy alliance of Wall Street and Government, which has brought our precious "free enterprise" system in sight of the proverbial "brick wall" we have all feared.

Where Do We Go From Here?

The employment figures continue to look better, but as of now we remain unconvinced. These numbers, along with many others have "adjustments" that depend upon prior history. This begs the question: "What if prior history does not apply to this new globalization economic model." After all, it is a model we have never seen before. These "adjustments" reflect business as usual – an extension of the past – an extrapolation of an economy that is linear in nature. Over the last four months, prior historical relationships suggest that 700,000 business jobs have been created from newly formed businesses. These are uncounted, but estimated as mentioned above, based on 1988-02 trends. The most recent month had 195,000 of such jobs included in the total of 248,000 reported. The March numbers (the first big jump in jobs) had the following breakdown: Total jobs created 288,000 of which 270,000 were imputed for historical reasons and 157,115 new jobs were imputed for seasonal reasons. That would leave a "real" reduction of 139,115 jobs. We do believe there is enough evidence from other

indicators to suggest jobs were created, but we remain just a bit skeptical of exactly how many. We will only know in hindsight.

Another “strange” number is personal consumption numbers – 4th quarter 2003 versus 1st quarter 2004. According to the GDP numbers, such spending was \$59.6 billion in the 4th quarter and \$69.4 billion in the first quarter of 2004. We ask you – how does that square with the table below? If you add the numbers compiled by the commerce department, you will see the numbers are 4th quarter personal consumption \$97.1 billion and 1st quarter of 2004 \$37.0 billion. Does that seem like a huge increase? Does that seem like any kind of an increase?

PERSONAL INCOME AND OUTLAYS							
CHANGE FROM PRECEDING MONTH, BILLIONS OF (2000) CHAINED DOLLARS							
	SEPT 03	OCT 03	NOV 03	DEC 03	JAN 04	FEB 04	MAR 04
PERSONAL CONSUMPTION	-16.3	5.5	51.2	40.4	11.5	16.0	9.5
DURABLE GOODS	-14.1	-16.7	9.8	28.3	-40.7	7.0	3.4
NONDURABLE GOODS	-13.1	13.1	27.1	1.7	24.1	-0.8	1.0
SERVICES	8.5	6.6	15.5	14.0	21.5	10.4	5.4

SOURCE: COMMERCE DEPARTMENT, PERSONAL INCOME AND OUTLAYS, APRIL 30, '04, PAGE 12

The above, along with the hedonic counting of computer values just make us wonder how reliable all these reported numbers might be.