

Duvall & Associates, Inc.

Taking Care of Business

MY PERSPECTIVE - US ECONOMY

"I'm older now but still runnin' against the wind." Bob Seger

News flash - we're still in a recession. Never have I known a period of such immense access to information - and yet so much confusion about where we are, where we're heading, and even how we got here in the first place.

Fingers tend to point to the fiends of Wall and Main Streets, but I believe it is conceit to believe those greedy asses had so much power they could unilaterally collapse a world economy. Rather, I tend to believe the recession was the necessary by-product of a false collective financial serenity fueled by credit which was too easily obtained and too cheap in rates.

If we have learned anything from the recent past, it is that no matter the size of the beast - individual, small or large companies, even national governments - you cannot continually spend more than you earn.

Debt is a bag of rocks weighing upon our shoulders, and contrary to Keynesian spend-thrift experts, the burden cannot be eternally relieved by adding even more debt to the mix. Eventually, we must simply earn our way out of the hole.

I have a profound confidence in the ultimate resiliency of the American public and business individual. But we are struggling in the face of financial headwinds which will make the journey particularly difficult.

A jobless recovery is possible, but hardly desirable. A resurgence of service and even manufacturing jobs is expected - but we may never see the return of the "blue-collar \$60,000 a job with full benefits employee".

Governments are half-heartedly attempting fiscal restraint which will lead to public lay-offs. Productivity gains provide sales increases without aid of additional worker bees and construction employment is hampered by a glut of empty buildings.

And underemployed people make lousy consumers of business goods.

America will eventually prevail and prosper, but the fixes will not be short-term or simple.

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