

WCM January Newsletter



DID YOU KNOW

Annual housekeeping review

Nicola will be reaching out to update accounts so we can service you better.

MONTHLY COMMENTARY

Voodoo Economics

“The first panacea for a mismanaged nation is inflation of the currency; the second is war. Both bring a temporary prosperity; both bring a permanent ruin.”

-Earnest Hemingway-

DOING GOOD TOGETHER

Look to our Newsletters over the next couple of months for opportunities to join us in making a difference.

Integrity, diligence
& unwavering commitment



Thank you for the continued trust you place in us and our office. Our practice continues to grow because of you. Your referrals are the best compliment that you can give.

A blue callout box with white text that says "DID YOU KNOW?".

Annual housekeeping review –

Nicola will be reaching out to confirm the information we have on file and making changes as needed to help service you better. Nicola will be reaching out to everyone over the next few months.

Some of the items we will be updating are:

- IRA Beneficiaries**
- Linked Bank Accounts (ACH)**
- Contact Info**
- Trusted Contact**
- Transfer on Death (TOD) Agreements**
- IRA Required Minimum Distributions (RMD)**

Voodoo Economics

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By Mark Lazar MBA, CFP®

Mark Lazar is an independent writer with Pathway to Prosperity and is not affiliated with Raymond James. Views expressed by this writer are the current opinions of this author and not necessarily those of Raymond James & Associates.

During the 1980 Republican presidential primaries, Ronald Reagan’s primary challenger was former Central Intelligence Director, George H. Bush. During the debates, Bush used the pejorative term, *voodoo economics*, to denigrate Reagan’s proposed economic policies, which included lower taxes, reduced regulation, smaller government, and a strong dollar.

Item	YTD Change
Dow Jones Ind Avg	8.46%
S&P 500 Index	18.97%
EAFE Foreign Index	9.31%
Emerging Market Index	3.21%
Barclays Agg Bond Index	2.51%
10-Year Inflation Forecast	2.22
Unemployment Rate	3.9



** Market index data as of 12/31/2023 (*The Stock Indexes mentioned are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.*)

After winning the primaries, Reagan offered his former rival the VP spot, which he accepted. Not surprisingly, Bush quickly changed his tune on economic policy, and became an advocate of [supply side theory](#). Over the course of the next eight years, federal spending (as a percent of [GDP](#)) dropped from [21.5%](#) to 17.67%, inflation dropped from [13.5%](#) to 4.1%, and unemployment decreased from [12.5%](#) to 4.4%. Not coincidentally, [real wages increased](#) as did the [US dollar](#).

A lot has changed over the past several decades. We now live in an era of macroeconomic superstition. Much of what academic elites think they know about [monetary](#) and [fiscal policy](#) just ain’t so. One such example being the Fed’s recent experiment with [Modern Monetary Theory](#), which created an inflationary wave they have yet to be able to contain. In addition to the pain inflicted by the rapid rise in consumer prices, the primary monetary medicine used to combat rising prices is higher interest. After decades of historically low rates, the Fed’s sudden pivot caused three of the four [largest bank failures](#) in US history, have made home purchases nearly impossible for everyone but the rich, and effectively [doubled](#) the net interest payments on federal debt in just three years.

Another example of economic delusion is the purported relationship between federal spending and economic growth. [Demand-side](#) spending schemes, like the COVID stimulus checks, can and do temporarily boost spending, which in the short-run goose GDP. But how much of the stimulus money was invested in R&D, capital equipment, or innovative technology? While Amazon, Best Buy, and Nordstrom's enjoyed a big increase in sales, it came entirely at the expense of US taxpayers. Future taxpayers, to be more specific.

Proponents of demand-side policies typically cite the [multiplier effect](#), which alleges that for every dollar input (money supply, fiscal spending, capital investment, etc.) there is a corresponding increase greater than \$1. But there is zero empirical evidence to support this myth. When it comes to government spending programs, instead of a multiplier effect you instead end up with [diminishing marginal returns](#). To illustrate, since 2020, federal debt has increased an alarming [\\$9 trillion](#). Over the same period, US GDP increased [~\\$6 trillion](#). Simply put; the juice wasn't worth the squeeze.

While the official numbers have yet to be printed, the US budget deficit (federal tax revenues collected minus federal outlays) for 2023 is forecast at [\\$1.7 trillion](#), or 6.5% of GDP. Absent the Supreme Court's decision to strike down the \$333 billion student loan forgiveness plan, the projected deficit would have exceeded \$2 trillion or 8% of GDP. This is an alarming number, especially in light of [<4%](#) unemployment, [~2.8%](#) GDP growth, and no prevailing crisis. Over the next decade the CBO forecasts federal outlays will exceed revenues by [>\\$20T](#), and that's without consideration of/for the next "crisis."

Over the past fifty years Uncle Sam has ceded virtually all control and, thus, responsibility of the economy to the Federal Reserve, which treats all economic maladies with a single cure; loose monetary policy. *To a man with a hammer*, as they say. But as Einstein lamented, the definition of insanity is *doing the same thing over and over again but expecting a different result*. It's high time policymakers concede that their [Keynesian](#) witchcraft is a failed religion, and rediscover the economic salvation that comes from voodoo economic policies.

Mark Lazar, MBA

CERTIFIED FINANCIAL PLANNER™

[Pathway to Prosperity](#)

WCM Team This Month



Stan

Stan out one more time playing pickleball.

Rees

Rees downtown during Christmas with Lisa





John

John , Gone Fishing...again



Nicola

Nicola on New Years Eve

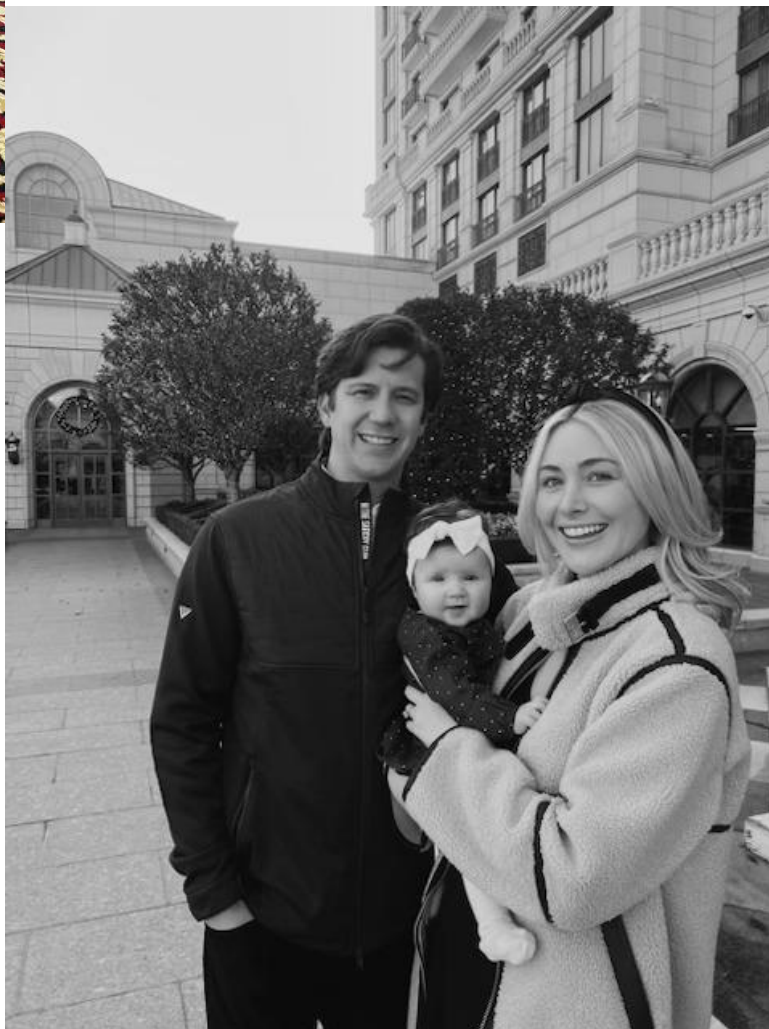


Jessica

Jess out at the Nutcracker

Matt

Matt and the family out on the town together.



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