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OCTOBER 2020



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POLITICAL THEATER**
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Political Theater -Article by Mark Lazar

I have come to the conclusion that politics is are too serious a matter to be left to politicians.
Charles de Gaulle

For those of you who watched the presidential debates on September 29, all I can say is, "I'm sorry." Regardless of what side of the political aisle one may stand on, it was hard to watch. But in spite of the political vitriol and the proclamations that we're doomed if the other side wins, the market says otherwise, and economy is recovering faster than expected. In fact, 3Q GDP is forecast to grow 35.20%—the fastest [QoQ](#) growth in US history.

Item	YTD Change
Dow Jones Ind Avg	-3.00%
S&P 500 Index	3.64%
Foreign Index (MSCI ACWI ex US)	-8.00%
MSCI Emerging Market Index	-1.16%
2020 Federal Budget Deficit	\$3.7 Trillion
US Q3 GDP Forecast	35.20%
Unemployment Rate	7.9%

**All data as of 10/3/2020*

I don't know if politics have always been this tribal. Perhaps so. But I do know society has a tendency to conflate politics with policies. Good politics can, and oftentimes do, win elections. But good politics don't necessarily lead to good policies.

The Founders didn't intend for their fellow countrymen to spend their time thinking about the day to day minutia that occurs in the nation's capital, let alone obsess about it. Personally, I'll never forgive Ted Turner for cursing us with the 24-hour news cycle, which tragically propelled politics into the constant spotlight, and turned DC into the Jerry Springer show. Rather, federal government should be a barely discernable background noise, so we can instead focus on what truly matters; our family, our health, our careers, and our communities.

While our country seems to be more or less split as to their political party of choice, I believe the vast majority of Americans share the same goals. We want a clean environment, quality education opportunities for our children, affordable healthcare, good jobs, increased prosperity, safe communities, clean streets, and the freedom to live our lives as we choose. Where I believe we disagree, is how to get there.

Good policies are neither Republican nor Democrat; they're simply good policies. Conversely, the same holds true for bad policies. While the central bank sets [monetary policy](#), the federal government determines [fiscal](#) and social policies. Good policies lead to good outcomes. To that point, the public should have a yardstick by which to judge policy (and policymakers') efficacy. Qualitative metrics are always a bit squishy, but quantitative data is just math. You can lie about the numbers, but the numbers don't lie. Examples include real wages, GDP growth, median income, household net worth, budget deficit/surplus, private sector job growth, healthcare costs, air quality, and the like. When performance is measured, performance improves. Of course, no politician, on either side, wants an actual report card as it likely wouldn't bode well for their reelection.

Markets are forward looking, apolitical price mechanisms. Between now and November 3, the markets will be evaluating the proposed policies by the two administrations, and what impact they will have on the economy, corporate earnings, interest rates, rates of inflation, the value of the dollar, and the most likely election outcome. Regardless of the election results, investors who filter out the noise and instead focus on the trajectory of the economy, specifically, revenue and earnings, tend to be rewarded. Whereas those who get distracted by the political theater or are paralyzed by fear, generally end up leaving money on the table.

Wasatch Team Updates



Mark

Mark & Savina hiking Tubbs Hill off Lake Coeur d'Alene



John

John biking and camping on The White Rim Trail in Canyonlands



Beth

Beth fishing the Green River this month (again!)



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