

Something to Think About



OAKWORTH
CAPITAL BANK

COMMON CENTS

Today is such a beautiful day in central Alabama, it is hard to imagine anything wrong in the world at all. There isn't a cloud in the sky; the air is a little crisp with a slight breeze, and the leaves have only just started to change. It is the type of day which lets you know



there are far more important things in heaven and earth than are dreamt of in our philosophies. I suppose I should give credit to William Shakespeare for that one.

This is the view from the parking lot in front of our building.

Still, it is all too easy to overlook such things as a pretty autumnal afternoon when there are bills to pay, deadlines to meet, children to feed, places to be, and schedules to maintain. For some of us, these things are very difficult, if not impossible; money is

harder to obtain, and the next meal is far from certain. Beautiful days? You can't fold beautiful days, can you?

This week, I read an article about American workers I found disturbing. In fact, the numbers were so difficult to fathom, I went to the source data to see them for myself, and they there were. Let me give you some salient paragraphs from the article "American workers are way behind: Blame US employers" by an Elizabeth G. Olson. Please find article [here](#):

"The survey, by the Organization for Economic Cooperation and Development, of 166,000 workers between the ages of 16 and 65, is the most detailed comparison so far of abilities in the workforces of various countries, giving it credibility in the ongoing debate over America's place in the world economy.

Historically, the quality of worker skills has fueled the American economy's strong rate of growth. And strengthening U.S. workforce skills could increase average wages significantly, economists argue.

According to the OECD's Survey of Adult Skills, Japanese workers rank first, followed closely by Finland, then a trio of European countries, the Netherlands, Sweden and Norway. That contrasts with the United States, which ranked in the middle for literacy and near the bottom of the 23 countries for math and technological skills.'

...the OECD based its rankings on tests given in 2011 and 2012 to workers. According to the results, almost one in three adults in Italy (31.7%), Spain (30.6%), and the United States (28.7%) perform at or below the most basic level of numeracy -- understanding and using numbers -- compared to around one in 10 in Japan (8.2%) as well as Finland and the Czech Republic (both at 12.8%)."

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Runnin' down the avenue
See how the sun shines brightly in the city
On the streets where once was pity
Mister blue sky is living here today hey, hey
Mr. Blue Sky—ELO

Something to Think About Cont.

In typical, contemporary, business journalism fashion, the writer avers it is the private sector's fault American workers don't have the necessary skill sets to compete effectively in the global economy. Not surprisingly, any number of "commenters," which isn't a real word according to my spell check, have taken issue with this premise. No! It is the public sector's fault workers are so poorly trained.

So, who is right? Who is wrong? Does it really make a difference? Ah ha. Therein lies the rub. Regardless of who is to blame, we can't dance around the fact the skill of the average American worker appears to lag its global competition, if the OECD's survey is indicative of anything.

Now, let me ask you this: do you find this study surprising; do you find these results hard to believe?

Unfortunately, we have boxed ourselves into a corner. As we have prospered, the United States has attempted to solve any number of societal, economic, and geopolitical ills, whether real or imagined. Not surprisingly, our institutions and problem solving apparatuses has become increasingly more complex with each new "problem" that arises.

Consider the executive summary from "The Impact of Regulatory Costs on Small Business" written by Nicole V. and W. Mark Crain, of Lafayette College, for the Small Business Administration's Office of Advocacy dated September 2010:

"The annual cost of federal regulations in the United States increased to more than \$1.75 trillion in 2008. Had every U.S. household paid an equal share of the federal regulatory burden, each would have owed \$15,586 in 2008. By comparison, the federal regulatory burden exceeds by 50 percent private spending on health care, which equaled \$10,500 per household in 2008. While all citizens and businesses pay some portion of these costs, the distribution of the burden of regulations is quite uneven. The portion of regulatory costs that falls initially on businesses was \$8,086 per employee in 2008. Small businesses, defined as firms employing fewer than 20 employees, bear the largest burden of federal regulations. As of 2008, small businesses face an annual regulatory cost of \$10,585 per employee, which is 36 percent higher than the regulatory cost facing large firms (defined as firms with 500 or more employees).

The regulatory landscape highlighted above and detailed in this report emerges from an updated analysis of the regulatory record explored in three previous studies for the Office of the Chief Counsel for Advocacy of the U.S. Small Business Administration (Hopkins, 1995; Crain and Hopkins, 2001; and Crain, 2005). Direct comparisons to the results in these prior studies should be made with caution, however. The present study introduces some new methodological techniques, which may account for some of the differences in the cost estimates for 2008 versus those for prior years."

If that isn't enough to get your dander up, just know the Code of Federal Regulations encompasses 50 different titles, and was 169,301 pages long at the end of 2011! In so many ways, the government has bitten off more than it can chew, without absolving itself of prior commitments. It just keeps adding to the pile.

With this in mind, what is your first impression when you walk into a Golden Corral? Heck, do you even walk into a Golden Corral? If you are like I am, the sheer variety and quantity of food choices is overwhelming. There is what passes for Chinese food, some variants of Mexican and Italian cuisines, steaks, chicken, seafood, desserts, etc. If you can imagine it on a buffet table, it is likely at the Golden Corral. But, do I really expect ANY of it to be, you know, highest quality? Or even high quality? Do I dare to dream I will leave the Golden Corral in awe of the culinary skills of its kitchen staff? Of course not.

Big trucks bring industrial size quantities from industrial kitchens to the restaurant in the dead of the night. The kitchen staff merely finishes up the preparation. But, you know, for \$8 or so, I can stuff my face real good y'all.

If we can understand that, why does it surprise us when the government fails in being all things to everybody, and at a huge expense to the taxpayer? Further, who do end up pleasing when you try to please everyone? Ex-

Something to Think About Cont.

actly, and yet we get indignant when the OECD publishes articles claiming the Finns are smarter than we are! However, I have a sneaky suspicion Helsinki doesn't have close to 200,000 pages of Federal regulations PLUS whatever comes down the pike at the state & local level, AND it doesn't try to police the entire globe while actively occupying a pretty decent chunk of it, either directly or indirectly. Basically, Finland doesn't try to solve the world's problems at Finland's expense....only Finnish ones, and that includes educating baby Finns.

In so many ways, solving problems doesn't create wealth; it consumes it, as more resources are needed. Therefore, the more problems you try to solve, the more wealth you consume. The more wealth you consume trying to solve problems, the less wealth there is for productive endeavors.

As a result, perhaps somewhat ironically, by demanding the government take a more active role in just about every endeavor in order to either provide for or protect us, we are actually reaping a lower return from our society as a whole. Why? Because money is finite, regardless of what the Federal Reserve would lead you to believe. Heck, that is why our central bank has taken to "printing money" to solve our problems, because we can't produce enough wealth as a society on our own.

The end result is a bifurcated society and economy where, say, the top 25% continue to get wealthier; the middle 50% treads water, and the bottom 25% falls even further behind. With not enough true wealth to go around, those with the most economically marketable skills will soak up what wealth there is....with no malice and no fault of its own.

Now, let me ask you this: do you find this line of reasoning without merit? But what can be done about it? Brother, that is the \$64,000 Question.

...and one that I don't particularly care to address on such a gorgeous afternoon here in central Alabama. Did I mention there isn't a cloud in the sky and only a slight breeze? Whew. On such a day, you know, it is hard to imagine anything wrong in the world at all.

Disclosure

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