

Something to Think About



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COMMON CENTS

You didn't really think I wouldn't write about politics today, did you?

As you know by now, the Republicans thrashed the Democrats in this past Tuesday's midterm elections. Some commentators have called it historic, although the trouncing the Democrats gave the GOP in 2008 seems, to me, to have been more dramatic. Perhaps that is how I roll.

What now?

I am certain President Obama is wondering just what the American public doesn't understand. After all, this morning, the Bureau of Labor Statistics (BLS) announced the economy created 214K net, new payroll jobs in October, and the Unemployment Rate fell to 5.8%. What's more, a week or so ago, the Bureau of Economic Analysis (BEA) reported the economy grew at a 3.5% annual clip during the 3rd Quarter. Finally, the annual Federal budget deficit has shrunk to very manageable levels.

Yeah, he must be stewing in his own pudding right about now. What's not to like about those numbers? Although the President and I have seem to have differing worldviews, I am going to steal a line from another Democrat and reach out to the man: "I feel your pain."

As someone once said many moons ago about politics: "it is the economy, stupid." In the present case, the economy wouldn't have suggested such a shellacking. No, I am not going to tell you the US is hitting on all cylinders. It isn't. I won't lie to you and tell you income inequality is going down, because it is headed the opposite direction. Yes, there are far too many people making far too much money for the little value they add, and even more that are breaking their backs just to get by.

Still, where the rubber meets the road, things are somewhat better than they were a couple of years ago. So, how is it the Democrats lost so handily, particularly when the Republicans didn't seem to have any sort of cohesive, coherent platform?

I guess when you campaign on hope & change you had better deliver it in 10-gallon buckets, and not quart jars.

With that said, a coworker of mine and I were discussing this lack of an agenda, and I likened it to the Whites in the Russian Civil War. Here is what Wikipedia has to say about the White Movement in that conflict, just in case you aren't up to speed on Eastern European internal conflicts:

Aside from being anti-Bolshevik and patriotic, the Whites had no set ideology or main leader. The White Armies did acknowledge a single provisional head of state, the so-called Supreme Governor of Russia, but this post was prominent only under the leadership of Alexander Kolchak.

The movement had no set plan for foreign policy; Whites differed on policies toward Germany, debating whether or not to ally with it. The Whites wanted to keep from alienating any potential supporters and allies, and thus saw an exclusively monarchist position as a detriment to their cause and recruitment. White movement leaders such as Anton Denikin advocated for Russians to create their own government, claiming the military could not decide in Russians' steads. Admiral Alexander Kolchak succeeded in creating a temporary wartime government in Omsk, acknowledged by most other

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Leadership is the art of getting someone else to do something you want done because he wants to do it.

Dwight D. Eisenhower

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White leaders, only for it to fall with the loss of his armies.

Some warlords who were aligned with the White movement, such as Grigory Semyonov and Roman Ungern von Sternberg, did not acknowledge any authority but their own. Consequently, the White movement had no set political leanings: members could be monarchists, republicans, rightists, Kadets, etc. Among White Army leaders, neither General Lavr Kornilov nor General Anton Denikin were monarchists, yet General Pyotr Nikolayevich Wrangel was a monarchist willing to soldier for an elected, democratic Russian government. Moreover, other political parties supported the anti-Bolshevik White Army, among them the democrats, the Socialist-Revolutionary Party, and others who opposed the Bolshevik October Revolution of Lenin. But, depending on the time and place, those White Army supporters also exchanged right-wing allegiance for allegiance with the Red Army.

Does this sound vaguely familiar or similar?

As you know, the Whites lost the Russian Civil War. They lost it primarily because they couldn't agree on anything other than their mutual opposition to the Bolsheviks. Frankly, it was a mess.

So, again, what now? I will go out on a limb, and aver the Republicans victory on Tuesday had less to do with any kind of cohesive Republican platform, and more to do with a general frustration with the Administration and the overall mediocrity of the broad economy, real or imagined. In truth, there is something for just about everyone who voted against the Democrats.

You might be frustrated with the government's slow response to ISIS, or its arguably somewhat cavalier response, by outward appearances, to the Ebola virus crisis. Others are dead set against Obamacare, if for no other reason than they hated the way the bill became law. Pro-Israel voters would be right, in my opinion, to be concerned about the Administration's outward behavior to the Israeli government. Perhaps Administration officials like Joe Biden, John Kerry, Susan Rice, Samantha Power, and Eric Holder irked a few folks, and probably did. Finally, the President's position on immigration has ruffled more than a few feathers.

In all fairness, any governing party will give voters plenty of reasons to vote for the opposition, and this election wasn't any different in that regard. As such, it is hard for me to say this week is a mandate for the Republicans as much as it is a reaffirmation the United States, for all intents and purposes, is still a moderate to slightly right of moderate country in aggregate....at least those who vote in midterm elections.

Therefore, if the Republicans want to turn a short-term political victory into a long-term mandate, they would be wise to avoid many of the reasons why people voted against the Democrats on Tuesday. That might not be intuitive, but that doesn't make it any less accurate.

Let's face facts: the President will veto any repeal or significant alteration of the Affordable Care Act (Obamacare), and the GOP doesn't have the necessary votes to override. The same could be said of Dodd-Frank, and all its many tentacles. Then, the illegal immigration issue is far more complex than the average American thinks; it isn't as simple as "kicking them all out." Why? Because we don't know how many there are; who they are, or exactly where they live. They **are** illegal immigrants you know. Besides, even if you could track all of them down, how are you going to "kick them all out?" Please explain to me the logistics of that. So, take your pick of politically contentious issues, and throw them out the window. It ain't gonna happen.

The Republicans would be incredibly wise to start with something useful long-term like simplifying the corporate tax code, or some smaller initiative that allows the President to "save face" or have him run the risk of coming across as obstructionist and petulant. Save face? Why in the world would you care about that? Well, because that is how you lead, and the world is chronically short of leaders....always has been.

Oh, there are so many things the Republicans can do without forcing some head on collision with the President. However, if the ultra-conservative elements of the fractious GOP decide they want to go toe to toe with the Administration, we will have at least two years of absolutely nothing beneficial getting done, when there is plenty to do. The President will dig in, and both parties will bicker back and forth with one another until the next election. If nothing much changes between now and then, you know, we will repeat this dance in 2016...and the GOP can only hope one of its many

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middle-aged white men appeals to the American public more than Hillary Clinton. It already starts 84 electoral votes in the hole (California and New York), and that is a big risk to take if the goal is to win.

So, for what it is worth, here is my wish list for the economy and the markets as the Republicans come out of the gate.

- Simplify the corporate tax code....reduce the rate and dramatically reduce the number of loopholes, if not eliminate all of them. Eliminate the taxation on repatriated foreign earnings, because having corporate America keep those dollars 'overseas' to avoid domestic taxes doesn't benefit our economy in any way shape or form. Shoot, if multinationals bring their money back home, you know, they might spend it at home. As it stands now, they won't and don't. *A boy can dream can't he...even if he is a middle-aged man?*
- Reassess the tax on gasoline, and develop a national VAT for hybrids, electric, and other uber-fuel efficient vehicles. Earmark that money specifically for infrastructure improvements, stick to it, and do NOT funnel that money off to another agency. If you use the roads and bridges, you **will** pay for the roads and bridges. The lack of efficient, dependable infrastructure and highway policies is baffling to me, and detrimental to the economy.
- Develop an energy policy which realistically makes the US energy independent by the end of the decade. That's right. Period...no excuses, no extended time frames, and no vague arguments about how our trade deficit is good for the remainder of the world. If it means subsidizing the build out of CNG and LNG capacity, so be it. We run a roughly \$300 billion trade deficit in fossil fuels each year, and that money would be better spent at home. Spend \$100 billion to build any number of CNG stations across the country to save \$300 billion a year...forever? Man, that would be money sooooo well spent. *I would do a somersault if they would get this done....two even, on camera.*
- Throttle the colleges and universities who accept Federal funds and continue to dramatically increase their tuitions each year. Having your workforce start their careers impossibly behind the 8-ball doesn't make any sense. If you accept a dime of Federal funding in any way, shape or form, and I mean a dime, you **WILL** limit tuition increases.
- Subsidize or otherwise implement a coherent voc-tech training program. Pay for it with tightening the screws, and I mean tight, on the well-intentioned but amazingly abused SSDI program. Of course, this might require some accounting sleight of hand, but the Social Security Administration has been doing this for years anyhow. *Another somersault and you can hit me in the face with a pie if this happens.*

I could go on, but I won't, and I admit there are devils in the details. However, these 5 bullet points would go a LONG way in fomenting, engendering, and otherwise promulgating economic efficiency and growth....thereby increasing stock prices which would increase household wealth.

Granted, these aren't traditional Republican type initiatives, but I think the two parties and the Administration might be able to work to some measure of compromise on them. We can tackle the harder stuff later on; the key is to just get both sides working together on something, anything, towards the common goal of a better country, a better economy, and a higher degree of wealth and opportunity.

We will see, but if the GOP and Ted Cruz types come out of the box in January attacking the President and Obamacare...brother, for all our sakes, Democrat and Republican, let's just hope they don't.

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