

The Outlook: Nov. 24, 2017

The coal miner's lesson . . . and world economies grow.

Quite a while ago, a philosophy professor walked into a classroom, plunked his pack of cigarettes down on a bare table in front, spun a wooden chair around so he could hook one leg over the back while standing on the other, lit his cigarette, blew out the smoke, and began talking. The 20 or 30 college students in the room were mostly freshman, and entirely clueless . . . about the subject, Intro to Philosophy, and about everything else, come to think of it. But for the next 50 minutes they listened in stunned silence while the professor walked them step by step through the mind of Plato as he wrestled with big questions: the meaning of life, nature of right and wrong, and so on. Having found Plato both incomprehensible and dead boring, when they'd read the assignment for the day, they found it almost as incomprehensible that an ex-coalminer had not only become a philosophy professor but was delivering the best lecture they'd ever heard, bringing the reading to life and making it impossible to snooze in the back as planned.

Most of us, if we were lucky, stumbled across one or two people who actually taught us something so profound, in college, that we never forgot it. One of those freshmen, an Economics major filling his Intro to Philosophy requirement, learned one of those lessons from the chain-smoking coalminer a few weeks after the Plato lecture (followed by an Aristotle lecture, a Descartes lecture and many others.) The philosophers had been put on temporary hold so that the coalminer could teach a few weeks of something called "Logic." Logic was just strange: a cross between math and code-breaking, with take-home tests telling the class to quit after 6 hours, regardless, if it valued its sanity. After the first such test a flood of anguish poured out at the coalminer, the next day, to the effect of "completely impossible!", "spent 15 hours, no sleep, no progress!", and so on.

Now came the lesson. "Look," said the professor, tapping ash on the floor, "there is exactly one way to solve these problems. You find some corner of it—some little part of it, no matter how trivial or irrelevant it seems—that you actually might know how to do. And you do it. And when you've done it, you just might find it leading to some other little part of the problem that you might know how to do. And you do it. And you keep following that string, bit by bit, and most of you will be pretty surprised how the whole problem slowly begins to lay itself out for you, so that eventually you can see your way through it." Then came a pause, a drag on the cigarette, and a level, clear-eyed gaze: "And if you do that, and remember it, you might find it useful in your life, once or twice."

Abraham Lincoln, a century earlier when the first faint streaks of dawn began to show after the long black night of the Civil War, said "I freely admit I haven't known what to do, looking far ahead. I've been like the riverboat pilot in a fog, steering only a few yards to the next safe spot he can see, never knowing what may come next." He would have understood the coalminer very well.

And it appears to Outlook, as we survey the always-troubled state of the world economy and its most important nations, including the U.S., that a good many political leaders are following those puzzling strings, taking short step by short step, peering through the fog. India is a wonderful example: a giant country absolutely mired in economic stagnation from decades of "big government" so truly "big" and stifling that it makes anything America has experienced look like laissez-faire run amuck. Prime Minister Modi has been in office for 3 years, during which he's absorbed the usual flood of criticism from expert bystanders measuring his deeds against some kind of "in a perfect world" scale, rather than against the backdrop of a mountain of bureaucracy, crushing regulation, taxation and corruption which

have had decades to entrench themselves in India's economic and political life. Yet he's done, step by step, the sometimes-small things which he knew how to do, and which were indeed "do-able:" making federal taxation far more uniform and understandable, across all of India, which is allowing good businesses to actually grow and expand in the country; forcing half the economy to use modern banking to do business, rather than the cross between barter and black market preferred in the past, and many other such "incremental" improvements.

In France, whose stagnant economy has looked nearly as impossible to invigorate as India's, newly elected President Macron seems to be following the same "one step through the fog at a time" playbook. Like almost all politicians, Mr. Macron says many contrasting things . . . but what he's actually done, lately, has been the first emphatic promotion of less business regulation and more labor competition that France has seen in, well, we'd have to brush up on French history to define it. A long time. And the tremendous importance of France is that when it moves in that direction, much of the rest of Europe will find that it eventually must follow—particularly since Europe's other giant, Germany, made those moves quite a while ago, and has benefited ever since.

Ditto China, which is always the gold medalist in the "saying many contradictory things" competition. If a business leader is on the wrong side of politics in the Communist paradise, he can still lose his head, as quite a few have found out lately. But if his company has been dynamic, competitive and growing, the Party policy is mostly to call out "Next?" and wait for another manager to step up and keep the firm moving—rather than grabbing the assets for the benefit of the State.

And finally, the United States. We can step right past the many remarkably strong opinions about President Trump: bad and good and in-between (not too many of those.) But the Federal Register of pages of annual new regulations ran to an incomprehensible number, each of the last several years—tens of thousands, or hundreds of thousands, let us not bother to check. A Journal piece, not long ago, noticed that the current Administration is on track to cut that number by up to 50%--which doesn't count the remarkably high number of regulations canceled or reversed so far. We can have many different opinions about politics, and the differences are valid because our Constitution ensures our right to hold them—but we cannot have many different opinions about the effect of mountains of regulations on economic growth. The effect is negative, period. Growing any business is hard enough. Growing it while also trying not to violate mushrooming government rules can have only one effect: the same effect as putting a 50-pound weight vest on Usain Bolt, and watching him try to break the world record in the 100 meters. He'll run pretty fast . . . but it will be a lot slower than he can run.

The stock markets in all 4 of those countries have mostly surprised expert bystanders, these past few years. Some, because that's how they look at the world, say "It's a bubble, head for cover!" But at Outlook we think it has considerably more to do with the coalminer's lesson: quite a few political leaders (not to mention a host of business leaders) trying to solve galactic-scale problems one little piece at a time, doing small things they know how to do, which they can actually do. Free-market economies (and even kind-of free economies) have a long history of pulling off remarkable recoveries, and renewals of growth, when they've been given just a little more breathing room, a little more chance to see farther through the fog toward the next safe place to steer. There's a surprising amount of that happening all over the world at the moment. Business leaders know it, and many are acting like it. Stock markets are too. It never takes all that much to spook any market—Bull, Bear or Waffling-Around—but the renewal of economic growth which is fundamentally supporting the world's markets is not a fantasy, but a real, working engine, chugging forward with more confidence, not less, than it's felt in the past few years.

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