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by Caroline Baum

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CAROLINE BAUM

Just What I Said

BLOOMBERG ECONOMICS COLUMNIST TAKES ON BONDS, BANKS, BUDGETS, AND BUBBLES

BLOOMBERG PRESS
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To the memory of my father,
who always believed in me
even when I didn’t believe in myself
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Journalists have a love/hate relationship with their work. We love the process—coming up with an idea, reporting the story, following its twists and turns, unearthing new details along the way, crafting the lead and the kicker—but we hate the result.

Not at the time, of course. A week or a month later, when we reread the story, what jumps out at us is all the ways we could have made it better.

Perhaps that’s why I declined previous overtures to produce a book of columns, which I’ve been writing for 18 years, the last seven for Bloomberg News. I was afraid I’d be so critical of my work that I would be unable to see its long-term value, no less to present it in a manner that would be compelling to readers so many years after the fact.

By the time Bill Inman, editor of Bloomberg Publishing, and Jared Kieling, Bloomberg Press’s acquisitions editor, approached me last year, I was ready to take the plunge. I suspect their solicitousness had something to do with it.

First I had some questions. Who would buy this book? All my columns are archived on the Bloomberg Professional service. Why would any regular reader of my column buy the book?

Bill had the answer. Plenty of people, especially pre-Internet dinosaurs, like books. They like to touch and hold them. They like to carry a book around, read it on the train, plane, or in front of a crackling fire.

What’s more, Bill said my ability to make thorny subjects simple, not to mention lively, would have broader appeal in a world where a basic understanding of economics and financial markets is necessary in everyday life.

I was warming to the idea, even though I was dreading wading through the entire Baum “oeuvre”: the 1,300 columns I’d written since joining Bloomberg in February 1998 (I wrote a column for Dow Jones for 11 years prior to joining Bloomberg News).

Bill told me how well the columns held up, how their value transcended the time and circumstances in which they were written, how their themes were as relevant today as when they first appeared. He
wanted the best of those columns collected in one volume for people
who, like my regular readers, follow the financial markets and value my
perspective.

What follows, then, is a compilation of my columns on the macro-
economy, bond market, interest rates and policies that affect them.
I arranged them by theme—and was surprised as the chapters started
to accumulate. Here I thought I wrote the same six columns over and
over, and somehow I managed to come up with 19 different themes.

Readers tell me they sense the joy I get from writing my columns.
I hope you experience the same joy reading them.

CAROLINE BAUM
West Tisbury, Massachusetts
Acknowledgments

This is a book of columns, so any debt of gratitude must start with those individuals who make my column happen several times each week.

I owe so much to my longtime editor, Steve Dickson, whose steady hand keeps me on course. Steve respects my voice, and I respect his. It doesn’t get any better between writer and editor.

Steve is a great wordsmith, and many of the catchy column headlines bear his stamp.

Bill Ahearn oversees the work of all the Bloomberg News columnists with the wisdom and judgment acquired from years of experience. Bill has taught me patience (no mean feat since I live in real time), to trust myself to get it right even when it’s coming out wrong.

I want to thank Matt Winkler, editor in chief of Bloomberg News, who recruited me in 1998. Matt has supported me and promoted my work for the last seven years, giving me some time off from my day job to devote my full attention to the book.

Thanks also to my Bloomberg News colleagues, who are always willing to offer their expertise—and expert sources—in their respective fields when I venture outside of mine. This is true of Bloomberg reporters and editors around the globe, who treat me like royalty when I travel.

I’m grateful to the economists who took me under their wing early on and educated me. An inquisitive student who wants to get it right is irresistible to a teacher, but some folks went beyond the call of duty. I’m indebted to Paul Kasriel, the late Bob Laurent, and Tim Schiller for teaching me to use economics to think about the world; and to Jim Glassman and Joe Carson for always having time to walk me through hard concepts and help me translate theory into something practical and readable.

Thanks also to Jim Bianco, who’s never too busy to unearth some arcane data series to help prove a point.

With these people as my teachers and the market as my classroom, you could say I’ve had one hell of an education. If, over the years, I’ve managed to convey ideas to my readers with the same infectious enthusiasm with which they were conveyed to me, then I will consider myself successful.
This book would not have been possible without the efforts of Bill Inman at Bloomberg Publishing, who approached me with the idea, and Jared Kieling of Bloomberg Press, who turned the idea into reality with his astute suggestions and editing. Barbara Diez Goldenberg, Bloomberg Press design director, shepherded the project from beginning to end, which greatly enhanced my peace of mind.

I would not be able to do the work I do with the intensity it requires without balance in my life. I’m blessed to have such a wonderful circle of friends, sources and colleagues who listened patiently as I rattled on about the book project.

I’m especially grateful for the love and friendship of Steve Cary over the years and for the guidance and grounding of Pat Hill.

And thanks to my mother, who has never understood the concepts of “online” or “newswire” (and probably harbors suspicions about how I earn a living). Finally she’ll have something in hard copy to adorn her cocktail table.
Introduction

IN THE OLD DAYS, business and financial news was relegated to—where else?—the business and financial section of the newspaper.

Every once in a while a big leveraged buyout or merger would hit the front pages. But business news mostly played second fiddle to the major political stories of the day.

The 1990s changed all that. During the latter part of the decade—the real go-go years—everyone was interested in the daily ebb and flow (mostly flow) of the stock market. And it wasn’t the staid Dow Jones Industrial Average or the Standard and Poor’s 500 Index that captured people’s attention. The public was interested in the high-flying Nasdaq, which rose 571 percent from the start of 1995 to its high close of 5048.62 on March 10, 2000.

The stock market drove the economy, not the other way around. At its peak in March 2000, total stock market capitalization was 1.8 times the size of the U.S. economy. The wealth generated by the appreciation in equity prices from 1995 through 1999, even if unrealized, encouraged consumers to spend more of their earned income. Venture capital beckoned to anyone with a half-baked idea and “dot com” after the name. Businesses took advantage of inflated share prices to raise capital and invest in more plants and equipment than they could realistically utilize.

The stock market became the filter through which we viewed the world. Anything that affected equity prices immediately became big news.

When a series of rolling economic and financial crises hit Asia, Latin America and Russia starting in 1997—compounded by a homegrown crisis at mega–hedge fund Long Term Capital Management—it roiled stock markets around the world and was front-page news for days and weeks at a time.

Alan Greenspan became the central banker to the world. And because the Federal Reserve had lifted its veil of secrecy in 1994, publicly announcing policy changes in real time, ordinary folks were able to follow along with the pros. Monetary policy had gone mainstream.

Business news became big business. Television executives pounced on the opportunity.
First came FNN, the Financial News Network, which was acquired by General Electric Co.'s CNBC. CNN, the first 24-hour all-news cable channel, begat CNNfn, dedicated to financial news (CNNfn is now defunct). Bloomberg L.P. started its own business-news cable channel. And News Corp. Chairman Rupert Murdoch has announced his intention to launch a Fox business-news cable channel.

Business anchors became household names. Then they became stars.

Reporters took us onto the floor of the New York Stock Exchange and into Chicago's futures-trading pits, where men and women in brightly colored waiters' coats made peculiar hand signals and screamed at one another.

It may have looked like reality TV, but it was capitalism in action.

There was just one problem with this round-the-clock business and financial coverage: There wasn't enough real news to fill the airwaves 24/7. So the shows, which tried to differentiate themselves from one another via catchy names, devoted more and more time to chitchat. Viewers could listen to Myron the money manager hawk tech stocks or Henry the hedge fund operator talk about opportunities in “busted converts.”

Back then, before New York Attorney General Eliot Spitzer cracked down on the financial services industry, the guests didn’t have to reveal whether they had a position in whatever they happened to be pitching. (You could be pretty sure that most of them did—and were looking to sell at higher prices.)

Small-cap value fund managers opined about Fed policy. Economists handicapped geopolitical risks. Youthful Internet CEOs offered investors “return on vision” in place of actual profits.

Experts were in demand, their expertise compressed into a three- to five-minute segment. (As long as they were an expert in something, it didn’t matter if the subject under discussion was their particular area of expertise.)

And there’s the rub: With so much time to fill, most of the filler was sound bites.

What business anchors and reporters lacked in knowledge they made up for in enthusiasm. CNBC was known as the cheerleader for the Nasdaq bubble. The network threw a party when the Dow closed above 10,000 for the first time in April 1999. The anchors looked as if they were attending a wake when the index broke through 10,000 on its way south.

Anyone hoping to get real insight into how the markets and the economy operate and interact from these snippets would have been
disappointed. TV makes it all look quite glam, what with Internet IPOs soaring several hundred percent the day after the sale. But there’s plenty of humdrum stuff that gets lost in the glitter.

That’s where I come in. Humdrum, in the right hands, can be exciting.

The operation of the Federal Reserve—how the central bank creates reserves out of thin air and destroys them in the same way—would normally make for dry, scholarly reading. It wouldn’t even fly as a PBS series.

What if the Fed chairman could be disrobed to reveal an ordinary human being under the sphinxlike facade? What if the emperor has no clothes? It would sure make all that stuff about the sources and uses of reserves easier to swallow.

That’s my job: to make knotty subjects understandable and fun.

I once wrote a column comparing Alan Greenspan to Alfred Hitchcock. The connection may not be immediately apparent, but after reading every word Greenspan has uttered since he became Fed chairman in 1987 and seeing most of Hitchcock’s films, it was to me. The column was light; it was deep. (It’s in chapter 8.) It’ll give you a unique perspective on how Greenspan operates.

I had another flight of fancy (no pun intended) as I was watching birds flock to my new bird feeder. Could the avian world shed any new light on the law of supply and demand? Bird-watching became a lesson in economics. (See chapter 5.)

Then there’s mop technology. Isn’t it time someone applied Moore’s Law—the observation that the memory capacity of computer chips doubles every 18 months—to the vast home-products market, where most of the 111 million households surely own a mop? You’ll read about that, too, in this book (chapter 11).

In the midst of the late 1990s productivity boom, like most consumers I spent hours on the phone with tech support trying to get help with my home computer. While I was on perma-hold, it dawned on me that the degradation of services was a particularly insidious, albeit unmeasured, form of inflation. That realization became the basis for my belief and analysis that we are understating service-sector inflation.

Economics, in other words, can be demystified and explained via the raw material of daily life.

I didn’t come to this line of work with pre-formed ideas. Most of my education and training was on the job, not in the classroom.
I was pretty green when I started out in 1987, reporting on the daily happenings in the U.S. Treasury market and injecting some flavor into my copy. I asked a lot of questions. I talked to a lot of people. I read and studied on my own and even went back to school to take some economics courses.

My views on how the economy works evolved over the years. With increased understanding came a fundamental belief in free markets, which infuses all my writing.

Like the agora of ancient Greece, modern-day markets are the forum where buyers and sellers come together (not necessarily in a physical sense) to exchange something, be it goods, services, financial assets or contracts to buy or sell assets in the future. They engage in voluntary transactions at a price they determine.

This is the basis of the free-market capitalist system, which has proved to be the superior method of organizing an economy.

Command economies, where the state controls the means of production and distribution and sets prices, can’t possibly deliver the goods and services consumers want because they have no price signals to guide them. That’s why “Soviet Union” is preceded by the qualifier “former.”

Just thinking about how markets miraculously perform so many functions—Chinese manufacturers know exactly what consumers in Chicago want—inspires a sense of awe. I hope I impart that sense to readers.

I’ve organized this book thematically rather than chronologically. The columns in each chapter may not be topically consistent, but they all exemplify a common theme.

The chapters—even the individual columns—stand on their own and need not be read in any particular sequence.

My approach can best be described as didactic. I take my readers on a journey, walking them through the same discovery process I traveled before them, imparting some knowledge—and hopefully a nugget or two of wisdom—along the way.

If you were to ask me what I hoped to accomplish by presenting these already-published columns in book form, along with expository writing to inform each chapter, it would be this: to help the reader see things in a different light; to inspire in him a sense of awe at the way a market economy magically delivers the goods and services consumers want at the prices they’re willing to pay; and to encourage him to challenge conventional wisdom (there’s a reason it’s called “conventional”), even if a supposedly respected authority says it’s so.

I leave it to you to decide whether I’ve succeeded.
Ye of Little Faith

No institution commands as much attention from financial market participants and the financial press as the Federal Reserve. Every word Fed officials utter, every nuance, inflection and choice of verb tense, is dissected and analyzed for its policy implications.

Expectations about Fed policy are immediately incorporated into market rates. The press reports what policy-makers say and how the markets react.

Traders read the stories, hoping for new information or insight from reporters with known access to the Fed chairman. Markets react again, and the whole cycle is repeated.

What’s so curious, given our obsessive relationship with the Fed, is how little credit it gets for affecting economic outcomes. Just when the Fed has been most aggressive in its efforts to stimulate or curtail economic growth, faith in the power of interest rates seems to falter.

“It’s not working this time,” the cries go out.

The Fed affects aggregate demand, or the total demand for goods and services in the economy, by manipulating the benchmark overnight interest rate, known as the federal funds rate.

There are lots of theories about how this works. Economists trained decades ago generally have adopted the Keynesian view that the Fed lowers short-term rates solely to bring down long-term rates, which in turn reduces the cost of home mortgages and corporate borrowing for capital expenditures.
If that’s the case, why do central banks around the world target a short-term rate? Rather than hoping market forces guide long-term rates to the desired level, wouldn’t it be easier to buy and sell long-term bonds to influence the price?

And if low long-term rates were the panacea they’re cracked up to be, how can we explain Japan’s lost decade in the 1990s, with the yield on the 10-year Japanese government bond plummeting from 8.25 percent to 0.5 percent? (Hint: Sometimes low long-term rates are a symptom of a sick economy, not a cure.) The yield has been consistently below 2 percent since late 1997.

Many of the columns you’ll read in this book, in this and other chapters, reflect my view of how interest rates work. For now, let’s just say that interest rates change the incentive to spend and to save. When businesses and consumers aren’t being paid to save—when bank deposits pay a barely discernible rate of interest, as they did in 2003 in the U.S.—they spend. (American consumers never seem to need much prodding.)

High real interest rates, on the other hand, encourage the public to defer consumption.

The thrust of Fed policy comes from the interaction between short- and long-term rates: The central bank sets the first; the market determines the second. The spread between the two is an excellent, real-time gauge of the stance of policy.

Don’t expect to see this indicator widely advertised. Such a simple, accessible tool might compromise the livelihood of all those econometric modelers.

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**If the Market Can Do the Fed’s Work, Who Needs the Fed?**

April 23, 1999

MILTON FRIEDMAN, Nobel laureate in economics, has long advocated getting rid of the Federal Reserve and replacing the central bank with a computer.

What Friedman means is that the economy would be best served by a steady rate of growth in the money supply. Since two Fed staffs in New
York and Washington doing reserve projections have been unable to hit the Fed's target (definition: something aimed or fired at) of 1 to 5 percent growth in the broad monetary aggregate M2 in almost two years, the odds are good that a computer could perform the function better than the Fed's marksmen.

While there is no talk of sacking Fed Chairman Alan Greenspan in favor of Microsoft's Bill Gates just yet, the Fed has already relinquished one of its roles—that of the economy's main driver—to the market, according to a May 3 *Business Week* article titled "The Fed's New Rule Book."

"In the face of all this uncertainty, FOMC members are now counting on the market to help regulate the economy for them by raising and lowering long-term rates to keep inflation in check," writes *Business Week*.

*Business Week* is just echoing the views expressed by the Federal Open Market Committee. With the exception of St. Louis Fed President William Poole, who understands the relationship between long and short rates, Fed officials were quick to cite the rise in long-term rates in February as a harbinger of slower economic growth.

**ONE-WAY STREET**

Isn't it curious that the Fed didn't rely on the market to do its work last fall? In a huge flight to quality into U.S. Treasuries after Russia's default in August, the yield on the 30-year bond plunged 100 basis points to an all-time low of 4.69 percent on Oct. 5. Yields on two-, five- and 10-year notes fell to 3.77 percent, 3.90 percent and 4.10 percent, respectively.

Yet the Fed felt compelled to do its own work, lowering interest rates three times, for a total of 75 basis points, on Sept. 29, Oct. 15 and Nov. 17. At the time of the Sept. 29 rate reduction, the 30-year bond yield was already 5¹⁄₈ percent.

Maybe the causality works only in one direction: Rising long rates slow the economy down, but falling long rates don't provide any stimulus!

That lopsided effect begs the real question of why we need a central bank if the market can do the job.

"If that notion were true, you have to ask yourself why some markets are so good at it and some are so bad," says Bob Laurent, professor of economics at Loyola University.

Citing the years of hyperinflation in Brazil, Laurent wonders what's wrong with the Brazilian market. "They never seem to get it right," he says.
Those who argue the market can do the Fed’s heavy lifting base their case on the idea that rising long rates will sap demand for credit, including home mortgages and corporate borrowing. They never bother to ask themselves why interest rates (the price of credit) are rising: Is it the result of increased demand or reduced supply?

**THINK BEEF**

My first economics teacher (we’re talking street economics here) used beef instead of credit to make the point. If all of a sudden people decide to consume more beef, assuming no change in the supply of beef, the price of beef will rise. In that case—represented by an outward shift in the demand curve—the higher price won’t reduce demand because increased demand is the reason the price rose in the first place!

What if hoof-and-mouth disease pares the cattle herd in half? The price of beef will rise in that case, too. But the inward shift in the supply curve produces a higher price and a lower quantity demanded.

Now substitute credit for beef. If increased demand for credit pushes the price up, how can one argue that the higher price will cause demand to slow?

On the other hand, if the price rises because supply is being curtailed, then the higher price will crimp demand.

**SIMPLE MODEL**

Calculating the supply and demand for credit at any given time is a Herculean effort. Guess what? You don’t have to. All you need to know is two interest rates: one long, one short.

Think of the overnight federal funds rate as a proxy for supply. By adjusting the supply of reserves relative to the banking system’s demand, the Fed can pretty much put the funds rate where it wants.

Think of the long rate as a proxy for demand. It ebbs and flows in response to the demand for credit and inflationary expectations. The spread between the two rates provides more information than all of Wall Street’s proprietary models combined.

If the long rate is rising at the same time that the Fed is holding the short rate steady, you can be pretty sure that the rise in long rates is expansionary, not contractionary.

Every central bank in the world conducts monetary policy through a short-term interest rate. There is no reason why they can’t use a long
rate as their policy tool, buying and selling bonds to satisfy the banking system’s reserve needs.

**SHORT BEATS LONG**

The fact is, they don’t. If you ask economists to rank the two rates in terms of their economic importance, the ones who have bothered to test them will rate the short rate as number one, hands down.

“The shorter the maturity of the interest rate, the better predictor it is of future economic growth,” says Ken Landon, senior currency strategist at Deutsche Bank in Tokyo. “The relationship between long rates and future growth is relatively weak and may merely be the result of the high positive correlation between short and long rates.”

Long rates matter, but they don’t matter nearly as much as everyone thinks. And if you want to know what effect the rise or fall in the long rate will have on demand, first take a look at what the short rate is doing.

**POSTSCRIPT:** Subsequently, during the deflation scare in June 2003, yields on Treasury notes and bonds fell to the lowest since the U.S. government began holding regular auctions in the 1970s. These lows—in some cases, the lowest since the late 1950s—are still in place: two-year note, 1.06 percent; five-year note, 2 percent; 10-year note, 3.07 percent; 30-year bond, 4.14 percent.

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**The Fed Gets So Much Attention**  
**Yet So Little Credit**

July 10, 2000

They don’t call it “Barron’s” for nothing.

The weekly financial magazine’s featured columnist, Alan Abelson, has been dissing the 1990s bull market in his “Up and Down Wall Street” column for, what, the last 5000 Dow points?

So it’s not surprising to find Barron’s once again in doubting mode. This time it’s the notion that the Federal Reserve is well on its way to slowing economic growth to a sustainable, noninflationary pace, obviating the need for further rate increases. In the current issue, “Economic
just what I said

Beat columnist Gene Epstein claims that the second-quarter slowdown is a case of déjá vu all over again.

Epstein’s not the only one to identify a pattern of weak second-quarter growth in the midst of an economic boom. That phenomenon was observable in 1998 and 1999 as well, with second-quarter real gross domestic product growth slipping to 2.2 percent and 1.9 percent, respectively, well below the 4.7 percent annual average in both years.

Analysts have come up with a variety of reasons to explain the Q2 washout, even though their hunches are relegated to the benefit of hindsight, not foresight. Among the usual suspects are: early tax refunds due to the popularity of electronic filing, which boosts spending in the first quarter at the expense of the second; unseasonably mild winter weather; and a big tax bite in April for those who don’t like giving the government an interest-free loan for a year.

Key Difference

Spending is apt to rebound in the third quarter, Epstein maintains via his surrogate, economist Jason Benderly. Benderly expects GDP growth for the year to come in at 4.7 percent on a fourth-quarter-over-fourth-quarter basis, about the same as in 1998 and 1999.

Why do the Federal Reserve and Chairman Alan Greenspan get so much attention if, according to the Epstein/Benderly hypothesis, they are so irrelevant?

While there does seem to be a statistical quirk in the second-quarter data, there is every reason to believe that economic growth won’t return to last year’s blistering pace. The reason is that the overnight federal funds rate is 175 basis points higher than it was in June of last year, which is slowing the growth rate of the nation’s money supply and lifting private borrowing rates.

The idea of explaining economic performance and inflation “ex-Fed” is endemic on Wall Street, where curiously a cottage industry is paid to discern every changing inflection in the Fed chairman’s tone. Only on Wall Street is the Fed followed, feared and forecast—and quickly forgotten when it comes to the explanation of economic outcomes. Fed policy-makers are guilty as well, discussing inflation in terms of temporary effects from oil prices and the dollar.
DOWN GREENSPAN’S WAY

On Main Street, despite its lack of sophistication, things are much simpler. Folks are grateful for the extended period of prosperity and thank the Fed for good economic management. Alan Greenspan even “got a street in the suburbs,” according to the Chicago Sun-Times, when Arlington Heights named one of its thoroughfares Alan Greenspan Way.

Benderly points to exports and government spending as two potential sources of economic growth in the second half, which seems sound given the shift in relative growth away from the U.S. and the expressed desire on the part of both the administration and Congress to find new uses for our tax dollars.

What makes less sense is Epstein’s contention that rising wages and salaries—up an annualized 6.7 percent in the first half of this year compared to 6.5 percent in 1999—ensure increased spending since this is “the kind of income that tends to get spent.”

SPENDING LEADS INCOME

Rising income is not necessarily a precondition for spending, just as falling income is not a precondition for a cutback. If that were the case, an expanding economy would never turn down since income is always rising until something makes it stop. Similarly, the economy would never emerge from recession if falling income were the determining criterion.

Clearly, something motivates consumer and business decisions to cut back on spending during good times and to increase spending when things look pretty glum. Usually it’s the interest rate, or what they can earn if they forgo current consumption.

Nowhere in the Barron’s article does it suggest that just maybe monetary policy might be a consideration in how the economy performs after what is expected to be a relatively soft second quarter.

Any discussion about the economy without reference to Fed policy is like bemoaning the shortage of available housing in New York City without any mention of rent control (which is exactly what the New York Times did yesterday).

DENIAL

The Fed may very well end up raising the federal funds rate another 50 basis points before it can call it quits. After all, a body in motion remains in motion until it is acted upon by a countervailing force. And a $9 trillion economy hurtling through space at a 6 percent rate in the
three quarters ended in March doesn’t lose half its momentum with a small nudge.

What’s so interesting about the relationship with the Fed is that attitudes can run the full gamut in a short period of time yet always return to the same place.

In this cycle they’ve gone from denial last year (higher interest rates won’t slow the New Economy) to acceptance after the Nasdaq lost one-third of its value in the spring (maybe they do matter) to grief (the Fed’s overdone it) and back to denial (the Fed’s done so let’s get down and party).

POSTSCRIPT: As it turned out, the second quarter of 2000 was the last hurrah for the U.S. economy. Even with inventory accumulation accounting for more than half the growth, real gross domestic product was hardly weak, rising an annualized 6.4 percent. It was the last strong quarter before a 0.5 percent decline in GDP in the third quarter and a recession in 2001.

Is the Fed Irrelevant? Citizen Rubin Thinks So

Aug. 9, 2000

It was the best of times: Alan Greenspan at the helm of the Federal Reserve and Bob Rubin at Treasury. The relationship between the monetary and fiscal authorities was unusually warm and friendly.

The Rubin Treasury adopted a firm “no comment” policy on the Fed. The mood at the weekly breakfasts between the two most important economic policy-makers in Washington was described as open and amiable.

The fact that their 4¹/₂-year shared tenure coincided with the best economy in more than a generation probably contributed to the congeniality.

What a surprise it was, then, to learn that Rubin thinks the Fed’s role in managing the economy is overrated.

In a June 27 interview with Charlie Rose, broadcast on PBS, Rubin said the following:

“There’s an enormous tendency to overstate the role of the Fed in how our economic system works. If the Fed did absolutely nothing for