

REFLECTIONS

Musings by Argent Staff



That Was Easy

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One thing we can say for sure is that the political drama in Washington is definitely not boring. This month the long awaited "Repeal and Replace" of the Affordable Care Act (ACA) made its first appearance in the form of proposed legislation. The legislation stalled amid no Democratic support and a lack of support from the most conservative element of the Republican party. Many experts argue that the ACA is failing and something must be done and virtually everyone agrees the goal should be affordable quality health care for all.

While not an expert on the subject, it is clear premiums are up significantly in several states and insurers are leaving markets. It's one thing to have coverage, it's another to get quality care (just ask a veteran) and it's still another to be able to afford the premiums, deductibles and co-pays to take advantage of the insurance coverage.

Unfortunately, our political process encourages politicians of all stripes to make promises without fully funding the costs of those promises. Since our nation lacks a balanced budget requirement, politicians can promise a new benefit, not raise taxes to pay for it and defer implementation--and the resulting economic pain--until after their next election.

Typically our politicians are very wide of the mark when it comes to fully funding a government program or understanding the effects of legislation affecting major portions of our economy. That's how we have arrived at a national debt of nearly \$20 trillion dollars with little hope that it can ever be seriously reduced. If politicians had to fully fund their promised programs and benefits, the programs and benefits would never get passed and re-election would become more problematic. But, once passed into law, how does any politician of any party take away a benefit from a voter? The answer is, they can't and they won't. As voters, we share the blame for allowing poor management of our country's balance sheet.

So, what are we to make of the House leadership's proposed and failed legislation? The measure put forward was widely criticized by both sides of the political spectrum. Conservatives appreciated the greater influence of competition and consumer choice, but they objected to the continuation of another government funded entitlement. Liberals really want a single-payer system where the federal government runs the show.

Democratic House Minority Leader, Nancy Pelosi commented that "Republicans have decided that affordable health care should be the privilege of the wealthy, not the right of every family in America." Although certainly unintentional on her part, Ms. Pelosi does bring light to one very important question: Is health care a right? If health care is a right, as opposed to what most Americans feel is a moral obligation, then should housing, food, clothing and education also be rights? Whose responsibility is it to see that each and every right is delivered? Whose responsibility is it to pay for the costs? Should every citizen receive the same health care, housing and education experiences? As a nation, these are questions we are wrestling with and will be for some time to come.

At its very core, the debate is about what economic system do we want as a nation? The current divide in our country is being driven by a number of factors, but one is that with nearly \$20 trillion in national debt, our

government has less and less room to maneuver, meaning hard choices lie ahead. In other words, our country's ability to meet every right, every need and every want is limited. Health care is just the first major topic to be taken up; Social Security and Medicare will eventually follow. There will definitely be winners and losers as these debates play out. You should expect the national debt to once again become a topic of conversation.

Despite the turbulence in Washington, businesses, consumers and state and local governments keep moving forward. The Federal Reserve will bump up short term rates by 25 basis points (one quarter of one percent) in response to an improving jobs picture, slightly higher inflation and expectations for accelerated economic growth. This is the second hike since December but only the third in about a decade. The stock market continues to perform well with the Dow hovering near 21,000. The best outcome would be higher economic growth and inflation in the 2% to 3% range. Higher economic growth would grow tax payments helping ease the pain of meeting promises made in the past and higher inflation will erode the value of our national debt, making our indebtedness less problematic.

It would be better to have multiple scenarios for solving our current economic challenges, but Americans have always found a way to improve their lot in life, and will continue to do so regardless of the outcome with respect to revision of our health care laws. The American spirit is something to be proud of and part of that spirit is having confidence that, regardless of the day to day headlines, America will prosper.

In 2003, the office supply chain Staples, Inc. coined the phrase "that was easy" as their marketing slogan. Staples introduced a large red button marked with the word "easy," and the promotion became so popular that even today you can buy one from multiple sources. In 2009, the easy button was apparently the inspiration for the red button then-Secretary of State, Hillary Clinton, presented the Russian foreign minister with the word "reset".

Perhaps Paul Ryan, Speaker of the House of Representatives, needs to order an "easy button" for each Representative and Senator. Let's just hope health care reform works out better than the "reset" with the Russians.

The antagonism between the two parties has made reaching an agreement on almost anything nearly impossible. How we wish the "easy" button actually worked.

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