



# The Rennie Quarterly Return

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## U.S. Business & Industry – America’s Crown Jewel

According to the media, the major driver of U.S. economic growth, i.e., jobs, is Federal Reserve policy; no, it’s really government tax policies; no, it’s really government regulations; no, it’s really interest rates; no, it’s really the housing market; no, it’s really demand from China; no, it’s really consumer spending, no it’s really.....ad nauseam.

We continue to be amazed, shocked really, that we can’t even recall the last time U.S. business and industry (USBI) was given its due—as the real driver and facilitator of economic growth.

We simply don’t know why this is the case. After all, even a cursory examination of economic data leads to this obvious conclusion. By any measure, USBI is unarguably the “big gorilla” in the room, always has been and hopefully always will be.

Jobs are the foundation of the economy. The economy booms when hiring is strong and jobs are plentiful. It is in the pits when USBI pulls back and jobs are scarce. The best welfare check is a paycheck. And a good job promotes self-esteem.

USBI supports about 130 million jobs in the U.S. An additional 20 million are in government and the public arena. So, from a tax revenue standpoint, USBI is the dominant supporter of federal, state and local governments through the income taxes paid by its employees, business taxes it pays directly, and a plethora of “other” but not insubstantial taxes. One would think that governments, therefore, would do everything possible to promote job creation. Unfortunately, this doesn’t

seem to be the case. Indeed, in some arenas, there seems almost an adversarial relationship.

USBI also pays a major portion of health care costs for its employees, a process that has worked very well for many years. Under the Affordable Care Act, this is likely to change, a risk that must be very carefully managed.

USBI provides the very platform for innovation. Its record has been absolutely amazing.

Who knew in 1947 that William Shockley, John Bardeen and Walter Brattain’s invention of the transistor at AT&T’s Bell Telephone Laboratories, intended to replace power-hungry and slow vacuum tubes, would change the world as we know it. Transistors are key components of all electronic devices installed in airliners, cars, calculators, computers, telephones, wrist watches and washing machines. Indeed, it is very unlikely that the internet would even exist without them.

Innovation and job creation are almost inseparable. The garages of Hewlett and Packard, Steve Jobs and Bill Gates are designated national historic landmarks. Their desire to develop better computers, programs, and related products has resulted in almost 500,000 jobs.

More recently, innovation in the energy production industry has led to gains unforeseen just a few years ago. Who would have thought that energy would be in such abundance in the U.S. that exporting some of it is a real and profitable possibility? And in terms of job creation, why else would North Dakota,

drilling like crazy, have a 2.7% unemployment rate.

So why is it that USBI has been so innovative, so indomitable, so successful? Certainly, the profit motive is the standard answer, with some justification. USBI knows that it must change, continuously offering new and innovative products, please its customers and clients, and flourish financially. And it must do so regardless of economic conditions, union demands, and copious and constantly changing laws and regulations on product safety, the treatment of employees, bias, advertising, and competitors just to name a few. If it doesn’t, the result is unavoidable, known and certain—it will fail. Thus, the drive for success is paramount and unrelenting.

We’re confident that USBI will continue long into the future. We believe that some of Eric Hoffer’s observation that “the U.S. is the only really new country in the world in the last 2,000 years” alludes to USBI.

We worry, however, at events which throw speed-bumps into the path of USBI. For example, the almost forced resignation of Hank Greenberg from AIG, the company he built and ran pristinely. Then there is the \$13 billion fine J. P. Morgan has agreed to pay for a victimless crime.

We sometimes become so attuned to current problems that we forget those of the past. Things like wars and depressions are no small potatoes. USBI has made it through it all with flying colors and is the envy of the world. We see no reason why that shouldn’t continue.

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### Our Two



*Why is it that too much is never enough?*

*Dick Helton, KNX 1070,  
CBS Los Angeles*



### Quarterly Trivia:

*Who did Time magazine name as Person of the Century?  
Who does best-selling author Charles Krauthammer, argue that it should have been?*

*Albert Einstein: Winston Churchill*