

December 2010

Up, Up, and A-w-a-a-y

You saw the photos. You may have been *in* the photos: shoppers lined up by midnight for the beginning of Black Friday. Retailers opened at 2a.m., 3a.m., to give eager shoppers the opportunity to spend money and get some great deals. The name of the game must have been: Do Anything to get the consumers to part with their money. Wal-Mart led the charge to get the male population into the stores by offering large-screen, flat panel TVs for great low prices. When the dust settled and the receipts were totaled, Americans spent 3/10 of a percent more on this Black Friday than last—not much, you say quite correctly—but a significant 6.4% more for the entire weekend. There we go.

You've read it right here over the last couple of months: we're seeing increased consumer confidence, which leads to more traffic at the malls and restaurants, which ultimately leads—you're way ahead of me here—to more retail sales. Retail sales represent 70% of the US economy. The people who still have their jobs are feeling more confident about their future. They are not as worried about income or job security as they were 12 months ago. They are also being a tad more realistic, careful about their spending after fighting since 2008 to reduce their credit card debts. Some are even going so far as to use prepaid credit cards to control the outflow of cash. Join me in applauding this effort.

And now, GoogleEarth with me here (such a fun app) and type in *Ireland*. Last weekend saw the European Union complete a bailout plan for the (former) Celtic Tiger, to the tune of \$113 billion. The crisis crested perhaps two weeks ago although there had been emergency beeps for some time. We heard the usual political denials, all the while the rest of the world understanding what was coming. Finally, **Ireland** asked for help. The EU got the deal done before markets opened Monday, and laid the groundwork for future bailouts as other countries in the EU—Portugal prominently, perhaps Spain, always Greece—are likely to need them, the pitiful plague following the awful economic tsunami we've watched wash ashore for the past two years. The aftermath stretches out in front of us and only a high-wire predictor will say where the end lies.

Oh! And! Since we've zoomed out to look at the whole planet, consider the global impact and fallout from the latest WikiLeaks, um, leaks . . . WikiLeaks, the self-styled whistle-blower Web site that thrives on the dissemination of what our Department of Justice calls stolen documents. Here's a trove of diplomatic messages to and from the US, between and among our diplomats and between our diplomats and the diplomats of other nations . . . Oh my! a stunning display of the ways these people talk to each other when they think no one's listening. Embarrassing? You bet. A black eye for everyone involved? Sure. Just hear the denials, the calls for legal recrimination.

Zooming back down to home base . . . what's visible in the US economy is that things are improving and people are feeling better about the future. The US dollar is recovering in spite of or—who knows?—because of the controversial actions the **Federal Reserve** is taking. Then again, it could be that the improvement is due to the perception (or hope) that we might actually get serious about our debt situation before we have to call on the EU for a bailout. A little joke there, folks . . . I think.

All the best of the holiday season to you!