

Jerry Jordan - Akron Roundtable 2/17/94

Jerry Gates has this
on tape

- 4 years ago - Berlin wall fell
 - 3 " " - Gulf War over
 - 2 " " - Moscow coup failed
 - 1 " " - charge of President party
 - now
 - Harding - Kerrigan
 - Michael Jordan retirement
 - Sarajevo (Bosnia)
- } not as important as previous events
- so a lot must be right.

- bumper sticker version of economic situation

inflation lowest in 30 years

low mortgage rates &

affordables ↑

sales up ↑

construction up ↑

auto sales soaring

domestic slow but steady decade

investment boom

capital goods exports strong

great lakes market tools strong

high productivity growth strong &

" " higher than abroad

strong growth factor than potential

- so exp up unemployment ↓

foundation for 1990s being best decade

What Japan to pass on 20th cent
willing was important unit as century began
top and logs
now - knowledge base gives value added
- human capital, not raw materials

No more cold war
now, economic realities any allies

7 decades of contest of ideas
democracy and markets won
they segmented and divided industries

Mussolini said: { 19th century of civil liberties
20th " of the state
Now 21st " of markets

1980s
Rationalization and privatization
Deregulation
Tax reduction / tax reform

Result world converging
lower inflation
lower trade barriers
lower fluctuations in economy
- this will aid private planning
- longer focus

monetary policy is critical

as WWII ended - Bretton Woods
- anchored to gold
collapsed in 1973

much inflation, high interest rates, etc
↳ leads to economic stagnation

false dichotomy

unfortunately, view on inflation has changed:
inflation ↓ is temporary.
interest rates ↓ " " " "

need to persuade people to expect ~~price~~ price stability
- that would stimulate economy

need to restore credibility

- getting there from financial vigilantes - ~~can~~
- shifting funds to places ~~where~~ in which they have the most confidence.
- markets are linked

price stability is important - we are getting there