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Economic Forecasts Cloud the Numbers

A Published Letter to the *Los Angeles Times*

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"U.S. Economy Surges 5.8% in First Quarter" (April 27) asks, "Is business finally taking the load off consumers, whose spending has kept the economy afloat in the last year, and resuming the kind of fast-paced investment that fueled much of the late-1990s boom?"

"We still don't know whether the baton has been passed from consumers to business," one influential economist said. Reading that, one might believe that there have been periods when our economy has shifted from being "demand-sided" to "supply-sided."

Balderdash!

I defy anyone to produce statistics from a single year in the history of the U.S. during which business expenditures have exceeded consumer spending. No company—let alone the entire economy—can afford to stay in business if it is selling its goods or services for less than they cost [*This sentence would've been clearer written this way: No company—let alone the entire economy—can afford to stay in business if its goods or services cost more than they sell for*.].

Approximately two-thirds of the gross domestic product has always been—and a majority must always be—personal consumption expenditures by households; the remaining one-third of economic activity has historically been divided almost equally between business and government spending.

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