

The Economy in Perspective

by Mark Sniderman

Data dependent... Last Saturday morning, when I asked my teenage daughter what her plans were for the evening, she told me she wasn't sure.

"Dad," she said, "I think I'll just have to be data dependent. My econ teacher told us yesterday that the Federal Reserve has become more 'data dependent,' and it sounds way cool."

I didn't want to seem clueless, but I had to ask for an explanation.

"Well," Courtney said, "The Fed has raised its policy rate quite a lot during the past two years, but at first raising the rate always seemed like a no-brainer. After a while, everyone realized that they would have to stop, or pause, *sometime!* The financial press says the Fed is getting close and that their next moves will depend heavily on how they see the outlook taking shape, based on the incoming data."

"And that relates to tonight exactly how?" I puzzled.

"I'm pretty sure I'll go over to Molly's house, but that depends on how the evening is shaping up," Courtney explained. "I need more information about who else will be there before I can decide."

"That makes sense," I said. "But when will you find out? Your mother and I want to make plans for the evening too, and our decision could depend on yours."

Courtney smiled. "I've got it all figured out. Molly is scheduled to call me at 10:00 this morning with a preliminary report, and she'll give me a revised report at 1:00 this afternoon. I can tell you what I'm thinking at lunchtime based on the early data, and I'll be able to give you a final decision at 2:15."

"Great," I smiled back. "We can reconvene in a few hours at the kitchen table."

The time passed quickly, and before long I was calling Courtney down from her room. "What's up, Ms. Data Dependent?" I asked.

"What's up is that deciding what to do is becoming more complicated than I thought it would be," she frowned. "Jeff, Charlie, Loretta, Craig, Helen, and the two Bobs all said they are going, which is great. But you-know-who will be there, and he gives me the creeps. Plus, he's like a leading indicator for more bad news, if you know what I mean. Molly

said that he surprised her by calling last night, and when he practically invited himself over she just couldn't say no."

"And what about Art?" I asked. "Will he be there?"

"That's one of the things I still don't know," Courtney replied. "Art is such a dreamy dancer, I'd go for sure if I knew he was coming, but Molly hasn't heard from him yet."

"I know how you feel about Art, Courtney, but I'm not sure it's such a good idea to base your decision on just one person. What if you thought he was going to be there and then he didn't show up? I'm not saying that he is unreliable, but..."

"I know you're right about Art, Dad—he is very hard to predict, but then he's so much fun when he does show up. Anyway," she reminded me, "I'll hear from Molly again in a couple of hours, and I'm sure I'll have all the information I need after that. Let's make lunch."

At 1:30, Courtney trudged down the stairs and plopped herself into a chair on the back porch, where I was mixing some paint.

"Dad," she sighed, "I thought that being data dependent would be a cinch, but it's really, really complicated. Now it turns out that Christine, who I hadn't counted on at all to be there, will be coming. At the same time, I found out that Molly's older brother, Harvey, who I had thought would be there, won't. She said, 'He's revised his plans.' The cast of characters keeps changing, and I'm having a hard time figuring out how to react. Some of these people can be pretty boisterous when they get together, and I can usually help cool things down when it's needed. But sometimes I have the effect of putting too much of a damper on the evening—I'll admit I'm kind of square."

"And Art?" I asked, trying to sound nonchalant.

"That loser! He told Molly that he hadn't decided yet—he said he was going to be data dependent!"

"So what are you going to do?" I asked. "It's 2:15."

"I'm still not sure," Courtney said. "I know everyone expects me to be there. But you know what?" she grinned. "Just because I show up doesn't mean I have to stay long."