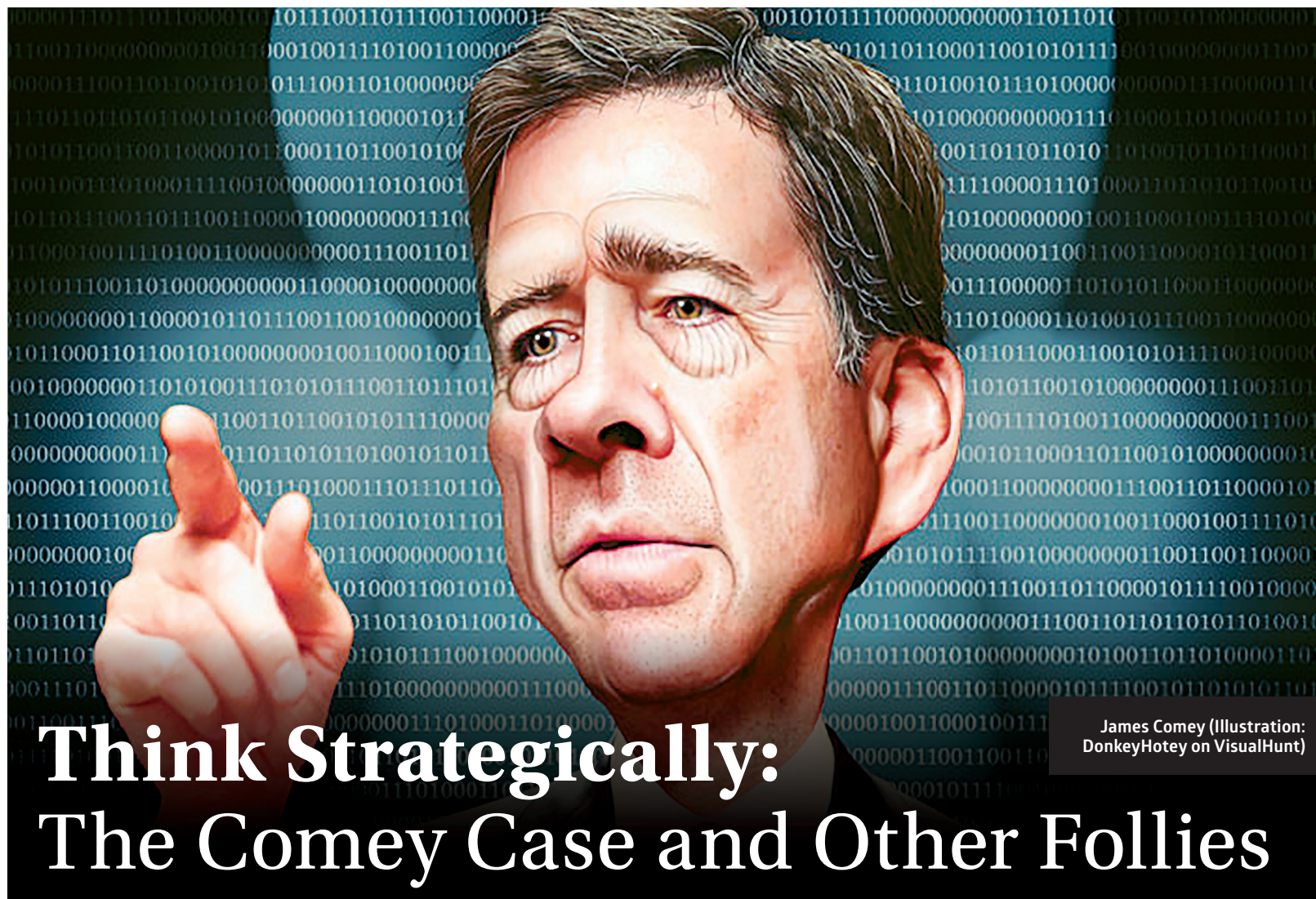


ECONOMY

Week packed with events from the sleazy to the surreal



James Comey (Illustration: DonkeyHotey on VisualHunt)

Think Strategically: The Comey Case and Other Follies

BY FRANCISCO RODRÍGUEZ-CASTRO
frc@birlingcapital.com

Mr. Comey, all is well in the Trump White House, seriously?

This week, the highly expected memoir written by James Comey came out, and if anyone in the Trump camp thought a war between both men could have been prevented that ended quite fast during a recent interview.

Comey has used a publicity blitzkrieg to sell his no-holds-barred memoir, "A Higher Loyalty," where with the loudest voice possible, he attempts to protect the U.S. American public from the Trump presidency and what it means for the country.

A national network aired a one-hour conversation with Comey during which he said, and we quote, "President Trump is a serial liar who treated women like meat."

Another allegation by Comey is that President Trump had performed unimaginable acts with Russian call girls that would leave him vulnerable to

blackmail from the Russians.

Since President Trump became the nation's leader, we have stated Trump lacks a moral compass, which becomes evident as the chaos in the country continues. However, one of the most damaging allegations is, as Comey has stated: "The most important being truthful. This President is not able to do that. He is morally unfit to be President."

Comey's attacks on Trump are seen as a mirror image of his priggishness, and Trump is referring to Comey as a "slimeball." While it is too early to tell what will ultimately occur, we must draw attention to the fact that the FBI raided the office of President Trump's attorney, Michael Cohen, to search for evidence that would help them with the Stormy Daniels case.

The President, during a White House meeting, called the FBI raid a "disgraceful situation" and an "attack on our country in a true sense." The plot thickens with the special prosecutor, Stormy Daniels and Russia; only time will tell what ultimately will happen.

JPMorgan Chase, barometer of banking sector, beats estimates

This past Friday, JPMorgan Chase announced its first-quarter results and beat analysts' expectations by posting earnings of \$2.37 a share versus the \$2.28 estimate, which was an improvement of 4 percent.

The drivers of growth were in most of the bank's business lines. Below are some of the key numbers:

- **Total revenue:** \$27.9 billion, up 10 percent from 2017.
- **Net income:** \$8.7 billion, up 35 percent from 2017.
- **Consumer & community banking:** Net income increased 67 percent to \$3.3 billion.
- **Corporate & investment banking:** Net income was up 23 percent to \$4 billion.
- **Commercial banking:** Net income was up 28 percent to \$1 billion.
- **Asset & wealth management:** Net income was \$770 million, up 100 percent from 2017.

JPMorgan Chase CEO Jamie Dimon stated: The year "2018 is off to

a good start."

While one bank is no measure of the rest of the industry, it may show a path that other banks may follow.

Facebook CEO Mark Zuckerberg faces Congress

This past week, Facebook founder & CEO Mark Zuckerberg testified before U.S. House and Senate committees about his company's business and privacy practices.

Zuckerberg's appearance was his first ever before a House or Senate committee, and his performance was quite good, considering, at times, he had little or no idea what he was being asked by members of Congress.

Part of the success of his testimony came about because most members of Congress were clueless about the underlying technology behind Facebook or the internet to adequately grill him. While Congress could continue to hold hearings that may cover many of the same issues raised with Zuckerberg, they will focus on broader industry practices. At this time, we

do not see any legislation having an impact on the industry, in part due to Zuckerberg's active Q&A style.

Final Word: P.R.'s limits are those of vision and a lack of execution

Our plans are always grand; our tourism ads are slick and glossy. Puerto Rico is "the shining star of the Caribbean" or "Puerto Rico does it better," and probably a dozen more slogans may come to mind. We argue we have the friendliest business environment, an island that can provide outside incentives such as acts 73, 20 or 22, and a fantastic vacation mecca.

However, ours is only a vision that escapes reality and focus. In Puerto Rico, for decades, we have celebrated the initiatives rather than actual results. It is mostly for this reason that we continue down a path of wealth destruction and demographic obliteration. We must convert our island into a temple of reality. Puerto Ricans continue to suffer hard times with high unemployment rates, declines in investments and increased dependence on federal aid. Not very far from the glamour of San Juan and its Condado community, as well as Dorado, some towns reflect third-world poverty; most have been without power for seven months and unemployment may be as high as 40 percent.

Our labor-participation rate languishes at about 39 percent and nearly 60 percent of all families live on federal transfers and food stamps; we are a U.S. territory that is both poor and in bankruptcy.

While the current administration of Gov. Rosselló is a believer in its vision and plans of action, they must be followed by concrete goals, objectives and execution. Puerto Rico needs to understand success, and how to recognize it. Without it, most Puerto Ricans may not be able to evaluate the country's progress. Puerto Rico has to diversify its economy to increase growth and divest us from the economic contraction that has affected us since May 2006.

Vision, plans, follow-through, and knowing how to measure success and how to recognize it are needed to achieve any real growth. Puerto Rico is limited by its lack of vision and execution.

Francisco Rodríguez-Castro, president & CEO of Birling Capital, has more than 25 years of experience working with government, and multinational and public companies.