

# *Are You Confused By All The Mixed Messages?*

By Dr. Stephen A. Laser

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### Key Points:

- Mixed messages are contradictory messages from the same source
- The political arena provides a plethora of examples with mixed messages
- Mixed messages are confusing
- Clearly defined goals increase the probability of achieving them

## **Are You Confused By All The Mixed Messages?**

Recent polls conducted by Democrats, Republicans, and Independents have shown that the majority of Americans believe that the country is headed in the wrong direction. What is surprising and more than just a little ironic for some people is that this is the same message which was heard several years ago when the Bush Administration was in power along with Republican majorities in the Congress. Now that there has been a change in administration with a Democratic President along with new Democratic majorities in both houses of Congress, the same sentiments are being heard once again. What gives?

Psychology 101 tells us that mixed messages are confusing. Very basically, the person on the receiving end is hearing two apparently contradictory messages from the *same* source, and he or she is not sure which one to believe or follow. As the country tries to right itself from the worse economic disaster since the Great Depression, Americans are hearing a number of mixed messages, and they are both contradictory and confusing. As a result of this confusion generated from contradictory messages along with the polarization that has gripped this nation for more than a generation, it is no wonder that a significant number of the American people believe the country is headed in the wrong direction.

Our newsletter would like to explore three of the more notorious mixed messages that are being heard today by the general public and examine why people are frustrated with what they are hearing. All three pertain to the current economic crisis, and until each message is clarified, people will continue to respond in a confused fashion and the chances of seeking a clear resolution that will help lead the country back on the right track will be lessened dramatically.

**Mixed Message Number One:** Consumers need to spend money to get the country out of its economic funk, while at the same time, people need to be more frugal with their household money and save for their retirements since many of the nation's social and economic safety nets might not be available when the time comes for people to rely on them. For more than 50 years America has been shedding its leadership role as a manufacturing-based

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economy, and at this juncture in our nation's history we are a consumer-driven economy with approximately 70 percent of GNP generated by the free-spending shopper. When consumers stop spending the economy suffers significantly. Moreover, to keep our consumer-driven economy afloat, many people borrowed money using credit card debt and home equity loans. Now, as house prices have declined and debt limits have been reached on credit cards, people are "maxed out" so to speak and their ability to spend freely has grounded to a halt. Similarly, people's savings accounts are depleted, and as the Baby Boomer generation faces retirement age, this situation will prove to be a serious problem with the viability of various social nets being placed in doubt.

**Mixed Message Number Two:** Owning a home is a right that should be enjoyed by all Americans regardless of their socioeconomic status, but at the same time, banks and mortgage companies need to be cautious with their lending practices and not make loans to people who cannot either document their income or afford to repay their loan obligations. The notion of home ownership is an ideal supported by both national parties, yet the reality is that many people cannot afford a home, both in terms of purchasing one or with regard to maintaining one while paying a monthly mortgage along with real estate taxes and insurance costs. When lending institutions responded to the call, and in some cases went over the top with dubious practices to accommodate people's desires to own a home, they put themselves and ultimately the American taxpayers in jeopardy as a large federal bailout was necessary to stabilize the banking system. Now, banks cannot afford to extend credit to homeowners for fear the loans will not be repaid. Furthermore, laws are being enacted, and rightfully so, to ensure that the predatory lending that transpired during this past decade will not resurface and place innocent people in jeopardy of losing their homes.

**Mixed Message Number Three:** Small Business is the backbone of America, but while many big businesses are too big to fail, smaller enterprises are not too big to fail. Additionally, firms regardless of their size will also be required to meet onerous requirements in terms of financial reporting, obligations for health insurance benefits as well as other federal and state regulations that govern business today. Along with motherhood and apple pie, the virtues of small business as the engine of prosperity and ingenuity for our economy are promoted far and wide. Yet, starting and running a small business is harder today than ever before. Sources of funding and credit lines are difficult to obtain; regulations and reporting requirements of all kinds take time away from operating a successful enterprise; and today's recovering, yet sluggish economy diminishes a business' chances of survival. Furthermore, if a small business owner takes a risk and starts an

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enterprise that fails, no one will be available to rescue that person. In short, there are no government bailouts for small business. From our perspective there is a difference between pumping money into the nation's banking and financial system to keep credit flowing versus allowing the failure of certain businesses that are no longer viable in terms of meeting the needs of their customers so that newer enterprises can be launched in their place.

Studies have shown that when goals and objectives are clearly defined the probability of achieving them is substantially higher than if people are given ambiguous, or worse, conflicting goals and objectives. In the case of consumer spending and home ownership, a clear and consistent message has to be articulated by both the public and private sectors. In the instance of touting small business as the backbone of the economy, common sense as opposed to research studies shows that actions speak louder than words. As long as entrepreneurs and those with fresh and innovative approaches to creating successful companies feel encumbered by obstacles in the form of funding restrictions and excessive regulation, the motivation and willingness of these people to strike out on their own and form a business will be limited accordingly.

While the above list is far from a comprehensive catalog of the major mixed messages facing our society, these are three that make it hard to clean up the mess of the past decade and move on with becoming a productive and leading edge economy. We invite our readers to submit their own lists of mixed messages along with the reasons why these confusing statements contribute to the woes besetting our nation. Over the past several years, we have enjoyed the support and comments by our readership on our newsletter topics. Finally, for those who wish to read back copies, please visit our website, [www.laserassociates.net](http://www.laserassociates.net). All newsletters are accessible online by choosing "Our Newsletter" in the upper right corner. Prior topics include:

*Are Entrepreneurs Born or Made?; Why Do We Talk Like This?; How Do You Manage Time in a World of 24/7?; The Three C's, Why Should They Matter to You?; Which is it: Leadership or Followership?; What Are Job Candidates Really Saying?; Looking For Work, Can We Lend A Hand?; Why Do We Behave Badly?*