

Back in 1992, Bill Clinton's campaign was struggling to stay on message. His strategist, James Carville, came up with three key points to keep the focus tight. One of them became legendary: "It's the economy, stupid."

That line popped into my head recently—though with a twist—after reading a piece in Barron's titled "Welcome to the New World of Lower Returns. Where to Invest Now." The article kicks off by saying that investors have gotten used to strong returns over the past 40 years, despite some major bumps like the dot-com bust, the financial crisis, and COVID. But each time, the market bounced back—mostly, the writer says, thanks to the Fed stepping in.

From there, the piece argues that future returns will be lower than in the past. I've seen this argument a hundred times. And while the writer gives some credit to the resilience of the market, they downplay just how far it's come. The S&P 500 was around 1,500 before the dot-com crash. Now it's pushing 5,800.

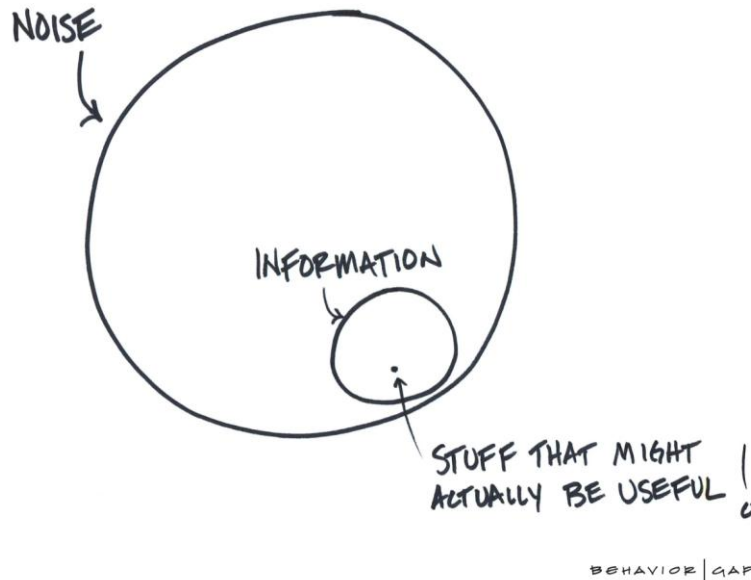
The real reason for this massive growth isn't the Fed—it's earnings. To borrow Carville's line: it's the earnings, stupid.

If you had put \$100,000 into the S&P 500 in 2000 and left it alone (paying taxes from somewhere else), you'd have about \$585,000 today. That kind of compounding doesn't happen just because of low interest rates.

Here's what actually drove the growth:

- S&P 500 earnings jumped from \$52 in 1999 to \$243 in 2024.
- Dividends rose from \$17 to \$73 in the same stretch.
- Inflation? Less than 2x over the same time. So retirees living on dividends actually stayed well ahead of rising prices.
- And U.S. productivity boomed. Real GDP per person rose about 40% from 1999 to 2024.

Bottom line: stock prices follow earnings over time. The Fed, interest rates, political drama—they come and go. But for long-term investors, it always comes back to this: it's the earnings.



David J. Miller, ChFC®, CFP®
Managing Director, Financial Advisor
Senior Portfolio Management Director
The David Miller Group at Morgan Stanley
7500 Dallas Parkway, Ste 500 | Plano, TX 75024
Direct: 972-943-7238
Mobile: 972-837-3258
Fax: 972-943-7299
David6.miller@ms.com

Forbes America's Best-in-State Wealth Advisors 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025
Forbes America's Next Generation Wealth Advisors 2017, 2018, 2019, 2020, 2021, 2023, 2024
Five Star Wealth Manager 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025

For more information please [visit our website](#)

Connect with me on [Linked In](#)

Visit our team page on [Facebook](#)

Morgan Stanley Smith Barney LLC, member SIPC

2018, 2019, 2020, 2021, 2022, 2023 Forbes Best-In-State Wealth Advisors
Source: [Forbes.com](#) (Awarded 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025). Data compiled by SHOOK Research LLC based 12-month time-period concluding in June of year prior to the issuance of the award. [Awards Disclosures](#)

2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024 Forbes America's Top Next-Gen Wealth Advisors & Top Next-Gen Wealth Advisors Best-in-State (formerly referred to as Forbes America's Top Next-Gen Wealth Advisors, Forbes Top 1,000 Next-Gen Wealth Advisors, Forbes Top 500 Next Generation Wealth Advisors)

Source: [Forbes.com](#) (Awarded 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024). Data compiled by SHOOK Research LLC based on 12-month period concluding in Mar of the year the award was issued. [Awards Disclosures](#)

2015-2023 Five Star Wealth Manager Award
Source: [fivestarpromotional.com](#) (Awarded 2015-2024) These awards were determined through an evaluation process conducted by Five Star Professional, based on objective criteria, during the following periods:

2015 Award - 11/30/14 - 05/18/15
2016 Award - 11/30/15 - 05/18/16
2017 Award - 09/26/16 - 04/28/17
2018 Award - 10/24/17 - 05/21/18
2019 Award - 10/22/18 - 05/03/19
2020 Award - 10/27/19 - 04/24/20

2021 Award - 11/30/20 - 06/25/21
2022 Award - 12/31/21 - 06/10/22
2023 Award - 11/14/22 - 05/31/23
2024 Award - 10/10/23 - 04/30/24

The views expressed herein are those of the author and do not necessarily reflect the views of Morgan Stanley Wealth Management or its affiliates. All opinions are subject to change without notice. Neither the information provided, nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Past performance is no guarantee of future results.

This material does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The strategies and/or investments discussed in this material may not be appropriate for all investors. Morgan Stanley Wealth Management recommends that investors independently evaluate particular investments and strategies and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

Information contained herein has been obtained from sources considered to be reliable, but we do not guarantee their accuracy or completeness.

Equity securities may fluctuate in response to news on companies, industries, market conditions and the general economic environment. Companies cannot assure or guarantee a certain rate of return or dividend yield; they can increase, decrease or totally eliminate their dividends without notice.

Indices are unmanaged. An investor cannot invest directly in an index.

For index, indicator and survey definitions referenced in this report please visit the following: <https://morganstanley.com/wealth-investmentsolutions/wmir-definitions>

CRC 4551924 06/2025