

THE SEARCH FOR CLARIFICATION AND WISDOM DURING PERILOUS ECONOMIC TIMES.

“IF I WERE A RICH MAN”?, SINGS TEVYE, A POOR JEWISH MILKMAN WITH FIVE UNMARRIED DAUGHTERS TO SUPPORT IN CZARIST RUSSIA. TO APPEASE A SHARP-TONGUED WIFE AND RISING ANTI-SEMITISM IN HIS VILLAGE, HE TALKS TO GOD ABOUT HIS TROUBLES, AS PRECARIOUS AS A ‘FIDDLER ON THE ROOF’. TODAY SOME WILL DO THIS, TOO.

WHAT WOULD WARREN BUFFETT DO IN THESE TIMES? PERHAPS UNFAIR AS HE HAS A BIT MORE FLEXIBILITY THAN MOST OF US, YET SOME ACORNS: “BE GREEDY WHEN OTHERS ARE FEARFUL AND VISA-VERSA; DON’T BE HOBBLLED BY PAST MISTAKES; DON’T FALL IN LOVE WITH YOUR STOCKS; AND KEEP YOUR POWDER DRY. HE SOLD FREDDIE MAC STOCK IN 2000 WHEN THE ‘RISK PROFILE CHANGED’. WHILE OTHERS(AS IN SUB-PRIME DEALS)GORGED ON CHEAP CREDIT, BUFFETT KEPT HIS CASH AND CONSERVATIVE MODE.”

FRANKLY, MY FRIENDS, I DON’T GIVE A DARN FOR THE RESCUE PLAN AND/OR CONTINUING BAIL-OUTS EXCEPT TO SAY I HAVE NO IDEA WHERE THE MONEY IS GOING AND TO WHAT END, AND WORRY. AND THIS SUGGESTS THAT MOST OF THE EXPERTS IN THE FINANCIAL FIELD DO NOT KNOW EITHER, AND THEREIN LIES THE RUB.

GOLD SEEMS POPULAR FOR ITS STABILITY AND ELASTICITY WHEN WE SEE THE OLD WATERGATE COLLABORATER GORDON LIDDY THROW AWAY A DOLLAR AND DISPLAY A GOLD PIECE. MORE SEASONED FINANCIAL ADVISORS SUGGESTED THAT THE COUNTRY’S ECONOMY CAN BE CONTROLLED VIA ITS MONEY SUPPLY AS DID MONETARIST, MILTON FRIEDMAN; TO KEYNES IT WAS FULL-EMPLOYMENT AND STABLE ECONOMY WHICH DEPENDED ON GOVERNMENT STIMULUS VIA ADJUSTMENT OF INTEREST AND TAX RATES, IE DEFICIT SPENDING ;WHEREAS LAFFER SHOWED BY GRAFTS THAT

INCREASING TAX RATES BEYOND A CERTAIN POINT CAUSED A REDUCTION IN REVENUES AND DISCOURAGES PRODUCTION AND INVESTMENT.

TODAY MONEY MAG SHOWS A SNAPSHOT OF A MAD MARKET COMPARING 1932 WITH 2008: THE FORMER DEPICTS GROSS DOMESTIC PRODUCT AT -13%; LATTER AT 1.6%; UNEMPLOYMENT RATE 23.6% AND 6.1%; INFLATION AT -9.9% AND 4.2%; CONSUMER SPENDING -8.9% AND 0.5%.

MY INVESTMENTS ARE LIMITED AND SMALL BUT I HAVE DONE A COUPLE OF THINGS WORTH MENTIONING. WHEN MY INSURANCE COMPANY RAISED MY HOME PREMIUM AND REFUSED TO INSURE WIND/HAIL AND SENT ME TO A LOCAL WIND/HAIL INSURER WITH TOTAL COVERAGE AT A HIGH PREMIUM I REBELLED –WENT TO THE POWERS TO BE AND SAID: INSURE MY WIND/HAIL AND DO NOT RAISE MY PREMIUM, GIVE ME A HIGH DEDUCTIBLE...AND THEY DID. THOSE OF YOU WHO DO NOT HAVE HEALTH INSURANCE GO TO A REPUTABLE COMPANY AND VOLUNTEER FOR A HIGH DEDUCTIBLE AND YOU CAN GET COVERAGE WITH A REASONABLE PREMIUM. IF COMPANIES DID NOT HAVE PRE-EXISTING CONDITIONS, EVERYONE WOULD GET INSURANCE BUT THE COST WOULD BE PROHIBITIVE. EMPLOYERS CAN DO THE SAME FOR THEIR EMPLOYEES. NATIONALIZED HEALTH COVERAGE WOULD FURTHER EFFECT ECONOMIC WELL-BEING OF THE COUNTRY; CHECK WITH CANADA AND GREAT BRITAIN..LONG LINES, INCOMPLETE COVERAGE AND DISSATISFIED CUSTOMERS. A DEBACLE!

THOSE WHO SEE OUR ECONOMIC AND FINANCIAL MALAISE ARE THE SAME ONES WHO PREDICT OUR DOWNFALL AND AS IT IS SAID, ‘VIGILANCE IS THE PRICE OF FREEDOM’!