

Interim Market Update



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THE WORLD ACCORDING TO WOJIE

Quite often we post in the Web Buzz or include in our economic commentaries comments from people we know and respect after many years of mutual business relationship. On this last IMU of the year we are quoting directly from Dr. Albert M. Wojnilower's recent economic paper entitled "A Pleasant Interlude." If any of you would like to have a copy of the entire piece, please let us know. He essentially is saying that, in his opinion, 2011 will be a sub-normal but reasonable year for our economy. No boom. No bust. However, there is more trouble ahead and he concludes with the following paragraph, which is a huge indictment of our current financial system:

"For many years, Americans were correct in tacitly taking for granted that the counterparties in financial transactions would honor their obligations: 'my word is my bond.' Violators were shamed in the courts of public opinion as well as law. Now, however, the interconnections among counterparties have become so tangled, and the incentives and rewards for renegeing on obligations so immense, that it can no longer be assumed that contracts will be fulfilled. The insurance instruments created against default have quickly fallen heir to the same malfeasance. One can flip the light switch or write a check, but electricity or cash may not flow because markets have diverted them to the enrichment of clever financiers. This adds a costly burden to all transactions which far transcends arithmetic calculations. Genuine prosperity will not return until a new social code promises crippling punishments to individual violators in ways they cannot shrug off."

As you know we have been railing against this unholy financial alliance among and between Wall Street and Washington DC for lo these many years. We have been let down by our elected officials as well as the Federal Reserve and most financial providers. What they have taught us is wrong and what they have sold us is junk. Please be prepared for the strong possibility of major disruptions in the next several years. We do wish all the very best—trust but verify as Ronald Reagan said.



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