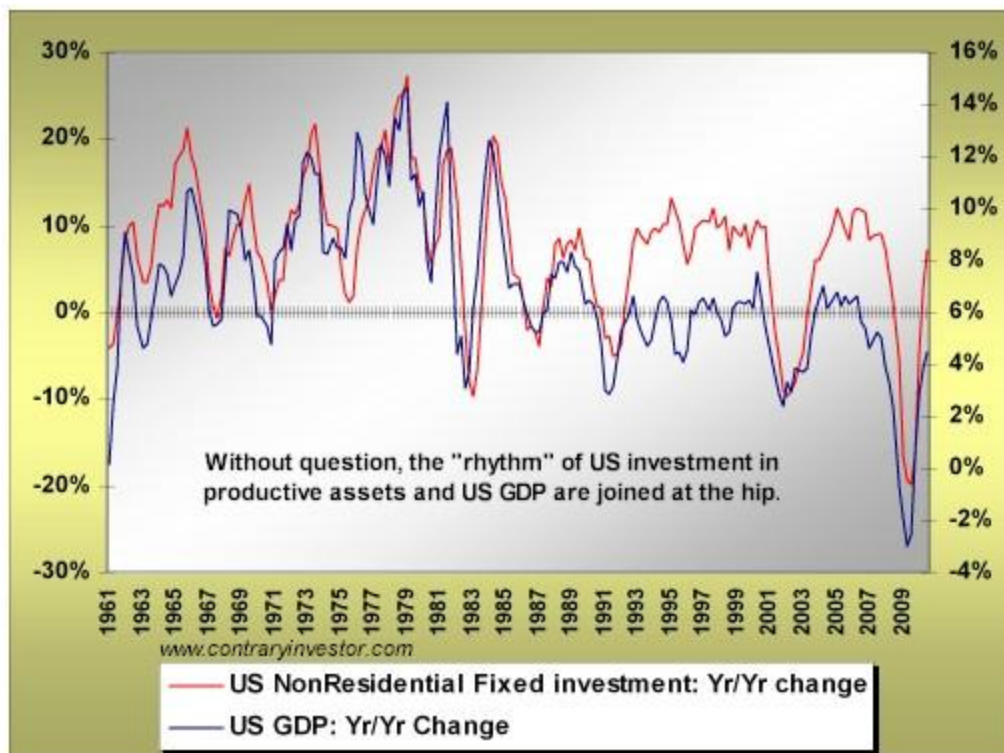


## SHORT AND SWEET WEB BUZZ 2011.01.03

A constant theme of ours has always been that the growth in an economy comes from fixed business investment. Demand is the aftermath. Please repeat after us - supply comes before demand. Please note the positive correlation between capital spending and growth in the following chart. It cannot be more plain. Yet what do the Keynesian politicians in Washington do? You guessed it - just the opposite. They buy votes with all sorts of consumption spending that distorts the cone of production and leads to all kinds of unintended consequences.



Adapted from Contrary Investor

Please burn this chart in your mind. It will help you in deciding proper investment strategy.