

Central Plains Advisors, Inc.

Interim Market Update

12/15/99

From Tulips to Roses

1974 was our year of conversion from being a Keynesian economist to that of a supply sider (Austrian school). We really believed that others would get the faith. They didn't and still haven't.

In the summer of 1988, we prepared a paper for general information called The PGW Manifesto (PGW, Peters Gamm and West, was my former firm.) It was well received, but very few if any saw the light, and to our knowledge, it remains unheeded. Here is an excerpt from that white paper, which is still as appropriate today, just as it was in 1988.

The Sermon on the Plain

“Worry not that Ye be not Worried”

For 35 years (1944 through 1978), consensus bond investors didn't worry about the really key areas they needed to. For 31 of those years (1944 through 1974), neither did our firm. For a brief period of 3 years (1979 through 1981), these same investors did get concerned about these necessary areas, and so did we. Our period of worry, however, was longer (1975 through 1981), a total of 7 years. This allowed us to insulate our clients from the bear market. Since 1981, they have continued to worry about that which they ignored for 35 years, and 3 years about that which they did believe and should have. Since 1981, we have not worried about that which they have and shouldn't, but on the other hand, would have if they hadn't. The “worry” is inflation and our advice is, **DON'T WORRY ABOUT IT !!!**

The year 2000 will be our year of redemption. For each basis point that has gone the other way (from our buy point at least) two basis points of decline will occur from here. The new millennium will be our friend.

Don S. Peters

If you have any interest in the PGW Manifesto, a complete copy can be e-mailed or snail mailed to you upon request.