

September 3, 2002



## "THEY DON'T GET IT, DO THEY?"

Who is "THEY"?

It is George Bush, Alan Greenspan, the Council of Economic Advisors, the Presidents of the regional Federal Reserve Banks, the European Central Bank, the Bank of England, the entire Mutual Fund Industry, most (but not all) Investment Advisors, most (but not all) Technical Market Analysts and almost all the Media I watch or read.

There are some who have gotten and do get it:



Don and Polly Peters

[ppeters@centralplainsadvisors.com](mailto:ppeters@centralplainsadvisors.com) (who sold out incredibly close to the peaks!),



John Mauldin of <http://www.investorsinsight.com/>,



Thom Callandra of [CBS MarketWatch](http://www.cbs.com).

Individual columnists [at the Mises Institute.](#)

## GET WHAT?

The fact that the world is in trouble, that all the stock markets of the world have been enormously over valued, that Japan is as fragile and suspect as a paper balloon (pun intended), that war is bearish, that we are in uncharted waters, that holding common stocks in this market environment is holding water in the palm of your hand, that the government has no idea of what is going on, that the Federal Reserve is all talk and incompetent talk at that, that equity risks are enormous, that we could be in for a depression, that no "V" shaped recovery is in sight, that both industry and government don't get it!

## WHAT CAN THE ONES THAT "DON'T GET IT" DO ABOUT IT?

Very little, if anything:

- **George Bush doesn't know enough to do anything. That moment is gone because the deficit is so humongous already that he doesn't dare ask a Democratic Congress for a tax cut. Any tax cut coming from Bush will be so biased anyway that the Dems would oppose it all the way. War is not too pleasant for an economy unless it is full scale war. This anticipated war will not stimulate this economy.**
- **Alan Greenspan has used up most of his ammunition (see Japan) and, anyway, his timing stinks and has always stunk.**
- **The Council of Economic Advisors are incompetent, useless and powerless. When the recession was underway the Chairman denied there would be a recession**
- **The Presidents of the regional Federal Reserve Banks are good time charlies.**
- **The European Central bank has proven to be a duplicate of the Federal Reserve, incompetent and rather dumb.**
- **The Bank of England has never been right about anything of importance in my entire lifetime!**
- **The mutual fund industry refuses to acknowledge bear markets because that would mean holding cash and they don't get fees for holding cash. Fidelity just fired one of their best money mangers because he wanted to hold cash and they**

**demanded that he buy stocks. He refused and they fired him! Holding cash would have lowered their fees!**

- **Investment Advisors hate being bearish and call tops once in a lifetime (not including Don and Polly Peters).**
- **Too many technical market analysts work on and for Wall Street and to be bearish would be to damage their income so most cannot tell the truth!**
- **The financial media are all good time Charlies.**

How can I say all these horribly mean things about these wonderful people?

Simple: it is all, unfortunately, true because they have a totally vested interest in

**"optimism without limits!"**

They all have axes to grind in optimism and for them there is no payoff in pessimism! If you want to sell your typical broker will always but always say "Don't sell, the market is going to come back!" If you believe that even now then you believe in the tooth fairy!

**MY MENTOR AND INVESTMENT POLICY.**

My mentor was Lionel D. Edie. He detested his own investment policy committee (of Lionel D. Edie & Company, Inc.) and held them in disdain.

He used to say sarcastically that if he told the investment policy committee that an atomic war had just started they would say "No Change" about investment policy.

He also used to say that "a board was long, wooden and narrow".

I have never known an investment or financial advisor who had the guts, the beliefs to say "Sell your stocks, now and in their entirety" except for Don Peters who got his clients totally out of the stock markets on June 29, 2000 (No, I have no financial or other form of vested interest in him or his organization **EXCEPT for respect**)! Either they got out or they were no longer clients on his book! **Beat that!**

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### **SOME FOOD FOR THOUGHT**

There is no valid or enlightened economic or financial leadership anywhere on this globe at this time. We have in place one bumbling idiot after another. The

entire world economy and the entire world financial markets have no one at the helm.

George Bush has no more idea of what is going on than the proverbial man in the moon!

At the moment this world is rudderless and wrought with controversy. The so-called leaders are screaming at each other and arguing over who is going to take the helm while the storm blows us against the rocks.

**"A wise captain carries more ballast than sail."**

My advice is simple and consistent with what I have been saying since late 2000: listen to your own instincts and take care of yourself. Pay no attention to the incredibly vested interests whose only care is lining their own pockets at an enormous cost to you.

As I have said elsewhere and elsewhere to the extent it is boring: "THE WORST IS YET TO COME."

Hunker down.