



# What's New?



Feddern Financial Consulting Group Newsletter

**October 15, 2009**

## **KEYS TO THE BEGINNING OF A RECOVERY:**

- 1. The Real Estate market must stabilize. If not reversing, at least not continuing to fall. *NEW HOUSING STARTS UP* this past Spring and Summer because of seasonal factors but inventory still huge! The Nationwide COMMERCIAL COLLAPSE IS JUST BEGINNING!**
- 2. Unemployment must stabilize. If not reversing, at least not continuing to rise. Last report was lower! IT'S ACTUALLY WORSE as a "%." Back to near 10% - BUT IT CONTINUES TO MOUNT @ OVER 300,000+ weekly.**
- 3. Corporate Earnings (profits) must stabilize. If not reversing, at least not continuing to fall. *A FEW POSITIVE SIGNS* but mainly in TECHNOLOGY.**
- 4. Banks must begin to make loans again (especially to small businesses and potential home owners...albeit under ancient premises of buyers being qualified and of all things, a down-payment! Lots of "hoopla" from the mega banks, but it appears that there's no real progress. They're "hoarding" any cash they can get their hands on. And now here comes the Regional problems compounded by PRIME loan and Alt-A resets!**
- 5. The DOLLAR has to decline. *It's started for REAL!***
- 6. Auto sales must stabilize at some NEW level. *Maybe started!***
- 7. The consumer must get "back in the game of consumin'" *NO WAY!***

**ANALYSIS OF THE ABOVE: No Real Hope YET! -10/15/2009**

## **How Can Anyone Be A Conservative?**

**By: Kendrick N. Mills, Jr.  
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If one considers that we are a nation created and established with Christian values, then obviously we are called to be charitable and care for those in need. Carl Marx's "Communist Manifesto" demands "From those who can to those who need," and seems to espouse our Christian desire.

While in the U.S. we're supposed to rely on the free market with Adam Smith's "Invisible Hand" of personal desire to distribute our limited resources. One system promotes personal responsibility and competitive effort while the other redistributes and allows individuals to rise above the insecurity and indignation of working at society's bottom and the guilt of receiving charity because they failed in a competitive market to sufficiently develop or protect themselves.

I don't know when we as a nation passed our responsibility of Christian charity onto our government, but I suspect it was for the same reason being promoted now; to spread the responsibility among everyone thereby making it less costly for the individual's contribution and to better insure meeting the needs of individuals left behind.

Today our political leaders say the responsibility of government is to make the lives of our citizens better. I thought that the pursuit of happiness and improving our lives was our individual responsibility while the government was formed to protect our individual rights thereby enabling our pursuits.

I agree that education, housing, healthcare.... are all desirable pursuits that, with effort, are obtainable but nowhere guaranteed rights. I don't believe it is Christian to forcibly redistribute the resources of one individual to provide a better life for someone else.

The foremost flaw of our founding fathers was the pragmatic acceptance of slavery which is, at the very least, a most severe affront to their Declaration of Independence. I fear that the pragmatic goal of spreading the cost of our pursuits by establishing government enterprises in competition with our individual citizens is far too costly and not within the confines of our government's purpose.

We've all known some young adults who seem to think it would be nice to never leave the nest and have their parents take care of them their whole life. Their parents were probably very different from mine, to whom I'm profoundly grateful for teaching me that living under their roof established them as my master. Somehow we've managed to allow our government to become our smothering, substitute parents and they won't leave us alone or give us our privacy. The only difference is I'm just not feeling the love.

How can a conservative question the policies of liberals? It is the cost of the politician becoming our master that is the obscenity that we conservatives find so objectionable.

To quote the noted, and often considered a liberal, Supreme Court Justice Louis D. Brandeis "The makers of our constitution undertook to secure conditions favorable to the pursuit of happiness... They sought to protect Americans in their beliefs, their thoughts, their emotions and their sensations. They conferred, as against the government, the right to be let alone -- the most comprehensive of the rights and the right most valued by civilized men." It makes no difference which political party that's in power. All politicians embrace political power and are "fierce advocates for their special cause." Their cause always takes resources from citizens because their cause is always for good, so the taking must be good.

**The only thing that seems unreasonable, in their eyes, is the gnashing of teeth from those selfish simpletons fighting to keep what they have thereby interfering with the noble politician's good works. It takes a special soul to hear the word to confiscate from others to meet your goals is an enlightened service to mankind.**

**To be sure there are always good citizens cheering them on and unfortunately, also the bad, opposing, misinformed with flawed character and unreasonable anger to be properly categorized and subdued. It's amazing how voters think they are making a distinct choice with one politician over another when in fact they're all politicians, not patriots. Worse than any illegal drug dealer where one has a choice of participating in the addicting activity, politicians use their ability to mandate participation. Our 2008 election after all was all about change. Did the prior administration refrain from forced confiscation for their good works?**

**The problem with Bush, worse than prescription drugs to be paid for by our children, worse than a new Homeland Security Agency seeming to suspend our privacy protections, worse than poorly planning a war, is that he used one of our country's worst events to banter about liberty and free markets all the while subverting these sacred values. This is no worse than if a closet socialist had done the same thing, but definitely no better. I recall that one of the first actions taken by Bush after taking office was to institute trade protections for our steel industry.**

**John Stuart Mill cautioned: "Panics do not destroy capital; they merely reveal the extent to which it has been previously destroyed by its betrayal into hopelessly unproductive works." From what our current political leader has said so far it sounds like he's now eliminating underwriting in insuring healthcare. His insurance has to cover all pre-existing conditions at the same rate for young healthy participants. This is similar to sub-prime loans and securitization and default insurance, thrown on the backs of taxpayers, and in kind, is promoted as a risk management vehicle to provide everyone with lower cost health insurance.**

**The real estate collapse, caused from this same type of program to provide a home for everyone regardless of financial health, undoubtedly discredits any government involvement past the enforcement of contract laws and protections against fraud.**

**Current run government healthcare and social security programs were constructed with the presumption that there would be a larger and growing generation backing the distributions to the current users. We have discovered this to be a false and unsustainable presumption.**

**We are experiencing the failed business models of our largest financial institutions and banks with nobody researching their bank prior to depositing their money. After all we are insured by the FDIC which has by now expended all of its capital and is destined to borrow untold sums from tax payers. This allows bad players, with inappropriate risk management, to continue to grow to extreme levels because there is little incentive for**

individuals to spend time making sure a bad bank doesn't have their funds with which to operate.

At the extreme we understand the corrupting effect of the government's largess as exhibited by the generational dependency on welfare. Where we fail to recognize or admit is that the progressive policies of our past set us all on this same course. There has never been a time in mankind's history that there was any presumption that we could quit working and be supported by others during our leisure. Today there is an expectation of that exact outcome and starting at a specific age and if that doesn't happen then we have been somehow wronged. We argue that we paid into this forced program and therefore want our due. We also voted for those fine politicians that spent those funds on other programs that were apparently to our liking because those types of politicians continue to this day to be elected. Now we leave the obligation to make good on our expectations upon the dwindling proportions of our own progeny. These types of government programs are many and have been proven to be like the Sirens' song in Homer's Odyssey. In our heart we at least have to suspect that we have somehow allowed the smooth talking, well intentioned, politician to have "Madoff" with much of our freedom with us giving it away on the cheap. Why do we continue to do this?

Every program for our social well being comes at a cost to our country's producers to be redistributed for the planned purpose of the politician. The morphing of individual pursuits into constitutional rights with forced funding provides a rational logic to control individual behavior because the government has to now control costs.

Worse than any downward economic spiral we are without doubt in a catastrophic downward freedoms spiral. The system is set-up to promote this conundrum. Every politician wants their name on legislation so they always need to find a just cause. The problem is that there will always be a just cause. No politician will ever understand the noble mission to not intrude into everyone's life.

Slavery is the extreme of socialism. Surely most progressives aren't advocating slavery but for a conservative it seems that we are working toward slavery through a thousand cuts by the progressive politician.

The most obvious jumping-off point starting us down this road seems to have been at the turn into the twentieth century. The "Greatest Generation" of WWII embraced this progressivism and indoctrinated their "Baby Boomers" who appear to have wrung out every scintilla of thirst for freedom. We have so burdened our children one should fear that we have reached such a critical mass that our illusion of freedom has progressed to understanding none of our future generations will have even a remote chance to breathe a free America.

If however we teach our children to thirst for freedom, if we teach them that bestowing independence is an act of love, maybe that can be a seed of genuine change and hope. If we teach them well then when they become the dominant voting force they will vote to stop every government benefit payment going out to their parent's and grandparent's

generations. If we teach them well they will have the force of discipline to never serve themselves at the expense of their children. If we teach them well they will leave something for the next generation instead of stripping every last grain from every available stalk like their precursors.

We need stop spending on frivolous junk and start saving to reimburse our children for our financial anchor that will keep them from achieving their potential. We need to figure out how to do this without it being confiscated for redistribution to the children of other's.

We should stop buying government treasuries cutting off a large capacity for politicians' deficit spending. We should understand that eliminating the profit from desired activities will require eliminating the profit from all activities. Otherwise we guarantee a shortage in what is desired and a surplus of what is profitable but less desired unless we can change the laws of human nature. We need to look at what has brought us to this condition (can you say pandering politicians) and fix it.

The fix should begin with a more thorough vetting of political candidates. Since we have been trapped in a two party system we should begin by questioning the parties. This should start with an explanation on the party's philosophies about governing. The answers should be specific about: the purpose of our government, the purpose of our currency, the power of taxes, the separation of powers, the necessity for the Federal Reserve, the realm of state rights, the tyranny of the majority...., and how the party's candidates uphold these philosophies and what's the difference now unless they propose to continue as before.

Finally we need to thoroughly vet every candidate seeking to be elected with these same questions. Politicians need to support how they have upheld their convictions. They have to explain what it would take to make them compromise on those convictions.

We need an independent consumer group to develop a web based pre-primary straw voting system with interested candidates posting their answers without party constraints. We have to keep seeking every politician that advocates for our values focusing primarily on our endowed freedoms.

We need a consumer group to publish every vote taken by every politician and document how that vote upholds the politician's published convictions. We need to construct an open, available, truth in advertising model within our political system.

Having raised a mighty pen  
not to burden you with my thought,  
and now finally I lay it down  
hoping you got that which I sought

*Nolie*

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