



## Just in case it matters to you:

CLIENT / CONTACT BULLETIN 10-11

- TODAY'S LEVEL OF STOCK TRADING FRENZY (averaging 9.4 billions shares daily) is making lots of money for traders and fund managers who "seek to prop up short term numbers." But, based on a recent study of pension stock portfolios, "funds would have performed nearly a percentage point better if the managers had gone on a 12-month vacation and never made a single trade." Lower returns result both from (a) management and trading fees where "average holding period for institutional managers is a scant 17 months," and (b) the 'churn-and-burn' practice of individual investors which "racks up trading fees and increases tax bills." [THE WEEK – Mar 5, 10]

- "WELFARE ALWAYS BREEDS CONTEMPT... What's happening in the developed world today isn't so very hard to understand: The 20<sup>th</sup> century Bismarkian welfare state has run out of people to stick it to. In America, the feckless, insatiable boobs in Washington, Sacramento and elsewhere are screwing over our kids and grandkids. In Europe they've already reached the next stage in social-democratic evolution – no kids to screw over." Greece – the poster child, but only the tip of the iceberg – now has an average ratio of six kids and four grandkids for every ten grandparents. The country's present 'fertility rate' of 1.3 kids per couple is what demographers call 'lowest-low' – "the point from which no society has ever recovered" – and the situation in Spain and Italy are worse. "Think of Greece as California: Every year an irresponsible and corrupt bureaucracy awards itself higher pay and better benefits paid for by an ever-shrinking wealth-generating class... There's never enough of 'the rich' to fund the entitlement state, because in the end it disincentivizes everything from wealth creation to self-reliance to the basic survival instinct (as represented by the fertility rate)."

Today Greek public sector employees do about seven months work (with days ending at 2:30pm for many) and retire at age 58 with ongoing payments nearly 117% of prior salary. But even with their country teetering on the edge of bankruptcy, current labor protests demonstrate that "nothing makes an individual more selfish than the socially equitable communitarianism of big government: Once a chap's enjoying the fruits of government-paid health care, vacation, early retirement, and all the rest, he couldn't give a hoot about the general societal interest... Economic reality is not the workers' problem... Who cares as long as they keep the checks coming? ...In Greece, they've run out of Greeks, so they'll stick it to the Germans, like French farmers do. The Germans have only been able to afford to subsidize French farming because they stick their defense tab to the Americans. And in America, Obama, Pelosi and Reid are saying we need to paddle faster to catch up with the Greeks and Germans. What could go wrong?" [NATIONAL REVIEW.COM – Mark Styne – Feb 27, 10]

- CORRELATED QUIPS FROM RONALD REAGAN: "The most terrifying words in the English language are: I'm from the government and I'm here to help... The nearest thing to eternal life we will ever see on this earth is a government program... Government's view of the economy could be summed up in a few short phrases: If it moves, tax it; if it keeps moving, regulate it; and if it stops moving, subsidize it."
- PARTS OF CALIFORNIA "SHOULD EXPECT TO BECOME MORE FIRE-PRONE" IN COMING YEARS based on warming and drought trend forecasts. Combustible trees and vegetation combined with ignition risks from lightning and people (accidental or deliberate) have always made the State prone to wildfires – one LA area fire last year devoured 160,000 acres and some 100 structures. Ironically, from an ecological standpoint, fires are a "natural and useful part of both past and present ecosystems... Up to 150 species of Californian wild flowers germinate in response to smoke; they may sit dormant for hundreds of years waiting for a fire... Even the spread of grass is aided in areas that otherwise might, on the basis of their soils and ambient temperatures, have been expected to support woodlands." But from a human living standpoint, climate change will bring many surprises in the next many years, including more undesirable fires. [THE ECONOMIST – Feb 27, 10]
- THOUGHTS FOR THE WEEK: **Some 68 million people mistype web addresses daily, landing on bogus sites (called 'typosquatters'). Google earns around \$500M annually from advertisers who take advantage of traffic from typos.**

***"The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn."*** - Alvin Toffler

***"Except for ending slavery, Fascism, Nazism and Communism, War has never solved anything."***

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