



CEDAR HILL
WEALTH MANAGEMENT

From the Halls of Montezuma.....

The venerable Marine Corps hymn comes to mind given recent events in Libya. NATO forces (now acting out the line from Abbott and Costello: "Who's on first" are attempting to.....(you fill in the blanks).

Is our goal to secure a stable long term supply of oil for consumers from other lands? Is it to ride the wave of freedom for peoples of despotic regimes? Do the uprisings reflect the desire to have genuine freedom or the right to freely elect dictators representing the majority (or most vocal of the population)?

At a Chicago Council of Global affairs dinner earlier this month, Ahmed Rashid, a Pakistani journalist and an expert on the "Stans" of Central and Southeast Asia, made the comment that only the major powers of the western world believe that immediate democracy must follow regime changes. Rashid further commented that this does not allow for political nor cultural history of the affected areas. "The West wants what the West wants when the West wants it" drove home the point to dinner guests. Incursions over the past two decades with questionable results do not seem to deter the collective us.

On top of all this we are rightfully concerned about natural disasters such as 30 foot tsunamis and nuclear plant meltdowns arising from a combination of nature, poor location and ineffective sea walls, aged facilities and management inattention to issues which should have had the highest priorities. Thank goodness for the resolve of the Japanese nation.

There are threads of gold in the complex fabric of jarring global news: European countries are restructuring their balance sheets (albeit by force) to reduce unsupportable debt. Sovereign debt markets will find few buyers unless creditworthiness supports issuance. Asian countries learned this in the 1987 crisis; the West is behind the curve. Backing can be achieved by decreasing expenditures coupled with sound taxation policies, solid growth incentives, linkage to a global basket of currencies based upon Debt/GDP of countries and perhaps a modicum of longer term stores of value.

Who gains and who loses from current events? Do the decision makers who shape human and financial events and the attendant costs have a firm grip on reality to come?

Our elected representatives and the Administration must diligently address our structural and fiscal imbalances on a non-partisan basis, or face special interest turmoil spreading to other states. It has been reported that Iranian television showed government workers pushing and shoving each other, carrying signs of protests. Alas, the footage was from Wisconsin, not Tehran.

Pundits note that Ben Bernanke watches the stock market as an indicator of success of Federal Reserve policy balance sheet policy. Unless Congress and the Administration concentrate on our salient issues, markets may cause Ben to switch channels. As we have noted before, job creation is not the role of government - the policies required to create jobs are.

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