



The Polar Letter

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It seems to us that “hope” should not be built upon a series of “reactions” to the “crisis de jour”, nor (recently) to the government appointment de jour. Rather, we believe, hope should be founded upon a solid strategic plan, such as reducing leverage in all segments of our economy, sadly such a plan is not on the present horizon. Please remember, we cannot create jobs, raise wages, or eliminate poverty by executive order, but rather we can do so encouraging saving, investment and capital accumulation.

We had recently confided to some readers and others that, in our opinion, unless the President elect governed to the center, we felt that the American equity markets would probably experience substantial additional declines. In this outlook, we are not heartened by the President elect’s cabinet and other selections to date. It would seem to us that such selections would make it difficult (at best) to govern to the center.

We feel that the size and velocity of government’s intervention in the present crisis and interference with the natural forces of the markets will indeed only serve to extend and perhaps intensify the present bear market. We are seeing references to the Roosevelt administration’s bold moves during the Great Depression, and how the President elect may apply similar stimulus. In our opinion, FDR’s “bold moves” did not end the depression but rather prolonged it by discouraging capital investment. Hoover and FDR, we believe, turned what may have been a brief downturn into ten years of double-digit unemployment.

Unfortunately, we believe that we have entered a “long winter” with respect to traditional investments. Earlier in the week, an old and colorful Wall Street figure appeared on CNBC’s financial news program. George Ball of yesteryears E.F.Hutton fame opined, “We are perhaps six months into what may be a three year recession.” The old E.F. Hutton slogan was, “When E.F. Hutton talks, everybody listens.” Well, this time George, we are listening!

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Polar Investment Counsel Inc is a federally registered investment advisory firm and broker dealer which manages customer accounts on a fee or commission basis. The firm’s senior principal, Michael Jordan has nearly thirty-five years of industry experience.

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