



NCM Client Notification

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Today the House of Representatives made one of the worst legislative decisions in history. We are simply befuddled by their failure to grasp the implications of inaction.

This bill has been characterized as a "bailout" of Wall Street. The phrase is so easy, but so inaccurate.

First, I am uncertain who "Wall Street" is. We only have two investment banks left and while they would benefit from the bill, the list goes on to include large banks, medium sized banks, small banks, insurance companies and pension funds.

Many of those in Congress have indicated their constituents are strongly opposed to this "bailout". Unfortunately, the number of constituents who have a good grasp of economics appears sparse. Further, a "leader" must lead. When confronted with the dire implications associated with inaction, a **leader** explains to constituents the consequences and pushes forward with the necessary steps. Our representatives instead have opted to sacrifice the best interests of the nation in favor of parlaying votes for their upcoming elections. This is absolutely inexcusable.

These same constituents will be screaming for government help when they lose their jobs due to the recession caused by today's inaction.

Others in the Republican party have taken the position the government should do nothing to help these financial institutions and instead allow them to fail. While straight forward, this position illustrates an incredibly naive understanding of the financial system. We are not talking about a cookie maker going bankrupt. We are talking about a tightly integrated financial system, where a single bankruptcy begets other bankruptcies.

While I rarely single out our local, State or Federal legislators - today I have no choice.

On Cathy McMorris' website <http://mcmorris.house.gov>, the following was posted today:

"The financial crisis we are facing right now is greater than anyone could imagine. It is difficult for all of us to get our arms around the depth and complexity of this crisis. The decision on whether to support this package is one of the most difficult I have faced. I agree this bill is much better than the one we started with. It does more to protect the taxpayer, it does more to ensure Wall Street executives are held accountable, and it does more to increase oversight."

So, she rightfully identifies the problem as monumental and complex. Further, she indicates the bill is a good compromise. Then BAM - she votes against it. Her rationale is as follows....

"Despite the positive changes that were made, I voted against this bill because, on principle, I am not convinced it is the right approach and I believe there are still numerous questions about its feasibility. Committing 700 billion of our tax dollars requires a longer, more thoughtful debate. It requires a greater confidence that this bill will address the root problems, actually help our financial markets, and provide future assurances. The hardworking people of Eastern are my primary priority and I continue to strive to ensure their best interests are protected."

Unbelievable! She obviously does not understand the **speed** at which events are transpiring. Further the longer we allow our congress to pontificate, posture and debate the larger the price tag of ultimate resolution becomes.

In the end, the problem still exists and will now get bigger. Congress MUST pass a bill and soon.

Again, we strongly encourage our clients to urge their representatives to get moving NOW! Unfortunately, that may prove impossible since the House website and Cathy McMorris's site have gone down. However it is worth a shot. Try going to <http://www.mcmorris.house.gov/> and "E-mail Cathy" on the right hand side of the page. It is time for a bold leader and not a tentative one.

Jim

Opinions expressed are those of Jim Wilson and not necessarily those of Northern Capital Management, Inc.