



Shamrock Equity Advisors, Inc.

## **WHAT WE BELIEVE FEBRUARY 2010**

The trouble with politicians is they are continually proposing new laws and regulations with the objective of securing our vote.

The beauty of our political system is that meddling politicians who pass burdensome laws and regulations risk losing our vote.

We are far from alone in our belief that the dangers we face in our economy and in the markets stem from government policy and a dangerous tilt toward more debt, higher taxes and micro management.

Left alone, our economy will recover nicely on its own. Of course there will be winners and losers, which is honestly a vital component of self regulation and personal responsibility.

What have we learned over the last few years? We wonder if the people are increasingly realizing that their own self interest (*read life, liberty and property*) is best secured individually with fewer government encroachments.

To quote a true and trusted friend, "government is not the solution to our problem; government is the problem."

The temporary occupant of the White House along with the temporary occupants of the Capitol rarely miss an opportunity to remind us of their belief that we face the worst economic crisis since the Great Depression. (That contention is debatable, but we save that for another day.)

As stated above, we believe the risks to recovery reside in politicians repeating the mistakes of the past in the interest of garnering votes or campaign contributions.

To wit: one of the factors which made the Great Depression persist for so long was the government's mishandling of policy. Its passage of the Smoot Hawley Tariff Act as well as creating a myriad of agencies and bureaucracies did more to prolong the depression rather than reignite the economy as the efforts were billed to do.

The Glass Steagell Act was a misguided attempt to "protect the little guy from the greedy, pernicious banks." The end result did more harm than good.

The possibility of inflation and the dangerous level of debt our politicians have amassed are other causes for grave concern.

There comes a moment when inflation is out of the Fed's control. That moment will be when the government debt poses an intolerable problem. The Fed can only affect inflation with the background of a solvent healthy government that can raise revenue to pay off its debt.

When we get into a situation where we are worried about the government debt, or when the government becomes insolvent, inflation comes and there is nothing the Fed can do about it.

We believe the Constitution is explicit in enumerating a limited role for the Federal government as it pertains to commerce. Beyond that it's up to an informed people (*read business and consumers*) to right a listing economy through self regulation.

We further believe that our founding documents rightfully and by design begin with *The People*; that our primary responsibility to preserve self rule is to right a listing government which has become destructive and abusive.