

**Thank God It's Friday!**

**February 27, 2009**



February is over and good riddance. It was a gloomy month in investor-land filled with flu, fear, trepidation and dwindling stock prices.

Now, MARCH! There's a month for you! The days get longer, the sun shines brighter and investors can come out of their caves to scout-out some bargains. Let's brush-off the funk and start thinking with the left side of our brains – using logic. Some of the premier American companies are ON SALE. We are talking super-sales like 5 of the 30 Dow Jones stocks trading below \$10/share. Companies are cutting dividends to preserve cash and protect their future growth. This bodes well for their growth plans going forward.

Many of you are asking our opinion about "nationalization". You seem cynical that nationalization of our BANKS will lead to draconian scenarios as seen in Russia and France over the past 3 decades. Not true! The United States has a long history of "nationalization," starting with the Northwest Ordinance of 1789, and then the Louisiana Purchase of 1803.

In World War I, the nations' railroads were successfully nationalized to sustain the war effort. In the 1930s, the Reconstruction Finance Corp. bought millions of shares in over 6,000 banks in order to rescue them. During World War II, government took control of the economy's entire pricing system for consumer goods—a more complex job than taking over several big banks—and did quite well at it, most economists agree.

In the 1980's when the SAVINGS & LOAN industry imploded, our government created the Resolution Trust Corp. which seized hundreds of failed savings and loans in order to save the system. The government ended up making money on that deal!

Most recently, following the events of 9/11/2001, the government effectively nationalized the private-security firms at airports, and replaced them with the federal TSA, Transportation Security Administration.

Today, the spanking-new Obama administration faces what Roosevelt faced with the banks and Reagan and Bush faced with the savings and loans: passive versus active nationalization; regulatory oversight versus direct management; and the shape of regulation after the financial crisis finally eases, including what the regulations will be, who will administer them, and how seriously and well they're enforced. The time for cynicism is passé.

By: Jude Bedell