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THE DANA VIEWPOINT

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December 11, 2008

Dow: 8,712

## ***RESPONSIBILITY (the real “r” word)***

It's been said many times that those who forget history tend to repeat it. Sadly it's true and that's why we continue to have these economic booms and busts. Talk has now moved from the “r” word to the “d” word. Well, don't you believe it! Not even close. Fed-head Ben Bernanke is a student of history and he knows what happened in the 1930s. He also witnessed what happened in Japan in the 1990s. In both instances, money supply was tightened in an attempt to curb speculation. Tight money stopped economic growth in its tracks. These two instances have not been lost on Bernanke. “Helicopter” Ben once vowed to fly a helicopter over the US and drop money if necessary to stimulate the economy. Although he has not done this literally, he has infused the US economy with billions of dollars. Most of those dollars have gone to financial institutions, but now the Fed is even lending directly to businesses. The Fed will likely cut interest rates next week, but the bond market has factored that in already. So, the stage is set with low interest rates and a plentiful supply of money. All that is needed is a return of confidence to encourage lenders to lend and borrowers to borrow. In the meantime, corporate America is getting lean and mean by cleaning up their balance sheets. Unfortunately, that has also meant eliminating thousands of jobs both white and blue collar. However, once this economy turns up, new jobs will be created. All we need is a spark to ignite the next economic boom. President-elect Obama may just be that spark. After eight years of the Clintons and eight years of the Bushs, the country may welcome a change, any change.

While the recent focus has been on the economy, there are other issues that need to be addressed. One of them is energy. Now that oil prices have dropped below \$50 a barrel from a high of \$147 a barrel, as recently as July, there is a complacency that gasoline prices at the pump will remain below \$2 a gallon. Complacency can get one in trouble. When the next economic boom begins, oil prices will rise as countries seek energy to accommodate their growth. We need to focus on energy development to lessen our dependence on foreign oil as many of these suppliers are not our best friends. Also, OPEC (Organization of Petroleum Exporting Countries) will meet December 17 and will cut production in an attempt to force oil prices up. Make no mistake OPEC controls the price of oil. Add to that the modern day buccaneers who recently hijacked a 3,119 ton supertanker carrying \$100 million in oil. That is about two million barrels of oil and about a quarter of Saudi Arabia's daily oil production. We have discussed

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in previous market letters the extensive amounts of untapped oil offshore, in Alaska and shale oil fields out West. These sources could give us oil independence for decades. In the meantime, we can look to develop alternative sources of energy which the new administration will emphasize. Hopefully, any funds committed here will be well spent. We have been down this road before. In 1977, the Department of Energy was created. Its purpose was to discover ways to lessen our dependence on foreign oil. Now, thirty-one years later, the budget for this necessary department is at \$24.2 billion a year. They have 16,000 Federal employees. We are indebted to the Longwaves Forum for this data. Clearly we need a more efficient method of finding ways to wean us off foreign oil. Large government departments or committees remind us of Buridan's ass. Jean Buridan was a 14<sup>th</sup> century French philosopher and physicist (1295-1356) whose account of freewill was parodied with a paradox. An ass standing equidistant between two bales of hay is faced with the choice of feasting on one or the other. All things being equal, the ass starves to death because there is no rational reason for choosing one bale over the other. For Buridan, freewill initiated the ability to withhold judgment indefinitely due to a lack of certainty.

Most of our problems are not solved by committees, but by individuals willing to make decisions and accept responsibility for those decisions. Not everyone agrees with Treasury Secretary Paulson or Ben Bernanke, but they are making decisions – not all perfect, but they are moving us through this crisis.

Well, 2008 is drawing to a close, and it has been a very challenging year to say the least. That is the nature of our business and yours. We promise you a 100% effort to protect and enhance your assets and not to be caught like Buridan's ass.

*We pray that all of you have a safe and happy holiday season.*

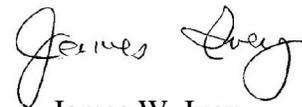
**Random thought for December :**

“This time, like all times, is a very good one, if we but know what to do with it.”

*Ralph Waldo Emerson*



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Chairman of the Board



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