



The Polar Letter

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“THERE IS NO CHANCE THIS ENDS WELL”

Fleckenstein: There's no chance this ends well. This was extracted from an interview Bill Fleckenstein of Fleckenstein Capital granted to King World News on the nineteenth of August. For those of you who are unfamiliar with Mr. Fleckenstein, he has been what we would call a perpetual bear for at least a couple of decades. Fleckenstein believes that easy monetary policy and high cyclic rate printing presses have led to “a misallocation of capital,” and that “no one has seen what happens when central banks print as much (money) as they have since the financial crisis.”

While we agree with Mr. Fleckenstein's economic analysis, we do not necessarily agree that there is no chance that it ends well. Well, maybe not well for everybody, much of the Wall Street crowd for instance. This fall voters in the United States will go to the poles in what we opine to a very critical election. Yes, I know we said that in the Clinton years, however the Clinton years were a joke in comparison to our present situation. Consider a comparison of debt levels, leverage levels, size and lawlessness of government!

This November the American voters have the opportunity of electing those who will (hopefully) begin the process of returning America to fiscal responsibility, reducing debt at all levels, reducing spending and the size of government, reducing leverage and so forth. If managed properly, this may well end better than Mr. Fleckenstein believes.

The foregoing represents a limited viewpoint and does not consider factors such as an event (such as a default) which forces interest rates sharply higher, a major terror attack, additional problems in the middle east or Ukraine etc.

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