

# Tea Leaf

...weekly since 1976

Your guide to understanding  
today's economy and  
financial markets

December 31, 2008

[view previous issues](#)



THREDGOLD  
ECONOMIC  
ASSOCIATES

The TEA Company  
A Professional Speaking and  
Economic Consulting Company  
1366 S Legend Hills Drive, Suite 150  
Clearfield, Utah 84015  
801-614-0403

[www.thredgold.com](http://www.thredgold.com)

Copyright © 2008 Thredgold  
Economic Associates, LLC.

Please call 1-888-847-3346  
for reprint permission.

# I've Loved You So Long

Written by Jeff Thredgold, CSP, President, Thredgold Economic Associates

One of the painful realities of life as an economist and professional speaker is that the subject matter of economics is typically viewed (with good reason!) by the general public as confusing, intimidating, and boring. As a result, trying to present weekly economic and financial information with an unusual twist can occasionally be a most welcome change.

Warning!! This week's *Tea Leaf* is my semi-annual economic, financial, and political update...using today's current movie titles. My sincere apology in advance to anyone I might offend.

Finally, the end of 2008, a year that should be placed in **QUARANTINE**, never to be visited again.

## President Obama

The New Year kicks off with a new President entering the **STATE OF PLAY**. Voters of all persuasions will look to see if we collectively **LET THE RIGHT ONE IN**.

Many hope the new President will not surround himself with **YES M(E)N** and women, but will value alternative points of view. Such an issue seems to have been a problem in the Bush Administration, one now well into its **TWILIGHT** time.

Millions of Obama supporters admire the **ROLE MODEL** he projects, contrasting it with the **DEFIANCE** of **NOTORIOUS** Illinois Governor Blagojevich. The Governor's alleged **BODY OF LIES** about "pay to play" corruption casts major **DOUBT** about his ability to survive.

President-Elect Obama strongly suggests his soon-to-be-announced nearly \$1 trillion stimulus program will help the U.S. economy be **FOREVER STRONG**. He also suggests that irresponsible earmarks, a.k.a. extravagant and ridiculous pork barrel spending, will not be tolerated in the package...

...don't hold your breath.

The spend-happy Congress will **MILK** the new stimulus program for all they can. Congressional leaders will make it clear that *they* run the show, and simply don't view Obama as the **CHANGELING** some would like to see. Keep your eye on this "pork" issue as to the nature of the unfolding Obama Administration.

## The American Consumer

The just concluded weak Holiday shopping season was **NOTHING LIKE THE HOLIDAYS** of the prior **FOUR CHRISTMASES**. While some retailers had reasonable sales totals, too many stores and malls looked like **GHOST TOWN**s.

## Government Stimulus

The U.S. economy is still negatively impacted by **THE DAY THE EARTH STOOD STILL**...September 18, 2008...when U.S. Treasury Secretary Henry Paulson and Federal Reserve Chair Ben Bernanke announced that the sky was falling. Perhaps **THE TALE OF DESPE(ration)** they conveyed was a bit too much. U.S. employment has fallen like a rock since that time.

**THE CURIOUS CASE OF (HENRY PAULSON)** is one that illustrates that the skills needed to be CEO of Goldman Sachs in prior years don't necessarily translate into those required to have great credibility in the nation's capital. For him, January 20 can't come too soon.

The \$700 billion Troubled Asset Relief Program (TARP) has joined trillions of dollars of other economic stimulus and financial market support programs viewed as necessary. While much of this money will ultimately be returned to the taxpayer, a **GOOD** share will ultimately burden **THE UNBORN** with a higher level of national debt.

## The Big 3

General Motors, Chrysler, and Ford will likely be permanent fixtures in the nation's capital, hands frequently extended for bailout funds from the more supportive Obama Administration. They will check their **CADILLAC RECORDS**, **GRAN TORINO** data, and **TRANSPORTER 3** info for places to trim costs. **BOLT** makers and other automotive parts suppliers will cross their collective fingers for such continuing financial support.

Meanwhile the United Auto Workers (UAW), whose average wage is 68% higher than the average U.S. manufacturing worker, will likely fudge on prior suggestions of wage givebacks, with the support of the extremely liberal Congressional leadership. This UAW struggle will be another key as to the nature of the Obama Administration.

## \$50 Billion Up in Smoke?

Adding to global anxiety is the unfolding of perhaps the greatest Ponzi scheme in history. Long-time money manager Bernard Madoff's alleged trading corruption now has thousands of investors, from **YONKERS JOE** to **PAUL BLART: MALL COP** to some in **AUSTRALIA**, wondering whether they will ever see even a hint of their money again. Fortunately, the list does not include **MARLEY & ME** (sorry).

Many Madoff investors with an almost **RELIGIOUS** marvel at his now-phony trading results will eventually tell **BEDTIME STORIES** of the **SEVEN POUNDS** of gold... and other considerable wealth... they used to own. Many will find a **QUANTUM OF SOLACE** in eventually seeing this **SLUMDOG MILLIONAIRE** as **THE BOY IN THE STRIPED PAJAMAS** at one of the nation's many prisons. He no doubt wishes he could have **ESCAPE(d) 2 AFRICA** some time ago.

## The Middle East

The **REVOLUTIONARY ROAD** in Iran is likely to change as oil revenue plunges. Pro-Western youth, dealing with extremely limited job prospects, could eventually mean the end of Iranian President Ahmadinejad (say that three times quickly).

The new **WAR ZONE** inside the Gaza Strip and near the land of **GOMORRAH** involving Israel and Hamas is unfortunate, with more loss of life and human misery to come. The Israelis will maintain an **EAGLE EYE** as to actions of other long-time enemies in the volatile region.

## The American Economy

The worst American economy since before the days of **FROST/NIXON** will remain in place in coming months. **VALKYRIE** and other eight- and four-letter words to describe limited job prospects will be prevalent in coming months. The deleveraging of the enormous financial "house of cards" built up in recent years has been extremely painful. More pain is coming.

However, **THE READER** of constant negativity by the national media could soon be surprised with a more positive tone. A *Business Week* or *Newsweek* cover story entitled "What a Great Time to Buy a Home" or "Today's Great Values in Stocks" would be a most welcome change.

Modest U.S. economic growth will return, most likely later in the year. What is likely to be the longest recession since the Great Depression will end. **THE SPIRIT** of America is **NOT EASILY BROKEN**.



## "TEA"ser

Last week, I stated this woman was the ugliest woman I had ever seen. I have since been visited by her sister, and now wish to withdraw that statement.

—Mark Twain



THREDGOLD  
ECONOMIC  
ASSOCIATES

The *Tea Leaf* is delivered weekly as a link to a PDF file.

To receive the *Tea Leaf* free via email, email your name, email address and "subscribe Tea Leaf" to [subscriptions@thredgold.com](mailto:subscriptions@thredgold.com)

or fill out the form at [www.thredgold.com](http://www.thredgold.com)

Thredgold Economic Associates  
1366 S Legend Hills Drive, Suite 150  
Clearfield, Utah 84015  
[www.thredgold.com](http://www.thredgold.com)

Graphics and layout by Kendall Oliphant  
Research assistance by Shawn Thredgold