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“The Sky is Falling”
by
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This past week several of our country's leading financial institutions received their come-uppance for previously made bad decisions and poor management. When things like this happen one can react two ways... 1) Panic in the Chicken Little, 'sky is falling' mode and make it worse, or, 2) Look for the positives in the situation and grow on them.

Sen. Obama said the current market loss is the worst financial disaster our country has faced since the Great Depression of the 20's and 30's. Folks, that is not only blatantly false it is tantamount to yelling "fire" in a crowded theater.

Several crucial facts seem to have conveniently escaped the Democratic Presidential candidate's mind and are absent from his panic driven campaign rhetoric. The current, major drop in the Dow Jones Averages' value is just that... a loss of value, amounting to approximately 4% of the total.

The Great Depression's pre-cursor began with the first crash on Black Thursday, October 24, 1929, followed by Black Monday on October 28th and Black Tuesday on October 29th. The largest one-day drop of 12.8% was on Black Tuesday. The Dow Jones Industrial Average's highest level prior to the declines was 381.2 points and over the next three years it had a total loss of value of 89%, bottoming out in July of 1932. It would take over 25 years to get the value of the Dow back to the 381+ level. It is said that panic, fear and a lack of immediate public communication was the major contributor to the initial crashes and steps were taken to correct those miscues.

Jump ahead almost 60 years later to October, 1987. During the previous 5 years the Dow had risen in value from 776 to 2,722 points, returns on stock investments were soaring and a feeling of optimism was in the air. On Thursday, October 14, 1987, the market experienced a slight decline of 3.81 points, followed by a drop of 4.60 points on Friday. Three days later, October 19th, 1987, Black Monday, the Dow dropped 22.6% of its value. It was the largest one-day loss in the history of the Stock Market, bringing the total five-day loss to 761 points... a total decline of over 31%. President Ronald Regan announced to the public that there was no reason to panic and things were still in good shape and time would repair the damage done. The following day the market gained over 102 points and in just 24 months the Dow Average had reached its 1987 high.

The 4%+ loss experienced this past week pales in comparison to the more devastating market corrections in our country's history and someone running for President should know that the ups and downs of the Stock Market are fueled by fears, worries, ignorance and mis-information. Anyone who knowingly contributes to the public's panic and fear by making the statements Mr. Obama did is, at best, a liar and at worst, a criminal.

When Sen. McCain tried to calm the public's fears and forestall panic with encouraging statements by reminding all of us of the valid positives that exist in our economy, he was chided by Obama with rhetoric such as, 'McCain just doesn't get it' and 'he's out of touch with reality.'

Experts have said that market crashes are precipitated by a "Herd mentality and behavior" of the public, much like a cattle stampede. To me it appears Sen. Obama is doing everything he can to scare this herd into a stampede... how about you?

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