

Thought for the Week: Monday, October 10th, 2011

We the 99% Occupy Wall Street

Step aside the Tea Party, there's a new populist movement spreading across the nation called Occupy Wall Street. Their fundamental mission is to end the greed of the 1% who have benefitted from tax payer bailouts and the government's 'blind eye turning' to big financial companies' failure to operate in a responsible and stable fiduciary manner.

"Why should the 99% of normal tax-paying citizens suffer because "Wall Street" keeps paying massive bonuses while the same companies need tax payer support?" typifies their rallying tenet.

One of Global's missions is to fully disclose the costs of doing business with Big Finance; the way in which products are sold to, and risks are imposed upon, clients for the purpose of company profits.

Although we have no political leanings; nor do we wish to encourage social unrest, we cannot help feeling a level of empathy for the principles behind Occupy Wall Street.

That said, it is difficult to envisage a strong economy without a strong finance sector.



What does this have to do with my Investments?



There is currently much discontent fomenting within many areas of our country. We are watching 'Occupy' closely to see if it can become a meaningful rallying point for this widespread dissatisfaction. To paraphrase Shakespeare, "Now might be the winter of our discontent" - if the 99% get their way.

And it's not just the long-term disenfranchised who regularly enjoy a good protest causing the trouble.

Although the current disgruntlement is also aimed at local and federal governments, Wall Street's excessive excess has allowed the demonstrations to spread to the traditionally silent majority; the 99% that usually just get on with their lives.

After all, printing money has long been considered a tax on the working and middle classes.



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Furthermore, next year's election is wide open and you can bet your bottom dollar that politicians will be trying to align with any block of potential swing voters. Far be it from Global to provide commentary on socio-political outcomes, but elections have a meaningful effect on the direction of most traded markets.

This phenomenon needs watching.

Geographical Spread

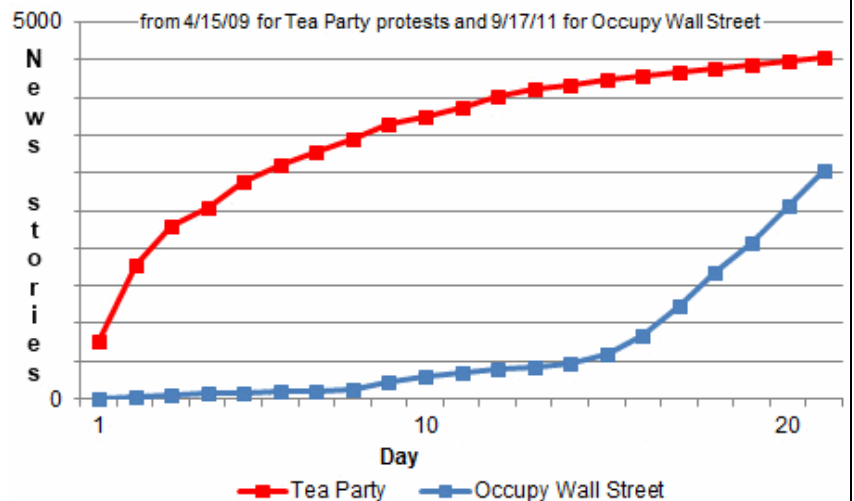
The movement has already spread across the U.S. and to a number of overseas countries. The map shows the 70-plus cities already experiencing some form of organized demonstration against the way Wall Street allegedly abuses its financial powers without fear of government reprisal.



Properly organized, there is massive potential to impact national politics.

Of course, this could also blow over and become America's version of the U.K. and French summer riots.

But looking at the current trend, shown by the chart on the right; the Tea Party's recent political influence and the way the Unions have run to support the occupiers, this may be something more than an excuse for a bunch of radical activists to grab headlines.



In one end; out the other...

Total bonuses paid to New York City workers in the financial securities industry totaled \$20.8 billion in 2010.

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