

The Piper continued

individuals do not earn the money they spend for their purchases and this can only happen when the money supply is expanding. The increase in the money stock isn't earned; it originates out of the "blue." Once demand for goods and services, which are not supported by production, arises, overheating will occur which will take the form of a general rise in prices, or inflation.



It could also be argued that the Fed itself is directly responsible for inflation. After all they are the power that can put money into the system. By putting money into the system they are encouraging consumption that is not backed up by production. This will cause economic overheating. In other words it is not overheating that causes inflation but rather inflation that causes overheating. You may want to read this last paragraph twice; I'm a mortgage guy, not a Rhodes scholar.

Two big factors contributing towards inflation are the rise in commodity prices (oil is a good example) and wages. In fact it can be argued that these two factors are more pertinent to the cause of inflation than simply the increase or decrease in the supply of money. The economy is viewed by many as an unstable entity that is prone to self inflicted damage and must be under constant supervision by the Fed. Much of the time the Fed is put in a reactionary mode, adjusting policy according to what the economy is exhibiting. Although, it could be argued that Alan Greenspan has been extraordinarily prescient in anticipating the various factors that go into managing the money supply. What I'm trying to say here is that when you hear that short-term and long-term rates are on the rise, it's not always a bad thing in the broad scope of the economy.

Memories By Pava Leyrer

Creative Memories - I'm sure that everyone has heard this term in past few years in a different way than I am writing about it now. I think it is great if you can use it to organize all your photos, however I have always used this phrase to "create memories" to store for future use mentally.

For example, I love to do silly songs and crafts with my grandchildren (well, OK with almost anyone!) Everyone who knows me also knows that art was not the line I was standing in before birth and that song writing should be left to those who get paid for it! However the innocence of children (and some adults) allows me to become the Loretta Lynn of my original song "I'm a Cowgirl from Texas" or the Michelangelo of making egg carton insects.

Now I do create adult family and friend memories as well to store when I need them most. Taking the time to have a large "filing cabinet" makes it easier to deal with life as it happens. My children are now grown, so the memory cabinet is immensely valuable



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Memories continued



to me when I wish we could be together. When something more serious occurs, like the recent death of a good friend, memories are the most precious things shared.

The point I hope you are reading, is that memories take time and you never know what constitutes a memory for someone else. My memories of the same situation may not be the same as the person you share it with but without them life can be very lonely.

Make the time to share your memories often. Then watch how much joy you can have listening to each others memories and "filling-in" the gaps along the way!

COOL Web Sites By Holly Gosko

I don't know about you, but I get lost on the big world wide web. I am sure that there are hundreds of very cool web sites out there, but what are they and what do they do? Below is a small list of a few that I have come across that I thought you might enjoy.

www.bigideafun.com - This website is for the kids. It is a very family friendly website and one that you would not be scared to send your kids to by themselves.



www.americaslibrary.gov - This is a very interesting website that is put out by the Library of Congress. It has a lot of historical and interesting information about our Country's past.

www.mmla.net/complaints.htm - You can use the information listed on this site to look up appraisers, builders, and anyone licensed in the State of Michigan with violations.

www.heritagational.com - of course this is our personal favorite and we hope you like it too!

www.waycoolpools.8m.com - If you're interested in a new swimming pool, in need of help with your current pool, or looking for basically any type of aquatic accessory you can think of, this is the site for you.



www.userfriendlybooks.com - If none of those caught your interest, then click on the "200 Cool Websites" link at the top of this page and hopefully you'll find one of these more interesting.

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Appreciating Home Values By Pava Leyrer

According to the Office of Federal Housing Enterprise Oversight, home values are appreciating rapidly in many parts of the country! Here's how home values are appreciating in surrounding areas (measured over the previous two years):

Grand Rapids—Wyoming	7.71%
Lansing—East Lansing	12.01%
Detroit—Livonia	7.31%



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DUE DILIGENCE

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The Piper at the Gates of Dawn by Kevin Vink



As you well know, the Federal Open Market Committee at their last meeting on March 22nd raised the Federal Funds rate another quarter to 2.75%. In their brief statement following the announcement they said, "Pressures on inflation have picked up in recent months and pricing power is more evident." Uh-oh, the Fed is worried about that bane of our existence again, inflation. Simply put, in inflation, everything gets more valuable except money. The only notable exception to this axiom is you, you do not become more valuable as you found out the last time you whined to your boss that because you are such an indispensable part of your company he has to give you a raise. You were in no uncertain terms told that everyone is dispensable and if you don't quit slacking off you'll be living in a cardboard box under the highway fairly soon.

In our economy, an individual exchanges money for goods and services that are produced by other individuals. This assumes that the money you are exchanging was earned by your own efforts (job) and then spent, implying that production must precede consumption. There are notable exceptions to this rule, witness the giant implosion of CyberNet recently here in Grand Rapids. Here we have a viable company providing a worthwhile service. However soon consumption begins to overrun production (read greed) and the recipe for disaster is hatched.

The Fed remains the ultimate watchdog against inflation or the overheating of the economy. Overheating occurs when

April 2005						
SUN	MON	TUE	WED	THU	FRI	SAT
April 22 and 23 - Tour the showcase of Remodeled Homes presented by the Home and Building Association !					1 April Fools Day	2 Don't forget to spring your clocks forward
3 Pava's Birthday!	4	5	6 Army Day	7	8 Holly's Birthday!	9 White Caps Open
10	11	12	13	14	15 Tax Day	16
17	18 Create a Memory Day	19	20	21	22 Rob's Birthday!	23
24	25	26	27 National Secretary's Day	28	29	30

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