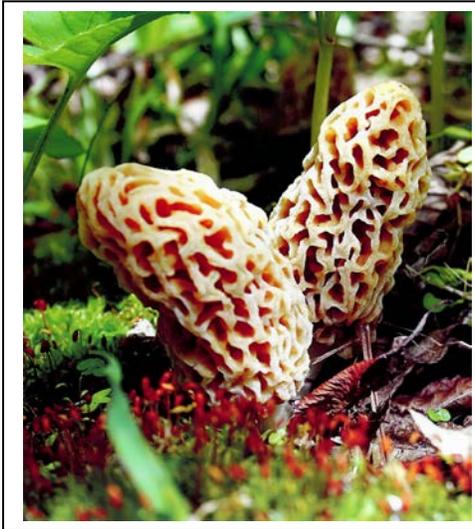


July 21, 2011

Dear PCM Clients and Friends:

What do you do when spring in Minnesota is delayed, and delayed, and the weather is



cold and rainy all the time? Well, for one thing, you don't pick many morel mushrooms (*Morchella Esculenta*), that delightfully edible "shroom" which pops up in mid-May when the weather warms the woodlands just enough to encourage them to literally come up overnight. Not this year, however, due to unseasonably cold wet weather. We found a few, but from reports, it was a very disappointing season. Just so we don't forget what they look like, here is a picture that we thought was exceptionally good, which came out of the May-June issue of *Big River Magazine*. Oh well, we can look forward to the puffball (*Calvatia gigantea*) this August/September; not as tasty as the morel, but fun to find and eat, nonetheless. And, let's not forget the oyster mushroom (*Pleurotus ostreatus*),

also in autumn, but growing on dead trees or stumps.

A MESSAGE FROM PERK

Because we write this quarterly client letter to be mailed in conjunction with our quarter end client reports, our September quarterly letter will not be mailed until late October, and the ten year anniversary of September 11, 2001 will have come and gone. Looking back at the letter dated October 25, 2001, we stated then and will repeat here: "That date, September 11, 2001, will go down in history because of an act more reprehensible than Pearl Harbor on December 7, 1941. That attack was on military personnel, but this one was focused on innocent victims of the airplane bombs targeting the World Trade Center towers and the Pentagon, and then, unfortunately, the firefighters and rescuers. This attack will never be forgotten, and will be revenged over many years to come. That is the problem. This is likely to be a war that may never end. It will be very difficult to ferret out and kill or bring to trial all of the terrorists as more of them will pop up, just like targets in a shooting gallery. For all Americans, 911 is the emergency number to dial for help. That day in September, they dialed it for all of us, and it is still ringing and will continue to ring until terrorists all over the world are found and put out of business."

Much has changed in our lives since that fateful day ten years ago and that infamous attack on America. Certainly, most obvious to us is airline security which, while not

perfect, has evidently prevented several catastrophes waiting to happen. Even so, terrorists have been very successful, costing us untold billions spent on preventative measures, funds which could have well been used to rebuild our deteriorating infrastructure of highways and trains. The same can be said of the hundreds of billions that have been spent on the war in Iraq and Afghanistan, not to mention the loss of lives. President Obama and his staff have been well aware of the approaching ten-year anniversary and the al-Qaeda threats of a dramatic terrorist event on that date this September. Thus, an all out effort was mounted and, as we know, Navy Seals killed Osama bin Laden in a daring raid in Pakistan. Of course, this brought more cries of revenge from al-Qaeda, who seems not to care that they murdered 3,000 Americans on September 11, 2001.

We have written about this many times, starting in that October 2001 letter in a paragraph titled "Why Do They Hate Us." This was nearly ten years ago, and what we said then could be said today. Here is an excerpt: "The extremists, e.g., the Taliban, take a very strict view of their religion that will not allow any tolerance of Western values or other religions. Furthermore, hatred and resentment exist because of a complicated web of U.S. policy, poverty, and religious fundamentalism. There is resentment over U.S. economic, military, and political power; there is discontent in the male dominated Muslim world over the strong role women play in America, and especially the suggestive way they dress. The West, especially America, is seen as a corrupting influence on the Muslim world. They see their cultures being invaded by powerful outside forces, like social mobility, and modern thinking that can undermine the authority of religious elders and dictators. We call these new influences freedom, but other societies have other names for them, such as "culture illness" and "Westernization" which can lead a villager astray, for example, by leaving for the city to drink Pepsi Cola and watch a movie. America is portrayed by the religious elders as a land of Sodom and Gomorrah, a land of evil, where sex is used to sell everything from shampoo to cigarettes. In Afghanistan, women may not reveal their faces in public, not even their eyes. It is a place where females are never educated and where most of the men are illiterate. This all plays well to a generation of Muslims growing up with few civil rights or comforts, and yet aware of the free sexuality and material wealth of the West. Frustrated by repressive leadership in their own countries and facing a hopeless future, they buy into anti-American sentiment, and some of them into the extremist groups. Inevitably, some lay the blame for much of this hatred on the new era of globalization, hastened by technology, television from satellites, and a desire for a "oneness" of all people. The level of wealth elsewhere is so much more visible in poor countries now through television and movies. There is a profound sense of being left out. But the end of globalization, despite the September 11 tragedy, is unlikely. Like all revolutions, globalization involves a massive shift of power from one group to another and what is presented as resistance to an evil is, in fact, a shift in power. We all know that globalization is the democratization of communication, finance, and technology, which increases access to and lowers the cost of quality of life for people all over the world. In our opinion, this trend is too strong to be reversed, even with the fanatics who are willing to die to prevent it. There is an overwhelming and inherent aspiration of the world's population to want a higher standard of living. That is something that has governed our lives in America. And this force toward a higher standard of living will continue to move

forward with inevitable certainty despite the hatred that religious zealots espouse. In the end, freedom and globalization will prevail.”

Not much different from what we said in our April 2011 letter when we wrote about the revolts in Egypt and Libya: “In our view, none of this could have happened, but for the advent of the Internet, together with mobile devices which enable the masses to not only see what is going on in the rest of the world, but to communicate with each other. Mobility is, in fact, transforming humanity in front of our eyes. However, it is also a double-edged sword as it enables countless undeveloped countries to see how parts of the rest of the world live, especially that women are treated as equals to men. This is a revelation that cannot be underestimated as social media changes the entire world, but especially the Arab world. These social mobile tools have become the tools of revolutionaries giving them the hope that they have needed for years. The good news really is that revolutions set the stage for a massive ultimate increase in wealth.”

A later similar commentary is in the July 2011 *National Geographic* magazine titled “Young, Angry, And Wired.” Please read it if you can for a well written view on the subject.

This is the background against which al-Qaeda and the Taliban terrorists are operating and why they will do their very best to celebrate 9-11-2001 with another attack, presumably here in America, despite President Obama’s assertion that al-Qaeda has been wounded so seriously that it does not have the resources to stage a tenth anniversary attack on the United States. Let’s hope that this is not just wishful thinking on his part. Certainly, al-Qaeda will do everything possible to celebrate with another one. Whether or not they succeed will be known certainly by mid-September; let us all hope that President Obama is right in his assessment.

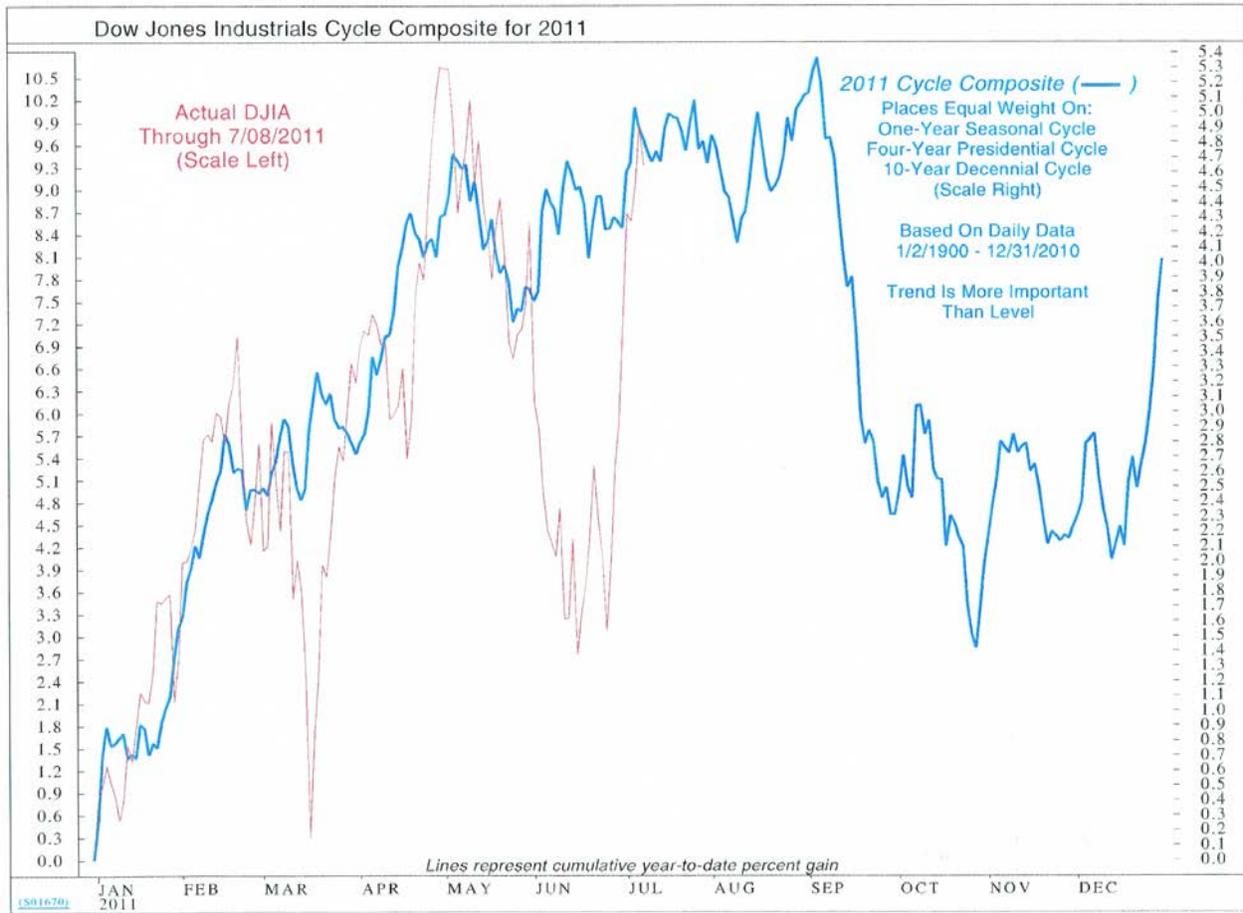
SECOND QUARTER REPORT CARD

Some of the first quarter gains were lost in the second quarter, but even so the return for the first half of 2011 was respectable, achieved in large measure due to the very strong market the last week of June. What information does this provide? Not much, as while the S&P 600 Small Cap Index did best at +7.54; the Dow was next at +7.23, so there was no real trend evident as the Dow is all mega-cap stocks.

Indexes	% Return Q1 2011	% Return Q2 2011	% Return YTD 2011
NYSE Composite	5.54	-1.02	4.46
NASDAQ Composite	4.83	-.27	4.55
Wilshire 5000	5.55	-.55	4.96
Value Line Composite	6.68	-1.25	5.34
S&P 500 Composite	5.92	-.10	6.02
Russell 2000 Total Return	7.94	-1.61	6.21
Russell 3000 Total Return	6.38	-.03	6.35
Russell 1000 Total Return	6.24	.12	6.37
Dow Jones Industrial Average	6.41	.77	7.23
S&P Small-Cap 600 Total Return	7.71	-.16	7.54

SO FAR SO GOOD

That was the title of Roy Neuberger’s book which we discussed in our January letter, but honestly that is how we feel about our market forecasts in both the January and April letters. In April, in particular, we published a table which reviewed the declines which had ended in the 10th year of the decade every year since 1890, and then tabulated when the next high was to appear; in most cases that was in the following year ending in one, as in 2011. Reviewing that table, we note that the follow-on rise lasted an average 13.6 months,

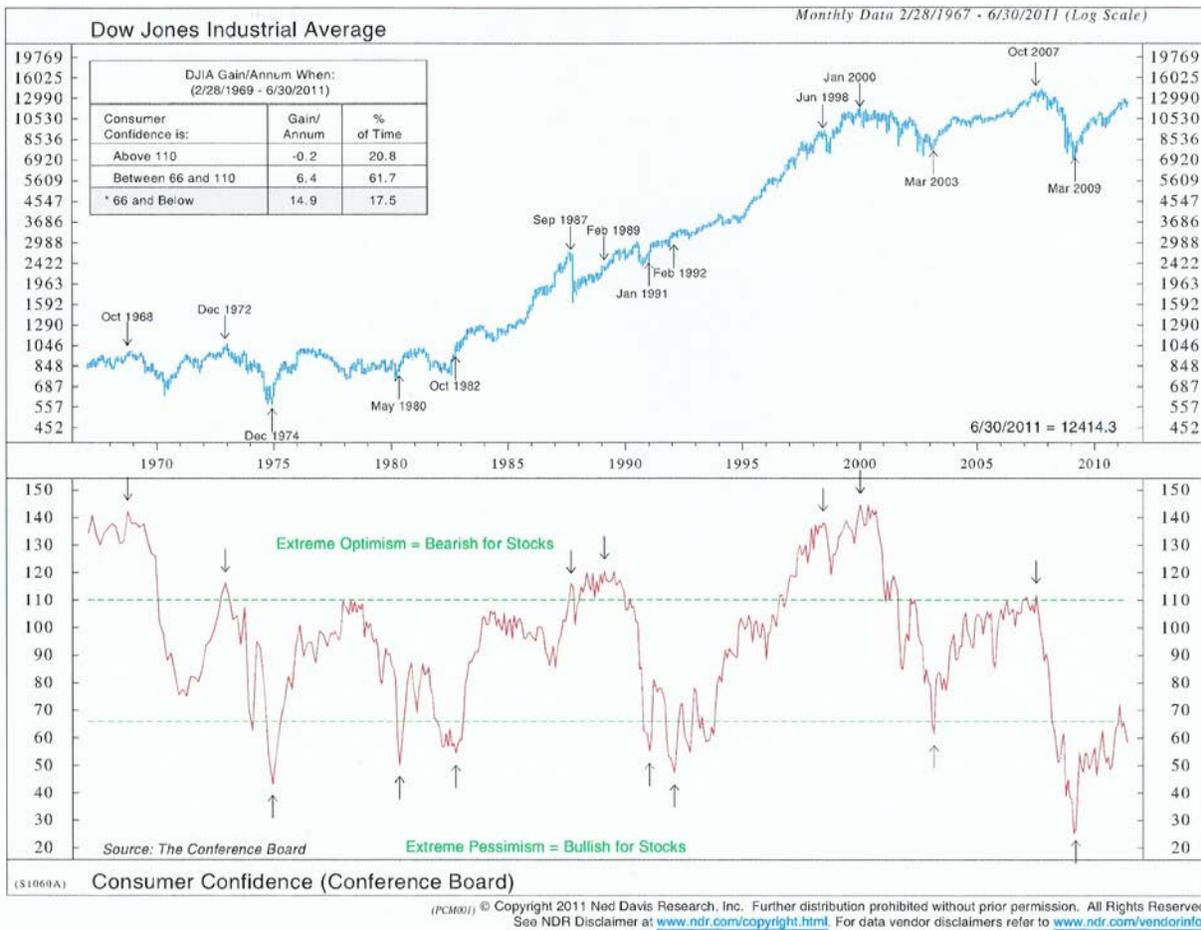


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and we postulated, therefore, that the next high would not appear until the August-September time frame, pretty much as predicted in the Ned Davis Cycle Composite which looked for a high in August-September prior to a decline into a bottom in late 2011. We also noted that the average rise from that 10th year low was 34% and if the market should achieve the average gain from the July 2, 2010 Dow 9686 low, then we could conceivably be looking at Dow 13000 by the projected 2011 high. We still believe this is a reasonable expectation. It looks like the market made a bottom in the last week in June as shown in the chart, but remember please that the left scale is very accented, and the sell-offs are therefore also out of proportion, so as noted in the upper left-hand corner of the chart, trend is more important than level. Clearly, we are on the way to those predicted August-September highs as shown in the chart, which means we will be looking at a decline into

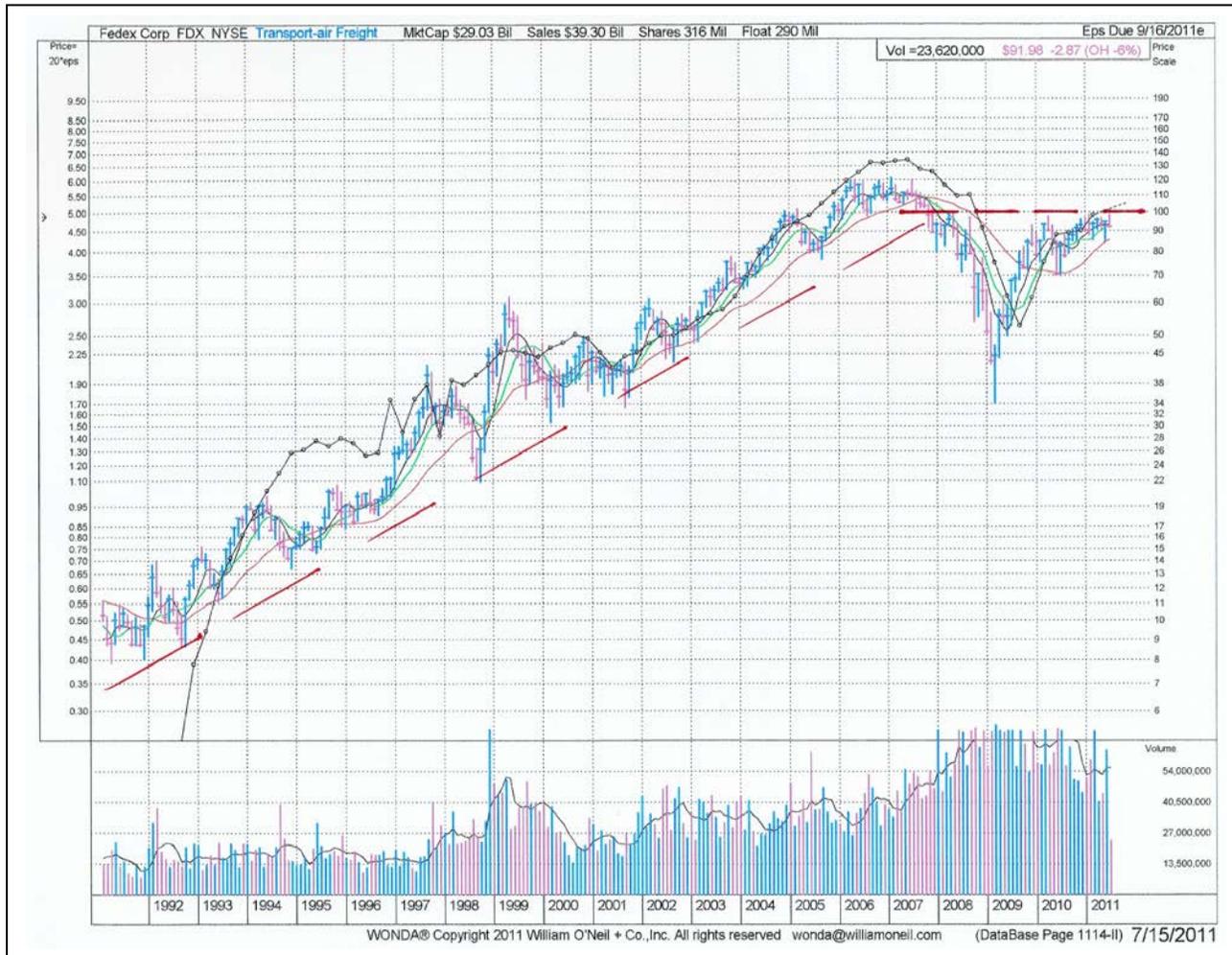
the end of year, a rally in the new year of 2012 and then a final bottom once again in the 2nd year of the decade.

We think it is also important to note that sentiment, consumer confidence as measured by the Conference Board, favors a bottoming area here as extreme pessimism is a contrary indicator. This indicator has successfully coincided with market highs and lows for many, many years, and since human emotions are unchanged over time, it will likely continue to be a successful indicator in the future.



For years, General Motors was the proxy for economic health of the U.S. for it was said “As GM goes, so goes the nation,” and the market, of course, is one of the leading indicators in many economic models. For a while, the steel industry and U.S. Steel took GM’s place, but massive competition and technological changes (mostly from Japan) has changed all that and more besides. So the automobile industry and the steel industry really no longer figure in the way our economy works. We think today that FedEx takes the place of GM and US Steel as the true economic proxy for our present time as it provides not only the familiar one- and two-day domestic air deliveries, but ground deliveries as well; nearly 30% of the company’s customers are foreign. The chart clearly shows the growth in earnings per share and price that FedEx had for years until 2006-07 when earnings rolled over (and the price topped) as the economy began its decline, finally

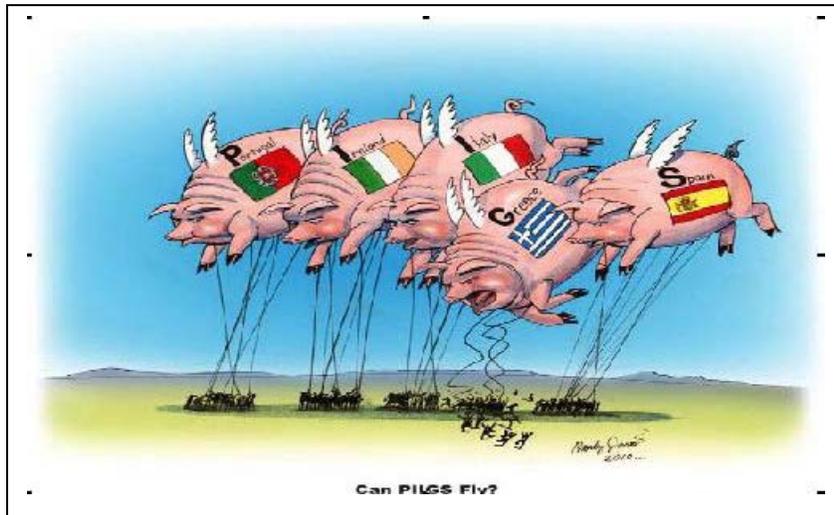
bottoming in mid-2009. FedEx stock completed a topping process in 2006 and 2007, completed when it broke to 80 in December of 2007, then rallied back to 98, the last chance to sell before the massive decline. Now 98 has become a resistance level to watch, with a break topside thus dependent upon earnings. FedEx had peak earnings per share of \$6.67 in the year ended May 2007, and while it earned nearly \$5.00 in the year ended May 2011, it is estimated that it will earn \$6.63 for the current fiscal year ending in May 2012 and then \$7.70 in May 2013. These are consensus estimates by the analysts following this company. We postulate that if the stock can move up strongly on good volume through that 98 level, that will tell us that earnings are recovering and the economy as well. The message here is to use FedEx as the best proxy today for the economy.



CAN PIGS FLY?

In our January 2002 letter we noted the adoption, on June 1, 2002 of a common currency for Europe dubbed the Euro. It is now back in the news big time again, nearly ten years later, as five of the members or the European Union (Portugal, Ireland, Italy, Greece and

Spain) are basically bankrupt because of poor economic growth, coupled with early retirement age and large pensions. They call this “entitlement,” which they are not willing to give up. Thus the debate: should it be incumbent upon the stronger EU members, like Germany and France, to bail out their sinking brethren? The problem is, of course, that while there may be a common currency, there are not common economic rules or common attitudes as these differ among the EU countries, just as before the Euro was dreamed up. When we wrote about it in that paragraph titled “A Currency without a Country” in January 2002, we noted that it could ultimately fail as five European countries opted not to join, namely Great Britain, Switzerland, Norway, Sweden and Denmark, and today they are



happier for the decision to have retained their own currency. Great Britain, for example, can institute (and it has) its own austerity program without having one jammed down its throat as in Greece, where they want to have a bailout, but are unwilling to accept the consequences, and therefore, think it’s their God-given right to riot in the streets rather than buckling down to work and accepting

fewer and smaller benefits. Sweden, for one, is very happy to be on its own because its growth has exceeded that of the rest of Europe for some time now. As a country, it has done just fine and we read the other day that the present government has cut income taxes four times since 2006, and it looks like it might do so again this year. In other words, not only have they done just fine without joining the EU, they have done even better than if they had. And those that are members of the EU are faced with the decision of whether or not to bail out the have-nots to keep them from going under. Of course, the main reason is the banks throughout Europe own bonds of the busted governments, and therefore, it is to their own advantage to do so.

The main issue today is Greece. However, in our view, the Greeks and others should take their punishment as they got themselves into this predicament in the first place; it was no one’s fault but their own. Greek politicians, as we understand it, wanted to create a model for the rest of Europe to follow where the state would provide benefits for all its citizens. Part of this dates back to 2000 and the amazing superstructure, such as the Athens underground, that was put in place for the 2004 Olympics so that people could move quickly free of the city’s notorious traffic jams. The Athens underground is air conditioned, with stations sporting plasma TV screens to entertain passengers before they board. But, the government pays for all of this as travel is basically free since there is no ticket enforcement. And it is not only the “metro” that Greeks don’t pay for—very seldom do any declare their actual income and so literally do not pay income taxes. Many Greeks (over 600 professions) are considered to be working in hazardous environments, such as

hairdressers, because of the chemicals they use. Therefore, they are allowed to retire at age 50-55 with a state pension of 95 percent of their last working year's earnings! What a deal! No wonder that they don't want any austerity measures! Pay taxes? Retire at 65? No way—let's riot to show our dismay. Fine, but the big issue with retirement age, not just in Greece but in all developed countries, is that increasing life expectancies means more retirement dollars for a longer period of time. Right now in Greece, there is one pensioner for every 1.7 workers, and that ratio is certain to deteriorate in coming years, unless retirement age is raised and pensions are reduced, or better yet, both.

All this reminds us somewhat of the U.S. bailouts of the auto companies (not Ford), and the banking system, because the consequences of not doing so would be catastrophic. Would they have been? We will never know, but certainly the lingering afterward of nearly unmanageable debt and unemployment will require our own austerity program. The point is that Greece and the others should take their medicine, because at the end of the day they will probably go under anyway if they don't change their own attitudes about what is necessary to have economic growth coupled with appropriate retirement measures.

EGG ON YOUR FACE DEPARTMENT

We were amused to learn that "Hi-Testosterone Hef" (Hugh Hefner) was "left at the altar" five days before his scheduled wedding to Crystal Harris, age 25, one of his many playgirls, as she decided she didn't want to be part of the Playboy mansion scene after all. Never mind a 60-year age difference; we always knew age was only relative. But, what about that 12-page spread in the July issue of *Playboy* magazine plus cover, titled "Here Comes The Bride," announcing Mrs. Crystal Hefner? There must be more to this than we see. Was this all just a publicity stunt to sell magazines? We will never know, but at least we can all see in living color what Hef will be missing.

Since we are on the subject of magazines, we confess we (at least Perk) read many of them, but our favorite by far is *Vanity Fair*, which is always full of wonderful articles, but a close second is *The New Yorker*, and not just for the cartoons. Therefore, we were more than interested to read about Italy's Prime Minister, Silvio Berlusconi, who is now on trial for paying for sex with a 17-year-old belly dancer. While prostitution is not illegal in Italy, paying for sex with someone under 17 is, which he allegedly did on 13 occasions. This may be what trips him up despite all the other sordid things about his lifestyle. So, he has the distinction of being the subject of lengthy articles in recent issues of *The New Yorker* and *Vanity Fair* literally at the same time. The article in the *The New Yorker*, June 10, 2011 is titled "Basta Bunga Bunga," an astonishing description of a decadent lifestyle, but the July *Vanity Fair* "La Dolce Viagra" article has the same content plus color photos. These are great articles, so if you can get them you should, to read about what is going on with Italian politicians which actually makes what is going on with ours pale in comparison.

In the message from Perk he wrote about 9/11 and its upcoming anniversary. What was not mentioned and is often downplayed by the U.S. is that 15 of the 19 hijackers were Arab, recruited by Osama bin Laden, an Arab from the southwestern geographic region of

Saudi Arabia, which is full of economic neglect and frustrated young men who see no future. Bin Laden knew what he was doing (see the *Boston Globe* article 3/30/02). Recently, we received an email from one of Perk's former clients in Scotland, which was a 10-page research memo from a London Firm called Bedlam Asset Management. The first 8 pages were powerful, an examination of the revolutions in the MENA countries (Middle East and North Africa) that we don't see in our news. For example, the greater MENA countries spend disproportionate amounts of GDP on their military—Saudi Arabia 8.5%, UAE 6%, Oman 7.7%, Jordan 6.1%, and so on compared to the U.S., UK, France and China at 2-2.5%. The purpose of their armies, as we have seen recently, is to suppress the local populations. But before we go further, we need to get to the point, which is there is trouble brewing in Saudi Arabia because of succession, tribalism, and religious divisions. The appendix to the Bedlam research memo was a review and history of Saudi Arabia which we certainly did not know, nor likely do any of our readers. So we contacted Bedlam and with their permission we reprint their appendix as ours.

The cartoon is appropriate to our letter this month.

Sincerely,

RW Perkins
Richard W. Perkins, C.F.A.
President
Senior Portfolio Manager

Richard C Perkins
Richard C. Perkins, C.F.A.
Executive Vice President
Portfolio Manager

Daniel S Perkins
Daniel S. Perkins, C.F.A.
Executive Vice President
Portfolio Manager

RWP:RCP:DSP/jah



The House of Saud

By any criteria, Saudi Arabia is unusual, for example in being the only country in the world to be named after its ruling family. Herein lies a clue to its implosion. Founded in 1932 by Abdul-Aziz bin Saud, the British regional super-power had promised the Kingdom of Greater Arabia to the Hashemite Emir Sharif Hussein bin Ali, “King of all the Arabs.” However, in the chaos of the collapse of the Ottoman Empire these plans went awry. The Al-Saud already controlled some local levers of power as governors for their previous overlords, so elided into becoming Kings of Saudi Arabia. Meanwhile Sharif’s Hashemite son Abdullah bin Al-Hussein was handed the distinctly third prize as King of Jordan. Perhaps this explains why Saudi Arabia subsequently gave him the port of Aqaba and sea access.

From its creation, Saudi Arabia has been a family business. The Basic Law and Constitution of 1992 declares that the country is an absolute monarchy whose rulers can only be male descendents of King Abdullah Aziz, who died in 1953. He had 37 recognized sons by his 22 wives. Herein lies the problem of succession. The Kingdom of Saudi Arabia is only on its second generation. The last five kings have all been brothers and are all old. The current King Abdullah is 87 and unwell; the Crown Prince (83) is also ill and has “a financial history.” There are other ancient brothers still alive; the present heirs are Prince Sultan (82), then the often pithy and far-right Nayef (“*Women must never be allowed to drive.... What we won by the sword, we keep by the sword.*”). There are many, many other Saudi princes as they include all male descendants from Abdul Aziz’s grandfather (44 recognized sons) and his brothers. Like much Saudi data, the number of official princes is unknown, with estimates between a low of 5,000 to a high of 12,000. Up to the early 1990s, each received a minimum tax-free, state stipend of \$500,000, along with many other benefits. There has been no subsequent information. A key privilege is that princes have first rights to “dispossessed land” and other property development.

Reform is impossible

Like their forbears the Al-Sauds are prolific breeders, producing an estimated minimum of 500 new male princes every year. Add to this number their many wives and more children, then the total family is between 25,000 and 50,000 people. Add to this the many various non-royal cousins, servants, managers and domestic staff, then the family’s tentacles encompasses around 500,000 people. The remaining population of 26.5 million exists primarily to serve their needs. Occasionally the Western press bleats about “signs of reform.” This is impossible, because of the intimate co-dependence with the Ulema, the clerical establishment descended from Muhammad bin Abdul Wahhab, founder of the exactingly puritanical Wahhabi Muslim strain dominant amongst the Sauds. In the late 18th century, the Al-Saud/Al-Wahhab alliance was critical in helping the family’s rise to power. The deal ever since has involved power sharing within the context of an absolute monarchy. The Al-Saud have political dominance but must support and propagate Wahhabism; the Ulema has predominance in all religious matters, but must support the rule of the Al-Sauds. This arcane historical background is still relevant. The Ulema was responsible for the oil embargo on the West in 1973, and the invitation of foreign troops into Saudi Arabia in 1990 for the first Iraq War. Reforming the absolute monarchy therefore requires the approval of the Ulema. This in turn would require a significant dilution of Wahhabism. Such reforms would in turn curb the power and privileges of the princes. This interdependence of religion and state has many precedents; nowhere has it proved breakable save by revolution.

The official constitution is the Koran. The sole interpreter is the Ulema. Thus although it is in theory confined to religious issues, it is heavily involved in policy and politics. Radical, puritanical, proselytising, and oppressive, Wahhabism is anti-Western and anti-modernization. Hence bans on all foreign churches and Amnesty International or the very retro view of women and foreigners. Hence too the medieval concept of a religious police force numbering 5,000-10,000 with absolute power to monitor morality and all aspects of private life. Wahhabists are the constitution.

The consequence is a large geographic area ruled for the benefit of a single family from a minority sect. The dispossessed can easily be identified, not just by the visible poverty outside of the gleaming shopping malls. Half the population is beyond the law as they are female. With no rights to property or money, women are not allowed to drive or even work in the few restricted jobs unless approved by their male guardian. For widowed grandmothers this could be a 16 year old grandson. Mild reforms requested, such as that shop assistants fitting out ladies underwear be other women rather than moustachioed fumbler have been robustly refused. Not that women have much time or energy for reform; fertility rates are awesome.

The next dispossessed group is the unknown numbers of Shias, estimated at 10-20% of the population. They are reviled by both the Sunnis and particularly the Wahhabis. One problem is that they represent sometimes half or more of a local population in the all-important Eastern oil fields. Excluding women, Sunnis and other minorities, along with those under 16 or over 65, then the remaining male non-Saudi population of working age is around seven million. Educated, poor and unemployed, there are few prospects. Meanwhile 5.6 million foreign workers carry out most domestic, menial, construction and managerial roles. At best, local non-Saudi males can find pretend-work jobs in some obscure Ministry.

Behind the religious police and the Ulema the family has one of the world's larger armies, with 150,000 men (on paper) and powerful-looking kit. It does provide some good select employment (wages are substantially above equivalent ranks in America or elsewhere). It is a good career choice for two reasons. Firstly, it's not important to turn up save on pay day. Absenteeism varies between 25% and 30%. It is good on paper only because most regiments appear to be about a third under strength. This large army is normally used to beat up Shias, hence the Ulema's eager use of Saudi forces in Iraq. It did once support the Shia absolutist Royal Family in Yemen (and failed), only because maintaining absolute monarchies in the region and suppressing republican revolutions was the more important consideration. Later the army was again used in the Yemen to suppress Shia Marxists. Last month it invaded Bahrain to support its Sunni Royal Family, whose 70% Shia subjects would far prefer they packed their bags. Only Sunnis join the army, only Wahhabis are officers. It is there to make sure the family firm has no internal threats.

The Wahhabi sect has a bad history with the West. Saudi national or locally trained followers provided 15 of the 18 bombers on 11 September, 2001. The majority of other western "Muslim" incidents have either been Saudi adherents or foreigners trained in Wahhabi-funded Madrasas. Whilst the country pays considerable lip service to fighting terrorism, knowing - as does all Greater MENA - that this is enough to be considered a Western/American ally and receive funding and support, the Al-Sauds are given great freedom to undermine the Western anti-terrorist stance they claim to support. The sometimes useful WikiLeaks cables from the State Department continuously refer to the fact that the primary funders of the Saudi born Osama bin Laden (a Wahhabi) are individuals and probably government departments within Saudi Arabia, which also provided 20,000 Taleban fighters against the Russians.

April 2011

Bedlam Asset Management

20 Abchurch Lane, London, EC4N 7BB

(Reprinted with permission)

WHY I DON'T PLAY GOLF

A golfer is playing a round of golf with his buddies. On the sixth hole, a hole over the water, he proceeds to flub nine balls into the water. Frustrated over his poor golfing ability, he heaves his golf clubs into the water, and begins to walk off the course. Then all of a sudden he turns around and jumps back in the lake, his buddies apparently thinking he is going to retrieve his clubs. When he comes out of the water he doesn't have his clubs and begins to walk off the course. Then one of his buddies asks, "Why did you jump into the lake?" And he said, "I left my car keys in the bag."

ANOTHER GOLF STORY

Tom stood over his tee shot on the 450-yard 18th hole for what seemed an eternity. He waggled, looked up, looked down, waggled again, but didn't start his backswing. Finally his exasperated partner asked, "What in the world is taking so long?" "My wife is watching me from the clubhouse balcony," Tom explained. "I want to make a perfect shot." His brother-in-law said, "You don't have a chance in hell of hitting her from here."

NEW ELEMENT IN CHEMISTRY'S PERIODIC TABLE

Research has led to the discovery of the heaviest element yet known to science. The new element, "Governmentium" (Gv), has one neutron, 25 assistant neutrons, 88 deputy neutrons, and 198 assistant deputy neutrons, giving it an atomic mass of 312.

These 312 particles are held together by forces called "morons," which are surrounded by vast quantities of lepton-like particles called "peons." Since "Governmentium" has no electrons, it is inert; however, it can be detected, because it impedes every action with which it comes into contact.

A minute amount of "Governmentium" can cause a reaction that would normally take less than a second, to take from four days to four years to complete. "Governmentium" has a normal half-life of 2-6 years; it does not decay, but instead undergoes a reorganization in which a portion of the assistant neutrons and deputy neutrons exchange places.

In fact, "Governmentium's" mass will actually increase over time, since each reorganization will cause more morons to become neutrons, forming "isodopes." This characteristic of moron promotion leads some scientists to believe that "Governmentium" is formed whenever morons reach a critical concentration. This hypothetical quantity is referred to as critical morass. When catalyzed with money, "Governmentium" becomes "Administratium," an element that radiates just as much energy as "Governmentium" since it has half as many "peons" but twice as many "morons."

MISUNDERSTANDING

This guy was sitting at home alone when he heard a knock on the front door. There were two sheriffs there. He asked "Is there a problem?" One of the sheriffs asked if he was married and the man says "yes." The sheriff asks if he could see a picture of his wife. The guy says "sure" and shows him a picture of his wife. The sheriff says, "I'm sorry sir, but it looks like your wife's been hit by a truck." The guy says, "I know, but she has a great personality, and she's a good cook too."

THOUGHTS FOR THE SUMMER

Do you know why a car's windshield is so large and the rearview mirror is so small? Because our past is not as important as our future. So, look ahead and move on.

Friendship is like a book. It takes few seconds to burn, but it takes years to write.

All things in life are temporary. If going well enjoy it, they will not last forever. If going wrong don't worry, they can't last long either.

Worrying does not take away tomorrow's troubles; it takes away today's peace.

Living on earth is expensive, but it does include free trips around the sun.

Birthdays are good for you, the more you have the longer you live.

Some mistakes are too much fun to only make once.

How long a minute is depends on what side of the bathroom door you're on.

I have noticed that the people who are late are often so much jollier than the people who have to wait for them.

If ignorance is bliss, why aren't more people happy?

If Walmart is lowering prices every day, how come nothing in the store is free yet?

You may be only one person in the world, but you may also be the world to one person.

We could learn a lot from crayons: some are sharp, some are pretty, some are dull, some have weird names, and all are different colors. But they all have to learn to live in the same box.

A truly happy person is one who can enjoy the scenery on a detour.

Happiness comes through doors you didn't even know you left open.

THE PRESCRIPTION

A nice, calm, and respectable lady went into the pharmacy, walked up to the pharmacist, looked straight into his eyes, and said, "I'd like to buy some cyanide." The pharmacist asked, "Why in the world do you need cyanide?" The lady replied, "I need it to poison my husband."

The pharmacist's eyes got big and he explained, "Lord, have mercy! I can't give you cyanide to kill your husband, that's against the law. I'll lose my license! They'll throw both of us in jail! All kinds of bad things will happen. Absolutely not! You CANNOT have any cyanide!"

The lady reached into her purse and pulled out a picture of her husband in bed with the pharmacist's wife. The pharmacist looked at the picture and said, "You didn't tell me you had a prescription."