

Business

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Is it every man for himself, or is there a higher order?

At the dawn of the real new millennium, I think it is appropriate to pause and reflect on where our country's past and future economic strengths lie. This should yield us not only a sense of perspective but clues as to advantageous places in which to put our money over the next decade.

Having just returned from a trip to our nation's capital, I can attest to the overall strength and sense of mission that is at the core of our market-driven republic. The primary concern of everyone I met there was a sense of urgency to address issues of their own financial security. From taxi-cab drivers to tourist guides on the street, everyone I met cared not so much about George or Al, Hillary or Bill, but about whether the Fed would lower interest rates soon and how many things seemed to cost so much (and work so poorly).

There was good and bad news in all of this. Toll-booth operators and train conductors alike seemed in a good mood — after all, it was the holiday season. None of them seemed especially interested in working too hard, or too concerned about the public's greater good. In fact, no one I met with or talked to had anything positive to say about our society's future, the health of our institutions or our environment. It was as if an unspoken wistfulness has settled over the land.



Real Money

In place of debates about issues that might require people to interact and reflect on where our country is going, the most common concern is about the status of our individual material progress.

Maybe I am just projecting here, acknowledging my own disappearing interest in foreign affairs and my numbness toward the hallowed halls of Congress, the White House and the Supreme Court. It is much easier to contemplate my next portfolio moves, or to focus on whether the vitality of corporate expansion will continue.

It seems to me that the main

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stumbling block to continued growth in the economy is the availability and depth of a skilled and motivated labor force. I don't just say this because it was impossible to get a taxi driver in D.C. to help with my family's baggage or because a major airline's pilots were using the busiest travel season of the year to make a point regarding the strength of their labor union. My perception is that there is a lack of interest on the part of most U.S.-born citizens to pursue careers in teaching, engineering, nursing and science. Have we become a nation of salespeople, service providers, real-estate developers, entertainers and professional consumers? I wonder who is actually producing all the stuff we see around us? Probably the Chinese!

I shudder when I think of the challenges that face my children as they begin to face the maze of career choices out there. I won-

der how they will survive the normal period it takes to advance to a level of expertise and responsible choice, given the short duration of attention span spawned by television and the unrealistic expectations for advancement and consumption portrayed in the media.

All is not amiss, however, and hope doth spring eternal. There are some very good reasons why the United States continues to lead the world in productivity gains, innovation and job creation. So what if we can't fill all the job openings with our own citizens? Part of our greatness as a country is that we provide an opportunity for the rest of the world to get educated, connected and to go shopping!

Therein lies one of the keys to our continued expansion and dominance in all things economic. Our economy's openness to change and willingness to accept or abandon new products, people or services based on an immediate utilitarian content provides the dynamism of our markets. If it works, don't fix it. If you see something you like, go for it. The phrase, "just do it" says it all.

Our collective irreverence for convention and history make us the best consumers on the planet. Our national optimism makes us the best of all possible investors. The hardest part of it all is that the time frame most investors operate under is too short.

With the Nasdaq index declining more than 39 percent in 2000, it may be difficult to recall the productivity enhancements that the technology revolution promised. In our view, it was the technology stocks that were overvalued, not the technology itself. These technologies — chips, fiber and wireless — are truly transformational and will have revolutionary effects on the way business is done and how the economy works. While the “gotta-own-these-technology-stocks-at-any-price” mentality that existed one year ago made no sense, the current pessimism about these productivity-enhancing, quality-of-life-affirming technologies is also overdone.

Whether we are in a recession or not does not make a difference to our portfolios if we own great companies. If corporate earnings are below Wall Street's expectation, who cares? It is hard to get over the emotional ups and downs created by short-term swings in stock prices. If a company's management has a fundamentally sound business plan, why abandon it when its price falls? For whatever reason, many investors look at last year's returns on stocks and decide what to buy based on the immediate past.

Warren Buffet, the most successful investor of the last century, takes a radically different view. He looks for businesses he understands, management he trusts and financial statements that show an increasing level of book value. Book value is simply the auction price that a company would get for its “hard assets,” as if all its real possessions were

being put up for sale at its liquidation value. All of us can similarly find companies in the market that we understand and believe in.

In my travels and business meetings, I am struck with the small and simple realization that America's innovations and decisions are made one at a time, by people no different from you and me. Their motivations are not altruistic, but neither are they base or degrading. It is encouraging that for the Ethiopians and Koreans selling food near the White House — the path for their progeny to tread from the pushcart to the limousine has never been more accessible. There is no demarcation between a blue blood and a hot blood, between an immigrant and a descendant of the Pilgrims. School pedigrees mean less and less; instead, drive, determination, sacrifice and self-improvement are the hallmark characteristics of those individuals who attain personal success.

With such opportunity in the forefront of my mind, I returned to Santa Fe proud to be an American, no small feat after the demeaning political climate of the last few months. If the stock market can imitate art, as the Muse can fashion itself after Life, then we have a lot to look forward in our investment portfolio over the next few years.

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