

REAL MONEY

Feb 02

Rob Rikoon

Every Sunday morning, I ride my bicycle a couple of miles to the pool where I swim. Rain or shine, snow or sleet, it doesn't matter. The nice woman who watches over the recreational facility quizzed me recently about why I undertake this weekly ritual.

My first reason didn't pass muster when I said I was doing it to lighten my footprint on the environment. Too abstract, I thought, so I quickly added that I was trying to help America conserve its strategic oil reserves. She didn't buy it. "You know you won't make any difference," she stated, implying that I was out of touch with reality. Reaching for a more personal kind of statement, I hesitatingly said, "Well, I like riding a bicycle. It makes me feel healthy and I enjoy the scenery more than I would from inside my car".

Listening to myself, I knew I was digging myself into a deeper hole. The truth of the matter is that most of the time, when I ride my bike around town, I feel quite anxious. It is necessary to spend much of my time looking over my shoulder or listening for cars that I might not see, and that isn't fun. It is only when there are no cars that I get to enjoy the scenery, which is why I primarily ride my two-wheeled vehicle on Sunday mornings, a small window of opportunity indeed!

I tried to grasp at claiming there is an efficiency of time management. "You know," I confided, "riding a bicycle makes it easier for me to pick up garbage along the roadside in the stretch between here and my house, on which a boring sign bears witness to my adopted roadway." Much to my amazement, her eyes lit up when she heard the word "garbage". "Hey," she exclaimed, "I do that all the time around here. Any time I see trash I go right over and pick it up. I hate untidiness." Having finally met on this narrow piece of common ground, we both relaxed. If I could only bring this bicycle issue to some kind of temporarily acceptable closure, I could go in and swim. Unfortunately, I had to get my point across, so I charged on.

"Well," I drew myself up to the challenge, "what's the difference between trying to help the world by using less fossil fuel and trying to keep your workplace clean by making an extra effort to pick up other people's garbage? Aren't these efforts equally worthy?" Reflecting on the world of money, I could see the reason why my economic rationale did not make sense to my early morning conversation partner. It is incongruous to most people to feel that we are in control of our own destiny. There are few actions we can take that give us a sense that we make a difference. My job is to ensure that as an investor, I am contributing to my clients' sense of well being. I want to believe that the general thrust of our daily efforts in business is to help others build towards a secure future. Our investments are made to ensure that our clients' children come into a world not qualitatively worse off, in terms of quality of life, than their parents bequeathed to them.

Later that Sunday, I tried hashing through the subject while running on one of the new Dale Ball trails with my exercise mate, a doctor who also heads up a local non-profit dedicated to creating public access to nature close to town. I asked him the same question. He responded, sympathetically, "Thinking globally, acting locally' really is an appropriate model for health in today's world." He said that feeling empowered is crucial to our mental stability as homo sapiens, and since most of us operate in work environments where institutional thinking is the norm, getting the sense that we can effect meaningful change is far from a daily occurrence. Most people, we agreed, need to have an outlet for their natural desire to make a difference."

The constant question then, for all investors, is what action can we take in our financial lives that will help us achieve real progress or genuine positive movement towards our goals? Today, in the post-Enron and World Trade Center environment, every financial decision has to be made in an environment of insecurity. It is hard to know whom or what to trust. Can we read and then act intelligently on the news in the financial press? Our money is supposed to help us achieve the goal of security, but the choices are confusing and the signals to buy, sell or hold seem to be removed from our daily experience.

The only answer I could come up with to deal with this kind of complexity is simplicity. When we get on our bicycles and ride to work, we feel good and simultaneously save money. When I pick up garbage, I reduce City Hall's need to increase taxes. When it comes to investing, what do we think now that we know that even one of the biggest and best accounting firms in the world cannot guarantee full disclosure? The government will never be able to enact laws quickly enough to prevent all kinds of abuses. The only possible solution is to know and understand how your money is invested.

The days of trusting Wall Street experts are over. By the time we understand why some investments do not work out, it is too late, but collectively we do have the right to know the truth about how our investments are doing, and I don't think we are in that informed position yet. The Securities and Exchange Commission and members of Congress are scurrying now, trying to fix the blame on "someone else" for the recent travails of the financial markets.

We are, however, presented with a golden opportunity in these early months of an important election year. The prospects for passing campaign finance reform have never been better. Riding a bicycle or picking up garbage is not a big step to take, but I think it helps us solve seemingly intractable problems. Each of us, in our private lives, has the power to affect change. We might be surprised what happens if each one of us takes a small risk and does something that at first looks foolish. In the end it might bring out something good in those who observe our small efforts.

Rob Rikoon is C.E.O. of Rikoon-Carret Investment Advisors, located at 510 Don Gaspar, Santa Fe, NM, Tel. 989-3581.