

## Real Money: Weathering dry days and uncertain fiscal paths

By Rob Rikoon | For The New Mexican

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It's dry, cold and windy here on my ranch, and I am waiting for moisture in much the same way as the stock market awaits action by Congress. Looking at the sky, I see wispy banks of clouds that have not yielded any appreciable precipitation in months. The looming fiscal cliff, which will take us back to the tax-and-spending system of a decade ago, has companies and employers nervous, unsure of whether to expand or withdraw into the comfort of their huge cash reserves. Business needs a sense of what direction the country is going to take as much as my fields and orchards need water. Sadly, there's no indication of either rain or clarity.

The ski area outside town is not open due to lack of moisture, so equipment and staff sit idly by. Likewise, individual stock market participants sit on the sidelines while corporations nervously hoard boatloads of cash. Trying to figure out when the skies will open with rain is about like predicting when the nation's long-term direction will become clear; there is no way to know. Life goes on and people make plans. Some believe that this winter season will see the dawning of the Age of Aquarius, bringing hope and a new system of economic interchange. I hope so but am not placing any bets on it, nor am I expecting Congress to cut through the crap and give people a simple solution to our budget challenges that promote entrepreneurial activity as well as personal well-being.

The stormy weather of the election season is over. Those earning more than \$250,000 a year will pay more in taxes and this will create headwinds against the market. Other Americans, the majority of us who work long hours every day to make a living, who pay our taxes in full because the loopholes available to the wealthy are not relevant to us, and who are looking for some kind of eventual retirement, deserve some kind of answers from our government as to what can be done to make things right for our children. One thing everyone seems to agree on is the need for an educated and trained workforce; the community college system, which has become a primary training ground for people of all ages who want to learn skills in order to get employed, is one answer.

Another is a simple, low-cost way for employers to provide for work-study opportunities in order for young people to get trained and see if a particular job or area is right for them. Now, it's not easy to find a job, nor, for that matter, for companies to find new employees.

For example, at my company we are looking for a young person who is interested in people and financial planning, who is responsible, responsive and who might want a career in our industry. We are not requiring someone who has studied business, attended a fancy school or who has work experience in our field. Like with most prospective employers, it is more important for us to find a person of character, commitment and industriousness than someone who just wants to make money. How do you teach these qualities — important in every business situation — in schools?

I know there are other employers out there thinking about expanding but who will not because of the lack of resolve in Congress to address our nation's long-term financial conundrums. Our elected representatives really do need to get out of the way. As we move into the new year, high-income people will pay higher taxes and lose deductions like the mortgage interest deduction. Also, deductions for contributions to retirement plans may also disappear for those in the uppermost brackets. I believe that these are good ideas because, one way or another, the income gap in America needs to go down.

While the rest of the world isn't mired down by their version of our Congress, they have much more serious structural difficulties than we do with our budget, so our markets are likely to be stronger than either Europe's or Japan's over the next several years. The good news is that America is a relatively open society. We have a public dialogue about underlying issues, whereas overseas the political currents run subterranean. As a result, their economies are much more bound to static social traditions than our is.

All of this is to say that when you go outside this winter to tend your garden, plant only things that require little moisture, and attend to them with great personal care. The same approach to your portfolio is called for, so long as the government holds interest rates near zero. Beware of advertised products of all kinds; seek safety through real diversification where you can.

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