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A few days ago I watched a guy on an evening TV show go into a long rant about the economy and the market. It was dismal. He talked about rising inflation, rising oil prices, rising unemployment, falling home prices, a declining dollar and panic in the stock market. He saw it all getting worse for a long time. My mind went back to 1973, when I entered the investment business. That was, indeed, the beginning of an awful period. But I also thought of other lessons I've learned over these years. Foremost is that no one forecasts well.

The stock market is very much about emotions. It has always been so and since 1973 it has become much easier for investors to act on those emotions. The cost of trading, commissions and spreads, is today a small fraction of what it was in 1973. And those trades can be entered with a click on your PC from your home. More importantly, there are a host of new major factors that have enhanced the volatility of the market since 1973; things like trading strategies, derivatives and hedge funds. Academia long told people that buying and holding is the best course for investors. Then those things came along and inflamed the passions that lurk in almost every investor. It is now so easy to strongly impact a security or the market. Emotions often overrule thought.

The stock market is not a CD. It does not promise a steady, guaranteed return. It is about business and business always faces challenges. But most of the time those can be overcome because with every challenge comes opportunities. And, very importantly, that is what I believe the guy I saw on TV has forgotten. We are worried because of rising oil prices. But this year's Detroit Auto Show included the first true plug-in hybrid, a Jeep that gets up to 110 m.p.g. and a Toyota with solar panels. We are worried about the falling dollar. This led to news that Airbus may consider GE engines for its new 380; the 500 passenger airliner. The low dollar also makes the U.S. a more attractive tourist destination. We are worried about the housing market. Then came the news that Bank of America has bought Countrywide; the leading purveyor of subprime mortgages. Bank of America saw an opportunity. And then there's the fact that foreigners are investing in the U.S. That's happened before, as in the '80s when Japanese investors bought Rockefeller Center and Pebble Beach. Then they sold them.

The upshot of all this is that the world is not ending. It is changing and it will always change. In 1988 I attended a conference in Beijing at which the Chinese were trying to lure international investors. One memorable moment was a visit to a Philips plant where that company was manufacturing boom boxes. Those were, of course, a crude precursor of the Ipod. The Dutch manager of that plant was an incredibly calm man. He explained to us that his operation was profitable in China, but Philips was prohibited from transferring any of its profit out of China because China would not allow any currency exchange.

Today that model is much different. Many businesses do their manufacturing in China, but those goods are exported from China to where they can be sold profitably. When I was a boy in El Paso we looked with disdain on products labeled "Made in Japan." Today very many Japanese products are made in China or India or San Antonio.

We have a choice. We can wring our hands and bemoan the fact that companies and nations face constant change. Or we can use our heads, learn from history and figure out how to master that change. And history tells us that the stocks of companies that do this well will provide superior returns to their owners.