

IN MY OPINION

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Taking stock

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I have a message or two I'd like to give the economic pundits who put so much stock in the stock market. First, have you ever looked up the word "stock" in the dictionary? There are about 55 definitions of the word — most not having the slightest connection. Which brings me to my first conclusion about the stock market.

It's performance has nothing to do with anything, certainly not the health of the economy. I'll never forget reading the stock market had gone down because employment was up. High employment should be good, right? But apparently the reasoning behind it was that if employment was good, it must be bad for business. Huh? A perfect example of how it indicates very little, except that regular traders are a little nuts and way too twitchy.

Mind you, I have investments in mutual funds. They have made good money over the long haul, and certainly showing a bit of a loss during the frequent blood baths we've grown to know and love. But when I read that computer tycoon Bill Gates lost 11 billion (with a B) dollars last Friday when the market dropped about 6 percent, I knew it was about as important to his wealth as it was to mine. Not an ounce. When investors can make or lose that much in a day — the whole exercise is meaningless, unless of course we are smart enough to buy low and sell high. A very simple formula for success if we aren't too greedy. (Well, that lets out most traders.)

A few days after the 1987 crash, or severe correction, whichever you prefer, I started a job as office manager for an investment broker. One of my first projects was to process and sell the many stock certificates of a woman who had just died. Really bad timing for her heirs. Why the stock couldn't be kept and sold later, I don't know, but they

were sold immediately at a great loss of value. My first days were hectic, with clients calling and coming into the office, including the woman's heirs, who were rather nasty. Aren't relatives of the deceased just charming when it comes to money? It wasn't a pretty sight, but I had been instructed not to discuss the situation with the heirs but refer them to the estate attorney. What a good idea. My training the first week or so was pretty intense and certainly revealed the downside of putting all of one's eggs in one nest with no diversification.

The term "day trader" was a new concept for me and I learned about it as many of us did, when a man went berserk, killed his wife and children after a bad week at the computer. This all stems from our modern belief that somehow we can become millionaires overnight if we just keep gambling, and no doubt about it, that is what day trading, and most trading is. Of course, we learned later that this gentleman may have killed his first wife, too, so maybe it wasn't just the stock market after all. But how many people are there with that kind of mentality who are controlling the destiny of the Dow, NASDAQ, and the rest of the gang? It's a scary thought.

One of our favorite family stories is about my father venturing into the stock market for the first time by buying United Fruit Company stock. Shortly after he invested, Fidel Castro came to power in Cuba and the company was nationalized. So much for the stock of United Fruit. My father probably didn't originate this saying, but he thought his experience was a good example of the wise philosophy, "don't invest anything you can't afford to lose."

Now that just makes too much sense. Certainly more than investors do today.