

# the Observer



## Uncertainty is Good

- Gary Klaben

The Market's reaction to the recently passed \$787 billion Economic Stimulus Package has us questioning whether or not this plan will help our flagging economy. No one can say with any certainty whether it will help or not. We will have to wait to see what results from the economic stimulus (tax credits, reductions, incentives) and spending on healthcare, infrastructure, energy, schools and police, among others. I can't help but wonder when we, the American people, will re-think our perception about the state of the world, and move forward with our lives.

Is this uncertainty good or is it bad?

Recently I watched a 20/20 program hosted by Diane Sawyer titled "A Hidden America: Children of the Mountain." The program fol-

lowed several eastern Kentucky Appalachian families and their children as they struggle to survive and make something of their lives. The abject poverty is stunning. Approximately 500,000 people who live in the "hills and hollers" subsist on food stamps and illegal selling of prescription drugs. This area has up to three times the national poverty rate. You may recall that Robert F. Kennedy stopped in Appalachia during his 1968 presidential campaign to expose the country to their dire circumstances. Since then, about half to three-quarters of the population have improved the economic status of their lives. Yet, over 40 years later, the remaining population is still uneducated, lives shorter lives, has poor or nonexistent medical and dental care, and experiences twice the national average of alcohol and drug abuse. Pictures from the 1968 footage and from the past year show the same hopelessness, fear, human denigration and severe economic conditions.

How is it that these people continue to live in squalor with no hope of better lives for their children? Actually, the Economic Stimulus will increase the allocation of food stamps for these families that will help them meet their most immediate needs – though not the persistent state of poverty. They have both a spiritual and physical state of poverty.

There must be something else that is missing?

On September 28, 1928, Alexander Fleming awoke just after dawn as he normally did and set off for his laboratory to continue investigating the properties of *staphylococci* bacteria. Fleming, a professor of bacteriology at St. Mary's Hospital in London, was conducting experiments to determine how to kill bacteria within the human body, such as the common "staph" infection. Having just returned from an extended vacation, Fleming entered his lab and found many of his culture dishes contaminated with a fungus. He threw the dishes into a disinfectant, which he later retrieved to show a visitor who stopped off to look at his current experiment. Fleming then noticed a zone around the fungus where the bacteria did not seem to grow. He proceeded to isolate an extract from the mold, correctly identifying it as being from the *penicillium* genus. Thus was born penicillin, the first antibiotic that later went into mass production during World War II, saving countless men from infections resulting from battlefield injuries.

What do these stories share in common? The uncertainty faced in life: The Appalachian families struggling to survive each day and Fleming's struggles to find a solution to bac-



terial infections. True, the specific uncertainty in the respective situations is not the same. But elements that allow uncertain situations to become certain are: preparedness and opportunity.

Now, before you write off the Appalachians as having no hope, consider the following. Diane Sawyer also interviewed an owner of 12 coal mines in the region about the availability of jobs for these poverty-stricken people. At the coal mine Sawyer visited, the owner said he was short 100 employees. When asked why he was not hiring the local hill people, he said he could not fill the positions because potential new hires failed the drug screening test. Here are these jobs right within the community (an 18-year-old interviewee started work at \$60,000) that go unfilled because of drug addiction and other issues. Work opportunities are available to the local people, but lacking the preparedness, they aren't taking advantage of these job openings. No amount of food stamp increases or other government interventions will benefit their lives if they remain ill-prepared to act on available opportunities.

Alexander Fleming faced uncertainty also, but was prepared. The opportunity presented itself and he took decisive action. He grasped how these three elements interact to pro-



duce positive results. We have read how other renowned people – Henry Ford, Jonas Salk, Barbara McClintock, Bill Gates, Abraham Lincoln and many other Americans – during times of uncertainty, pressed forward prepared to meet opportunities. – Whether it was bringing automobiles to the masses, finding a polio vaccine, explaining genetic recombination, installing a computer in every home, or freeing oppressed slaves.

Each person struggles with uncertainty.

As we all know, history repeats itself, but never precisely in the same way. For the past six months, we have been reminded daily of the unprecedented times in which we now live. Today is "history in the making." This is not dissimilar to previous experiences such as the Internet Revolution and ensuing tech bubble, the fall of communism and resulting new world order, the stagfla-

tion of the '70s, the Vietnam War, World War II and the preceding Great Depression, and World War I before that. I could keep going – you get the picture. – New time, new place, human suffering, human achievement, uncertainty, fear and trepidation.

So what are we so worried about? Haven't we been here many, many times before?

Now, I am going to write something that may initially shock you, but here goes... The world is becoming more and more uncertain. That is correct – we live in a world today that would make our great-grandparents yearn for the Dark Ages. Everything moves and changes at a faster rate. When Gordon Moore established his now famous Moore's Law (1965), which states that an integrated circuit's computer processing capacity doubles every two years, even he might be astounded that it still holds true today, 44 years later. If Moore's Law were a stock purchased for \$100 in 1965, it would now be worth approximately \$400 million. That is how incredible the change we are now experiencing, is impacting our world today. Where do we go from here? Our government recently gave us two quantum penicillin shots with TARP (\$750 billion) and the Economic Stimulus Package (\$787 billion). Times are very uncertain – we have established that. Opportunities

abound for those who are prepared. However, we must not succumb to the temptation to stay on the sidelines and just ask the question "what's in it for me?"

I've discussed this with family, friends, colleagues and clients. Another question that's on everyone's mind: "When will it get better?" Of course we don't know. But, I believe I do know it will not get better until we are honest with ourselves. We acknowledge the United States and the world are experiencing "history in the making," and we also acknowledge that many Americans are uncertain, unprepared and not searching for new opportunities. It is a little known fact – and deeply ironic – that more entrepreneurs are created in the United States during periods of recession than any other time. *The reason is major uncertainty.* American know-how intersects with the world's freest economy. Yankee ingenuity, combined with preparedness, encourages opportunity to show itself.

Do you recall that one year ago we were on the fringe of \$4-per-gallon gasoline, with oil ultimately reaching \$147 per barrel last summer? People began carpooling, opted for more fuel-efficient cars, took "stay vacations," and began to bicycle or walk short distances, whereas before they would have taken their vehicles. All of these actions helped burst the oil bubble, by saving one million barrels of oil daily in the United States alone. Instead of OPEC looking forward to \$250-per-

barrel oil as some surmised, oil has dropped to \$40 per barrel and gasoline to \$2 per gallon. Why is this important? The drop in gasoline prices from \$4 to \$2 per gallon is saving Americans over \$350 billion annually. *Can you say stimulus package?* That is better than the first stimulus package passed in February 2008 by the Bush Administration. – Uncertain times, with flexible Americans prepared to seek new ways to save on fuel costs. The result? Very positive. A step toward reducing our dependence on foreign oil.

What I'm asking you to consider is this: "How can each of us take advantage of all the opportunities that will arise based

Ignore the rearview mirror. Focus on the future. Press on the accelerator to move more quickly into the future and catch the many opportunities that are out there.

The Economic Stimulus Package was born out of partisanship and politics as usual. But that isn't where it ends. We now have a great opportunity to grow the economy with what our government leaders have provided us. When I think back to 1990-1991, many Americans at the time felt the budget deficit and the increased federal debt were going to crush the U.S. economy – thereby allowing the seemingly more nimble Japan and Germany to take over world leadership. It

*Do not let what you cannot do interfere with what you can do.*

– JOHN WOODEN

on the massive spending by our government to revive our anemic economy?" We know tax-and-spend does not work on its own merit. This results in large budget deficits and greater government debt. It may lead to inflation and slow growth. Tax-and-spend takes the most productive, innovative country in the world and piles on excessive government intervention that clogs the system. This approach is inward-looking, disconnected and transfixed on re-hashing past problems. If we continue to stare mesmerized at the rearview mirror of our economic car, all we will see is the carnage and events we cannot change.

did not happen. Instead, the peace bonus (the fall of communism), the Internet and America's entrepreneurial spirit kicked into gear. By 1995 we had a budget surplus and a total government debt that was decreasing as a percentage of Gross Domestic Product (GDP). Economic growth always allows us to crawl out of the cellar of doom and gloom. When we step aside of the government, we get back to the daily task of living intelligently and entrepreneurially amidst the uncertainty that will always be present.

Your duty and my duty is not to ask "what's in it for me?"

Rather, it is to ask "how can I help things grow?" How can I help nurture this economy from where I am? There will be many, many opportunities for those who are prepared. Within five years we will be reading about the entrepreneurs who pulled themselves up by their boot straps, rushed forward into the uncertain world, and made a positive out of a negative to take major advantage of these massive stimulus packages. Yes, indeed, the world is moving and changing at an ever faster pace. As the saying goes, "In just two days from now, tomorrow will be yesterday."

As Americans coping with the world's recent economic tail-spin, we may at times feel frustrated, but as journalist Thomas Friedman wrote recently in his "Paging Uncle Sam" column, "at no time in the last 50 years has the world ever seen us as more important." He quotes a senior

South Korean official, "The U.S. is still No. 1 in military, No. 1 in economy, No. 1 in promoting human rights, and No. 1 in idealism. Only the U.S. can lead the world. No other country can. China can't. The E.U. is too divided, and Europe is militarily far behind the U.S. So it is only the United States... We have never had a more unipolar world than we have today."

Friedman goes on to quote Lee Hong-koo, South Korea's former ambassador to Washington: "There is no one who can replace America. Without American leadership, there is no leadership. That puts a tremendous burden on the American people to do something positive... We are pleased to see President Obama is not doing [economic protectionism]. Americans, as a people, should realize how many hopes and expectations other people are putting on their shoulders."

By our preparedness and willingness to pick up this gauntlet in uncertain times, we can create exciting new opportunities for growth.

Let me close with a quote from Deepak Chopra's book, *The Seven Spiritual Laws of Success*, that clearly sees uncertainty as a new catalyst, fuel and beacon: "The search for security is an illusion... the solution to this whole dilemma lies in the wisdom of insecurity, or the wisdom of uncertainty. This means that the search for security and certainty is actually an attachment to the known. And what's the known? The known is our past. The known is nothing other than the prison of past conditioning. There's no evolution in that – absolutely none at all. And when there is no evolution, there is stagnation, entropy, disorder, and decay."



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