

America's Nightmare: When Do We Awaken?

A dear friend dreams vividly. Sometimes she awakens wondering, "Did that happen, or was I dreaming?" Dreams pretend or they portend. You could say they link experience to truths or dares. Whether we study them or not, we know they mean something.

When reading The New York Times and The Wall Street Journal, I wish it were a dream. Symbols of economic uncertainty, cultural chaos, and ethnic frenzy prompt a longing for better days. What is happening to America?

A journalist's writing awakens me with alarming clarity. When the story-line gets multiple headlines, themes emerge. My reading includes The New York Times (NYT) and The Wall Street Journal (WSJ). These story lines took up ink and column space last week. They offer historical and literary shape to economic by-lines.

What our government does wrong and its effect.

Lead editorials and above-the-fold stories undermine confidence in this government (ie. President George W. Bush, et. al.). While my doctor did his annual check, probe, and tap, he asked, "What do you think of this government?" I stared into his little light saying, "This may be the worst government in U.S. history." Iraq sucks 5.1 billion a day off main streets and country roads. U.S. tax-payers gag on the third debt ceiling increase in four years (the highest in U.S. history).

Trade Surplus Reaches Historical Highs

"U.S. Trade Gap Hits 68.51 Billion" (WSJ) Too much money leaving with an infusion of foreign goods and dollars entering. China's low-cost goods (cars coming in 2007) and India's technological competition pressure U.S. output. During the 1950's and the 1960's, the U.S. led the world in exports. Since the 1970's, the surplus became a deficit with the loss of manufacturing jobs and product innovation.

"Fed Official Warns of Rising Danger of Budget Deficits" (WSJ)

Foreigners, like Chinese investors acquire U.S. bonds while they maintain stable pricing of their country currencies. Since they purchase long-term U.S. Treasuries, long-term rates stay low (as short-term rates rise; this leads to a potential inverted yield curve, a predictor of recession). This may give U.S. investors a false impression that all is well (stock market goes up with fits and starts), and that long-term rates are low because of U.S. productivity. When or if the plug is pulled by foreign investors, U.S. markets will gasp.

"Now I do not know whether I was dreaming I was a butterfly, or whether I am a butterfly now dreaming I am a man." - Chuang-tzu, fourth century Chinese philosopher

Time to dream about foreign investing. U.S. investment results may give way to foreign leadership, and U.S. investors should consider foreign markets in their portfolios. Commodity and equity investments offer value to portfolios. Of course, pendulums swing, so allocate wisely.

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About the Author

Ray Randall is an investment advisor. Ethos Advisory Services <http://www.ethosadvisory.com> offers investing guidance and financial planning services. Echievements.com: <http://www.echievements.com> offers self-improvement and money-making articles with web site resources. Call Ray (617-275-5565)