

Today's Number One Way to Demonstrate Your Value

By Dan Richards*

April 13, 2010

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These days, few issues are more important – or divide investors more – than the outlook for the U.S. economy.

There's no question that the U.S. faces formidable issues. Among these are persistently depressed housing prices, the quality of some of the mortgages still on banks' books, consumer confidence, unemployment, the plummeting dollar, trade deficits, massive unfunded entitlement liabilities, record budget deficits and debt levels that will require foreign investors to continue to buy U.S. debt.

Furthermore, with an increasingly partisan and dysfunctional political gridlock in Washington, it's hard to marshal much confidence in the leadership on these problems from Capitol Hill.

In light of this daunting list, it's easy for clients to feel overwhelmed by the bad news.

And yet that's precisely where advisors have a key role to play.

Advisors provide the greatest value by being an emotional anchor for clients – keeping the highs from being too high during times of untrammelled optimism, such as we saw in 2000, and the lows from being too low during periods of absolute pessimism, such as we saw a year ago and in many cases still see today.

Playing that role takes more than just having an opinion – you need credible evidence to back you up.

That's where recent columns from two of the *New York Times'* most respected columnists can play a useful role.



Thomas Friedman is winner of three Pulitzer prizes and author of *The World is Flat*, the 2005 analysis of the impact of the globalization.

His April 6 column focused on what it will take to build a bridge for the American economy into the 21st century. Here's part of what he wrote:

"Obama-ism posits that we are now in a hypercompetitive global economy, where the country that thrives will be the one that brings together the most educated, creative and diverse work force with the best infrastructure — bandwidth, ports, airports, high-speed rail and good governance.

And we're in a world with a warming climate that is growing from 6.8 billion people to 9.2 billion by 2050, so demand for clean energy is going to go through the roof. Therefore, E.T. — energy technology — is going to be the next great global industry."

David Brooks is sometimes referred to as the New York Times "house conservative," providing a counterpoint to the liberal voices on its editorial pages. On April 5, his column started with a litany of America's woes – and then switched to the offsetting positives.

He talked about the positive demographic trends in the U.S. and then discussed the important role of immigration, innovation, productivity and America's history of dynamism. Here's an excerpt from his column:

"In addition, the U.S. remains a magnet for immigrants. Global attitudes about immigration are diverging, and the U.S. is among the best at assimilating them (while China is exceptionally poor). As a result, half the world's skilled immigrants come to the U.S... between 1990 and 2005, immigrants started a quarter of the new venture-backed public companies.

The United States already measures at the top or close to the top of nearly every global measure of economic competitiveness. A comprehensive 2008 Rand Corporation study found that the U.S. leads the world in scientific and technological development. The U.S. now accounts for a third of the world's research-and-development spending. Partly as a result, the average American worker is nearly 10 times more productive than the average Chinese worker, a gap that will close but not go away in our lifetimes."

Neither column paints an entirely rosy picture and both talk about the need to put America's fiscal house in order and for tough decisions on spending cuts and tax increases.



At the same time, they provide some useful perspective on the strengths that the U.S. brings to the coming global battle for economic supremacy ... which can be useful ammunition in reminding clients about some of the positives that America brings to this battle.

For those who want to read more, here are links to the columns by Brooks and Friedman:

David Brooks: [Relax we'll be fine](#)

Thomas Friedman: [Who's up for building bridges?](#)

** Dan Richards conducts programs to help advisors gain and retain clients and is an award winning faculty member in the MBA program at the University of Toronto. To see more of his written and video commentaries and to reach him, go to www.clientinsights.ca.*

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