
The importance of coffee has endured throughout history. In World War II, coffee was rationed primarily to ensure that our men in uniform would have enough. During the war years it was not uncommon to reuse coffee grounds multiple times, creating a blend patriotically dubbed "Roosevelt Coffee." Toward the end of the war, coffee was the first item to come off rationing, reflecting its importance to everyday life.

Today, the fellowship occurring in coffee shops and conference rooms each morning, as aromatic cups of camaraderie are shared, plays a critical role in the creative flow of innovative ideas and new technologies. One can only wonder how many of today’s leading companies were hatched around steaming cups of hot coffee.

Beyond coffee...

It is fair to say that currently we are working our way through the Information Revolution. Or perhaps, more accurately, the Control and Protection of Information Revolution. From website attacks, to IRS scandals, to cyber espionage, there is a global battle for Big Data, the critical information needed by businesses, governments and consumers. And like the Industrial Revolution, to lead the Information Revolution, a country must possess an abundant source of energy and natural resources, political stability and the rule of law, and a safe and dependable banking system. It is encouraging to note that the U.S. stacks up particularly well compared to the rest of the world on all three of these critical drivers. First, through innovative exploration and drilling technologies, we are on our way to energy independence. Moreover, our Great Lakes and river systems are an invaluable resource as access to clean water becomes increasingly scarce around the world. Second, despite the polarization in Washington, democracy in America works. It works because we all have a vote, as well as a voice, to affect change. Third, our banking system, comprised of large international banks, mid-sized regional...
banks, and local community banks, remains a pillar of our free enterprise system. It's not perfect, but it works.

But as this battle unfolds across the world stage, lingering questions remain. Can America continue to widen its lead across these critically important factors? In all areas, the right balance between free enterprise and governmental regulation must be maintained. To a large extent, this debate will define our times. I have long written about the need for less governmental regulation and bureaucratic control of the economy. To win over those who fear this laissez-faire approach, corporate leadership will have to change. They will have to balance the demands of shareholders, employees, and the community at large, in a way that serves all without disadvantaging any. Is this even possible? Perhaps this is one of the lingering questions...

One particular initiative could bridge the philosophical divide between the business sector and the supporters of more governmental involvement. I would like to see corporations at all levels become more involved in mentoring, internships, and training, especially of at-risk and disadvantaged youth. Collectively, we can make a difference, one life at a time.

When Great Britain began to harness its strategic advantages, its economic growth increased fourfold, from 1% to nearly 4% per year. This unprecedented acceleration in economic growth paved the way for the British Empire to lead the world for the next two centuries.

A similar opportunity exists today for the United States. Will we take advantage of it? Perhaps another question that will be with us for some time.

Which brings me to one last personal, lingering question... about coffee... one perhaps only God can answer... How can something smell so good, and taste so bad?

Michael Kayes, CFA

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