

# A Little Optimism, Please



## The Quarterly Profit

Log-on to Yellers and Screamers .com and join the parade that is heading over the cliff while the band plays on. “They own us, they’ve taken all of our manufacturing jobs, we’re only a service economy now, we’re finished, we’re cooked, no hope, 10 -4, over and out!”

How about a slight dose of reality, and a little optimism, please? Of course the U.S. has very serious economic issues; what country doesn’t? But let’s analyze our nation’s growth potential, and our own personal investment futures, based upon the world’s changing demographics and the diminishing contribution of low-end manufacturing jobs to any wealthy economy. A recent article in the Economist used the example of a Mattel Barbie Doll produced in China. The actual labor to produce and complete Barbie was about \$2.25. But Barbie sells for about \$25.00. The real money is made in Barbie’s design, packaging, marketing, accounting and distribution. Low level manufacturing has always gravitated to the cheapest labor pool, and contributes far less to a mature economy than highly skilled manufacturing jobs. The obvious goal is to upgrade the level of our manufacturing, penetrate new markets, and significantly increase the export of our technologically advanced products.

Clearly, the country that we should try to emulate would be the largest exporter of skilled manufacturing, and probably the world’s #1 exporter overall. No, it’s not China. It’s Germany! In 2003, Germany surpassed the U.S. as the world’s largest exporter, and depending upon the quarter, Germany may still be number one, followed by the U.S or China, and then Japan. A country of about 82 million people (only 25% of our population and 6% of China’s) with few natural resources of its own and importing nearly all of its energy, Germany is beating the Big Kahunas. And what do they export? Not boat loads of sinks, underwear, or Barbie Dolls. Germany exports the most highly sophisticated testing equipment, automobiles, chemicals, and pharmaceuticals. Germany is also the world’s largest producer of

wind power turbines and associated technology systems.

We continue to hear that our manufacturing jobs are being lost to cheaper labor markets, but this is the common complaint for many rich countries. Until recently, most U.S.

businesses were not even interested in global marketing, because the world’s largest market was their own backyard. Not anymore, baby! The U.S. has a population of only 315,000 million. Europe, North America, and all of Latin America combined total about 1.7 billion. Africa’s population is about 1 billion. Asia, (including China and India) accounts for 4.5 billion, and they’re beginning to buy! General Motors has already learned a valuable lesson from Germany. With China now the largest automobile market in the world, GM has taken to the road and already increased its China sales by more than 40% year to date, selling 1.39 million vehicles from January through July! I cannot overemphasize the importance of the German model as the global economies continue their recovery. Why would any rational U.S. manufacturer settle for a 315 million person marketplace when the world’s population is more than 6.7 Billion!

Personally, I believe the worst of the financial crisis is behind us, and that most of the aftershocks will soon be over. The sheer magnitude of the developing markets, coupled with their unprecedented purchasing potential, offer limitless opportunities for those U.S. businesses that develop a culture of technological and marketing innovation. As investors, we want to keep our eyes wide open for global opportunities, while embracing the best of U.S. industry. There is a very good chance that the global economies will soon begin a significant and prolonged period of growth. Don’t buy into all the negativity of Screamers and Yellers.com. Remember the cat’s meow, “If the glass is half empty, the table may soon runneth over!”



# Who Do You Know?



Since the beginning of the year, StoneRidge has hosted many fun filled evenings. With warm welcoming embraces, and the music of laughter filling the room... it has been our honor to have met so many people that have touched your lives. We welcome you to bring your guest (s) for an evening to enjoy in Sep-



tember, October, and November. If you already have someone special in mind, please call us and we will send you the details right away. As the Holidays near, our dinners will also have some musical entertainment.

Amy Treat

## Times Are Changing... Are you Prepared?

StoneRidge has the tools to help guide you! We have updated our website with Resources/Calculators, current newsletters, upcoming events (dinners, educational meetings), and timely articles from Van Mason. Please explore the website and stay in tune with our updates.

Two topics of importance are Long-Term Care and Social Security. We will be hosting Lunch and Learns on both topics. We will provide lunch and an opportunity to get the answers to your questions. **On September 22<sup>nd</sup> and 24<sup>th</sup>,** we invite you and your guest(s)

to learn about Long-term care: the average cost of LTC, how to cover the LTC premiums, and relieving the burden from family members. If you are not sure if LTC is for you or not, you don't want to miss our Lunch and Learn...

**On October 13<sup>th</sup> and 27<sup>th</sup>,** StoneRidge will invite you and your guest(s) to discuss Transforming Social Security into a Retirement Strategy. Hear about Social Security Basics, Eligibility, Beginning benefits, Additional Beneficiaries, and the overall Benefits of Social Security. We feel these topics can help our clients answer questions and help them make sound decisions. Watch for your invitation in the mail!

Amy Treat

**Going Green!** As we move forward you will be seeing more information from StoneRidge sent via email. This allows us to send information more often and **"green friendly."** If you would like to update your email address please contact our office at 503.352.0188 or 360.567.0784.



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