Over the Back Fence
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Approx 620 words

Investment advice
By Alva Wood

The Schist Creek Chamber of Commerce held its annual meeting at Erma Thompson's Bakery and Coffee Shop. Amazingly, they had 100% turnout. Even more amazingly, they all wanted to talk about the same thing. The stock market. Or, more precisely, how to protect their investments.

People at other tables dropped their own conversations and started listening.

"Hey," says Aynsley Kastor, the Chamber's chair, "why don't we bring in Wade Stirrup from River City for a seminar on investing strategies?"

It was moved, seconded, and carried in seconds.

The community hall was packed. Aynsley introduced Wade Stirrup.

Wade asked people how they currently invested.

"Real estate," says realtor Deirdre Pollacks.

"Mutual funds," says environmental consultant Hector Wentz.

"GICs," says conservative Gerald Newbiggin.

"I'm a farmer," says Sam Burkholder. "We don't earn enough to invest."

"In today's market," Wade replies, "none of those strategies work any more."

"There are only two kinds of assets," Wade explains, "real and imaginary. Real assets are things you can live in, or drive, or eat. Everything else is imaginary. It can look like you're making big money during a boom," he continues, "but when the market crashes, you realize that the profit you made six months ago was imaginary."

"How can my shares in IBM or General Motors be imaginary?" Aynsley demands.

"Just try collecting a hunk of their land or equipment and taking it home," he replies.

"Ha!" Deirdre celebrates. "Buying houses is still a good investment!"

"Only if live in it," Wade corrects her. "Otherwise, you could have to sell at a loss if markets slump or mortgages tighten up."

"My GICs are guaranteed," Gerald objects.

"Only if the bank or insurance company survives," Wade reminds him. "When you put money into a savings account or a term deposit, you permit the bank to invest your money in ventures that you wouldn't risk personally. If their gamble pays off, they can pay you interest on your savings.

"In the sub-prime disaster, the banks loaned your money to mortgage companies, who loaned it to people who couldn't afford to pay their mortgages. The companies foreclosed on their homes, which gave them lots of property but no mortgage payments coming in. The U.S. government defended free enterprise by nationalizing the mortgage companies, so now the government will collect tax dollars from the people who couldn't afford to pay their mortgages, to pay off the companies who couldn't collect those dollars as mortgages. Is that perfectly clear?"

"Why should that affect my stock portfolio?" Veejay asks.

""When banks and mortgage companies have huge inventories of real property they can't sell, they try to protect your deposit by refusing to loan it to people who might buy those properties, which reduces the bank's income, and that lowers the imaginary value of their shares."

"But my mutual funds are diversified," Hector protests.

"Mutual funds," Wade snorts, "are just imaginary shares in a business that buys imaginary shares in someone else's business.

"So I'm better off stuffing spare change into my mattress?" asks Rigger Moortice.

"It's lumpy to sleep on," Wade replies.

"It sounds as if nothing's safe any more," Terry Brown says. "What do you recommend?"

"Postage stamps," says Wade enthusiastically.

"The new stamps don't have a specific price. Last year's 50-cent stamp is now worth 52 cents of postage. As of January 12, it will be worth 54 cents. That's a four percent annual gain right there.

"Furthermore, it's tax free. At a 50 percent income tax rate, that's like getting a six percent rate of return!

“And it’s safe! Canada Post will never lower its mailing rates, so those stamps will always be worth at least as much as you paid for them. You can’t lose!”

Tessa Vanderkam is expecting a big run on stamps at the village post office.