



We were away for two weeks in September, attending a wedding reception in Manila, Philippines followed by a vacation week on Kauai, Hawaii. As a habit, I value our personal portfolio just before we leave and value it right after we get back. This time, not much changed and, having done this for years, it rarely does. If there is a change, more often than not, the direction is up and not down. What this exercise proves to me is following the incessant chatter on CNBC, as I must, and daily portfolio tracking, which I do, is unproductive and distracting.

Did you know that 2009 is the fiftieth anniversary of Hawaii's statehood? Neither did I. I do remember when it was admitted to the Union on March 18, 1959, but I didn't know the history of the effort until I saw a display in the Kauai airport. The move to statehood started in 1903 when the Territorial Legislature of Hawaii passed a request that the US Congress consider "an Act enabling the people of this Territory . . . [to] adopt a State Constitution" so as to be 'admitted as a State into the Union.' In 1919, sixteen years later, Prince Kuhio introduced the first statehood bill to Congress which was "referred to a committee for further study."

Never in a rush, a joint congressional committee held seventeen days of hearings in Hawaii in October 1937, concluding (after seventeen days!) that Hawaii met every requirement to be a state. The committee recommended that the people of Hawaii vote on whether or not to become a state which they did on November 5, 1940 by a 2-to-1 margin. The attack on Pearl Harbor in 1941 put statehood on hold as questions about the "American-ness" of Hawaii's citizens caused concern. After the war in 1946 and 1947, the U. S. House Committee on Territories held more hearings on Hawaiian statehood.

In 1952, Senate Majority Leader Ernest W. McFarland (D - Arizona) recommended a combined Hawaii-Alaska Statehood bill which was killed in a committee. The Congress dithered for seven more years until voting that Alaska become the 49th state January 3, 1959. Once Alaska was out of the way, it took just two days in March for both the Senate and House to pass the Hawaii Statehood Bill by huge majorities. Six days later, President Eisenhower signed the bill and on June 27, 1959 Hawaiians voted 95% in favor of becoming a state. Start to finish, Hawaiian statehood took 56 years!

As I read the panels on the display, I was struck by the glacial pace of the process. It is important to know that the current "rush" to pass the undefined health care reform bill actually started as part of Roosevelt's 1935 Social Security Bill. President Truman made a national health insurance program part of his winning 1948 presidential campaign against Thomas Dewey. The American Medical Association, currently in favor of health care reform, planted the "socialized medicine" moniker on Truman's plan and, as a result, it never came to a vote in Congress.

I'm no fan of Obama's single payer plan to "fix" health care as proposed. We, meaning clients and me, own many health-related stocks including Stryker, Johnson & Johnson, Laboratory Corporation of America and Novo Nordisk that will be affected negatively if passed. What troubles me is the failure to differentiate health care from health insurance. "Care" is access to medical assistance. "Insurance" is the backstop to help pay for catastrophic illness or injury. They are not the same thing and I do believe progress could be made if Congress spelled out the difference and attacked the problem in pieces.

Am I the only one who notices the irony in the current "reform" debate juxtaposed with the H1N1 flu scare? We demand that our pharmaceutical industry instantly invent new vaccines to save us from the latest threat while at the

same time electing politicians who don't want drug companies to make a profit when they do save us. Many believe that health care is a "right" so does it follow that it is the obligation of privately-held companies to spend their resources providing free remedies? The way the current debate is going, I would not be troubled at all if it takes another fifty years to find a political solution.

When you get off the plane at the Manila airport you pass a "nurse" who hands you a small piece of paper.

To the Traveler:

During your recent travels, you may have been exposed to cases of Influenza A (H1N1). You should monitor your health for at least ten (10) days. If you become ill with fever accompanied by cough, sore throat, nasal congestion or difficulty of breathing, you should consult a health care provider or physician.

Hanging on the wall to her right is a sensor that takes your temperature. Since we were healthy and showed no signs of the flu, we passed. I imagine that you would be quarantined if you show an elevated temperature.

When we got to the Mandarin Oriental hotel, the car was stopped at the driveway by two armed guards who checked under the car and in the trunk for explosives. The doorman checked my camera bag and ran a wand over my body. When we got to the room a letter was on the bed.

Dear Guest

Please be informed that to enhance our security program, we have closed the entrance doors facing Makati Avenue. Please use the hotel's main entrance and exit at the lobby for the meantime. In addition, bags are routinely checked upon entry to the lobby, and car trunks are likewise inspected at our hotel driveway prior to entry. We know that you will understand the need for such measures. Thank you for bearing with any inconvenience caused.

We went to a mall on the hotel van having been warned that we shouldn't walk. We entered the mall, again greeted by two armed guards with wands. A third guard and his dog were off to the side. Once inside, it looked just like Scottsdale Fashion Square with a food court, an atrium with a glass roof and four stories of shops. Many of the merchants were the same too. English is the standard language so we had no trouble shopping. (Dan Brown's new book, The Lost Symbol, was just out and I bought a copy for the peso equivalent of \$17.95, the same as it is at Border's.)

Our excursion to Corregidor Island (WW II and MacArthur) also included a soldier with an automatic weapon.

We were told that the Bali bombing of two luxury hotels a few years ago changed everything. It is hard to get used to the idea that everyone and everything are viewed as possible threats. We were in Manila just a few days but I began to feel claustrophobic because of our inability to get out of the hotel on our own terms. Some in the USA complain that our privacy has been invaded and our freedoms curtailed by the increased security since 9/11. If we have another attack, I imagine we will have guards and dogs at our hotels and malls too. Public safety may be our only growth industry.

The market was up 15% for the quarter, up 56% since the March 9 low but still 32% below the October 2007 high. I did a quick review and learned that most accounts match this pattern, putting values back where they were in September/October 2008 unless there were deposits or withdrawals. It is obvious the March panic pushed prices too low but it remains to be seen if the rebound is too much too soon. I'm not selling anything because I do believe the economy is recovering, slowly but recovering. Profits will follow justifying the higher market.

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