

## Domestic or Import?

This has been the automotive debate of the ages. Do you support the domestic Big Three or are you buying foreign? Regardless of what side of the fence you sit on, you're straddling it. If you support domestic brands, you're supporting both US & foreign workers. If you support domestic, you're again supporting US & foreign workers. Many people believe that you absolutely must buy a car made by GM, Ford or Chrysler to be a true American and support American business. Others believe they are going to buy whatever they want regardless of where the company that makes the ride is headquartered. Fifty years ago it was true that the Big Three made all of their cars here and the import brands made all of their cars there, wherever there may be – Japan, Germany, Sweden, Italy, etc. Today things are very different as companies have become truly global businesses. Regardless of the make of car you buy today, you're helping and supporting people in many countries. There is no company that makes every component of its car in one country – it may be assembled in one country but the parts come from across the globe. Today some Toyota, Honda, and BMW models are partially made and completely assembled in the USA. Not all models are assembled here, but a sizeable portion of the manufacturer's lineup is. The same is true for the so called domestic companies. GM, Ford & Chrysler all make parts of their cars and assemble some of their cars in Canada, Mexico and across the pond. Many large automotive manufacturers are global juggernauts today with operations in many countries. Ford owns Volvo & Jaguar (not for long, India's Tata is in talks to buy both names from Ford) and GM owns Saab & used to own part of Subaru. Toyota, GM & Mercedes are currently engaged in joint ventures in pursuit of increased fuel efficiency: they have been involved with various other ventures together for years.

When it comes to your money we have very much the same thing. You virtually cannot support just one country because our economy is such a global one. The largest 500 companies headquartered in America, the S&P 500, generate 45% of their revenues from sales in countries other than America. Technology firms generate over 85% of their revenues from countries other than America. This old notion of foreign or domestic is slowly fading as the general population realizes just how intertwined virtually all countries are today. We still have some countries that don't want to play ball on the global playing field, but most want to be in the game. There are 300 million people in America and 6.6 Trillion in the whole world so it really doesn't make any sense at all to seek investment opportunities just in the USA. Historically we've been the world's dominant economy, and we still are but many other economies are beginning to take their place on the global stage. China, India and Europe are all real players in today's global economy and will continue to grow and expand. The USA doesn't need to be the dominant economy as many in this country are used to. The value of the US Dollar against the Euro and other currencies will fluctuate and as it does, it doesn't mean anything bad for us or any other country, it's just the world's economy coming to equilibrium. It happens in stages and swings back and forth, so it's nothing to worry about or lose sleep over. In finance and in rides, you're stuck with a mixed bag: foreign and domestic are no longer mutually exclusive! ☺ Mike Chadwick can be reached at (860) 489 8880 or [mike@fiscalwisdom.com](mailto:mike@fiscalwisdom.com)

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