



Monday, July 20, 2009

Letters to the Editor

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Measure Performance

To the Editor:

The comparative effectiveness studies that Bill Alpert discusses in the July 6 [Tech Trader](#) column "Marshalling Evidence for What Makes Sense in Health Care" are a crucial first step toward improving our nation's health and implementing a system that our society can actually afford.

Health-care providers of all stripes are naturally content to enrich themselves by providing goods and services in our free-wheeling system. Most have no interest in proving that their products or services actually provide better care for their patients than competing services or products, for fear that such trials would lead to the loss of reimbursement for the less effective goods or services. Instead of encouraging performance-based competition in the medical marketplace, we have simply expanded the health-care pie for decades. Unfortunately, this system is bankrupting both our country and our government while leaving 50 million Americans uninsured and many more receiving inadequate care. There must be winners and losers in health care, based on performance, just as there are in every other part of our economy.

Dr. James B. Rickert
President
Society for Patient Centered Orthopedics
Bloomington, Ind.

A Whiff of Carbon Dioxide

To the Editor:

In the July 6 Editorial Commentary ("[The Cap That Doesn't Fit](#)"), Thomas G. Donlan provided a lucid analysis of the practical political considerations associated with implementation of cap-and-trade. I believe it is important, however, that every discussion of the subject pay attention to the weighty premise that underlies current public debate. Cap-and-trade is an appealing market-based solution in search of a problem.

Among the questions that must be answered before embracing cap-and-trade are the following: Is global warming real? If so, is it necessarily bad? Is the warming due to man-made emissions of carbon dioxide, or other factors such as cyclical solar activity? Will carbon "caps" of the magnitude proposed arrest the process? Can unilateral action by the United States and a handful of allies compensate for the unregulated growth of emissions in emerging markets? What economic damage will the United States sustain if it implements caps more restrictive than those of our trading partners?

Donlan and most readers are no doubt familiar with these issues. I believe they merit explicit enumeration, however, not dismissal with a few conditional phrases. Otherwise, we risk being tacticians doomed to execute a flawed strategy.

Frederick A. Lehrer

Pocono Pines, Pa.

To the Editor:

I have only one real problem with the July 6 editorial: It says, "If carbon dioxide emissions are a real environmental problem..." I am not an expert on this, however, overnight lows in Minneapolis for January are more than 9 degrees warmer than those 40 years ago. So far, I have not heard any explanations that make sense other than the message Al Gore is delivering. The deniers come out with all sorts of explanations, but none of them yet that I have heard can break the correlation between CO2 and temperature.

If and when it gets too great, the climate issue will be out of man's control. I am a firm believer in the ingenuity of man and that this can be solved without going back into the Stone Age, but like an alcoholic, you first have to acknowledge a problem.

Bruce Stenswick
Eden Prairie, Minn.

Random Walking

To the Editor:

Technical analysis is really useless only to those who have no idea how to properly use it, and apparently that includes Burton Malkiel ("[I Know This Much Is True](#)," July 6). It is difficult to beat the markets, but the buy-and-hold approach ignores the behavioral and risk-tolerance elements of this process. Even Malkiel notes that "average investors don't make anything like the annual rate of return of about 9.5%, because they tend to get in at the top and out at the bottom."

Why is that? For sure, it is not because they are market timers. Investors get in and out at the wrong times because they are emotional and have no idea what they are doing. The passive approach to the stock market subjects one to 50% or more drawdowns, and real people with emotions cannot handle that, let alone those in retirement depending on their nest egg.

Technical analysis, used properly, provides a systematic, disciplined form of risk management that is essential to investing success. Those who know it, use it. Investing without it would be like playing the piano one-handed.

Bob Kargenian
President, TABR Capital Management
Orange, Calif.

To the Editor:

I take exception to Malkiel's advocacy of "low-cost" index funds. Investing in index funds is like driving while navigating with the rear-view mirror. You know where you've been, you have no idea where you're going, and the possibility of running into a tree is greatly enhanced.

The more expensive a stock becomes, the more one has to buy. At market tops, one is much more likely to hold companies that have become frothily valued and subsequently collapse.

While many passive strategies are "low-cost," one might suggest that investors are getting exactly what they are paying for.

Theodore R. Samuels
Pasadena, Calif.

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