

October 13, 2008: LOSS... Compliments of Richard Russell of Dow Theory Letters

“Now I'm going to write about some stuff that you won't hear from most other advisors -- **loss**. Is there any advantage in living as long as I have, 84 years? Well, yes, you've gained a lot of experience. Everybody suffers losses in a big bear market such as this one. If you haven't lost in the value of your home, you've lost some in your investments or you may have lost your job.

Loss is always painful. I know of two great and brilliant stock market operators who committed suicide after suffering huge losses. One was the famous trader, Jesse Livermore, who was a friend of my parents. Jesse had made millions in the stock market (he was a brilliant short seller), and in the end he was almost wiped out. Jesse shot himself after taking a horrendous loss. George Schaefer, my mentor, jumped out of the window and killed himself in 1974. George had made millions through his writing and in the market. George suffered the second wipe-out of his fortune in '74, and it was too much for him. Death seemed the sure way out of his misery.

More personally -- My family has had its confrontations with stock market loss. My grandfather owned the biggest jewelry store in Washington D.C. Grandpa shot himself in 1907 after the Panic of 1907 wiped him out. My uncle Irving jumped out of the window of a New York hotel in 1929 when he lost most of his inheritance. Uncle Irving left me a little money in his will, and ironically that money piqued my interest and got me started in the stock market.

Losing a lot of money can be terribly painful. For some people, it can feel like losing both legs, for others it can feel like death itself. What's the plus side of losing a fortune? For one thing, it makes you think. But there's a positive side of loss. The positive side of the tragedy of loss can be **appreciation**.

I look back over my own life, and I marvel at how or why I've lived to the age of 84. I grew up during the Great Depression. I've been held up at knife-point twice, once in Harlem, NY, and once in San Francisco on Market Street. I had a severe mastoid infection when I was 8 years old, and almost died during the operation -- this was before antibiotics, when surgeons literally had to cut out the infection. I lived through World War II, and I had a painful double hernia operation. I suffered two heart attacks and a quintuple by-pass operation. I recently suffered a stroke. I lived through a big motorcycle crash and a number of narrow motorcycle close-calls (I rode cycles for 45 years). To put it succinctly, I appreciate and am amazed by the fact that against all odds, I'm still here and still alive.

It's funny, I well remember one incident during WW II as if it was yesterday. I was huddled in the nose of my B-25 bomber, and I had just released our bomb-load. I

could see black puffs of flak exploding all around us. Some of the fragments were bouncing off our plane, and they sounded like stones hitting sheets of metal. I was scared out of my mind, and although an agnostic I suddenly said to myself, "Please God, get me out of this one alive, and I'll never ask for anything again."

Today if I suffer a loss I think back and appreciate the fact that I'm still alive. Against great odds, I'm still here. And today I'm not hurting. If I were to lose everything I own I would still be here. I know I'm a lot better off now than I was when I was having a heart attack, and I'm a lot better off than when I was flying missions during WW II. Appreciation, it's the antidote to the sorrow and pain of losses that you might have taken in the stock market or somewhere else. Remember that word -- appreciation. It's the way out of depression and pain."