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Warren Buffett warned America that she is selling pieces of the farm in order to increase the mortgage. Now if I were to put this to Rob he would typically respond with, 'Oh really'. Depending on my mood my response would typically either be very short or quite long winded. The long winded version would be as follows,

An American dollar is a claim on American assets. It does not matter where that claim cheque travels, eventually it will find its way back to America and it will be exchanged for an American asset. Some believe it is not the biggest worry in the world, because America fixed assets cannot travel.

Now before I continue I want to take a quick side road. When I grew up and my gray matter started to make some sense of the world, this would be in the 80's, I was told that we pay taxes because somebody has to pay for the roads, the ports and airports, etc. Tax money went into education, security, hospitals, etc.

So let me get back to the main point. Economically speaking an asset is only worth something if you can monetize it. In other words an asset's economic value equals its cash flows. So if you give away all the cash flows, for example by giving someone a 99 year lease, on an asset are you not essentially giving that asset away? You might be inclined to think not, but you might see it in a different light if you were named as the beneficiary in a will, only to find out that all the assets have 99 year leases that have all been sold off by means of upfront payments. Go try and be a trust fund kid off that will. So maybe giving away the cash flows on an asset is not too different from actually giving that asset away.

Now consider what is happening in places like Indiana where Macquarie Bank and Cintra signed 99 year leases for the Indiana Toll Road and the Chicago Skyway. Macquarie Bank is an Australian company and Cintra is Spanish.

What is happening to the taxpayers' money? The last time I checked it was supposed to be used to build things like roads (not toll roads), airports, ports etc. However, if we look at America today we see more and more of these traditional state owned assets owned by not only private entities, but foreign owned private entities. Still, the government is in a financial quagmire of historical proportions. What I do see is a lot of tax payers money, which is going to pay not the principal but the interest on the money lent to America by countries like China. Solomon warned in Proverbs 22:7, "...the borrower is servant to the lender". America should consider her debts and heed Solomon's advice. Also, when I read about the kind of deals Macquarie and Cintra is doing in Indiana then it is obvious to me that those claim checks are finding its way back to America and are being exchanged for hard assets and/or its cash flows.

You can argue that it is an isolated incident and that it is meaningless in the bigger scheme of things. For America's sake I hope you are right, but when I look around me then I see things developing differently.

As I said, Warren Buffett warns America that she is selling pieces of the farm in order to increase the mortgage and Rob would typically respond with, 'Oh really'. The curt reply would be, 'Yes, really'.

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