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Posted to the Gilder forum - November 4, 2000

## The GTR and Mr. Market

"The political model holds that the electorate is wiser than any of its component parts."

Opening sentence of "The Way The World Works" by Jude Wanniski.

Why do I read the GTR? Why do most of us read the GTR? In the hope that it will help us outsmart Mr. Market, a remarkably difficult thing to do if Jude Wanniski is right!

The old saw: "Don't fight the tape" in full, means: The market, being a collection of intelligent investors and speculators, knows more than each individual investor or speculator. This is the reason why very few people can beat the market consistently. There are a few exceptional people like Warren Buffett who have done extremely well but even they lose to the market on occasion. "Don't fight the tape" is the stock market equivalent of Jude Wanniski's political dictum.

George Gilder has an uncanny appreciation of technology and where it will lead us. This knowledge is distilled and presented to us in the GTR, in the forum and in the Telecosm conferences. Before GG became famous, before the Gilder Effect, his knowledge was reserved for a relatively small group of people, the GTR subscribers, and this knowledge gave us the edge that allowed us to beat Mr. Market. Of course, the fact that Gilder was so prescient spread like wildfire and we lost our edge when everybody had access to GG's wisdom through Merrill Lynch, Yahoo! and the rest of the Internet. Once again Mr. Market is wiser than any individual investor because he has incorporated GG's wisdom into his lore.

Before GG became famous, we were able to buy Qualcomm and JDS Uniphase well before the herd because GG gave us the guidance which Mr. Market lacked. Just now, the GTR does not give us any appreciable advantage over Mr. Market because now Mr. Market also reads the GTR. The value of the GTR as an investment newsletter has fallen considerably since Mr. Market started reading it. Its technical value is unchanged. Maybe it is time for those who read the GTR exclusively as an investment newsletter to let their subscriptions lapse -- they don't get much value from it anymore.

As an aside, the discussion between myself and gmt about G\* revolves around the fact that gmt believes Mr. Market while I still believe GG as far as this particular technology and business goes. I will admit that gmt and Mr. Market have powerful reasons for believing that G\* will go broke. I happen to think otherwise. A friendly difference of opinion, nothing more!

What can be done to revive the value of the GTR as an investment newsletter? It would be great if Merrill Lynch canceled its subscription and if GG lost his fame as the Oracle of Telecosm. The bashers and dashers are doing us a great service and we should not discourage them by writing vicious attacks on their nonsense. Let's tell them that they are right and let's post their bashes and dashes on Yahoo!, SI and elsewhere. This is called "disinformation" in the intelligence community. Let's try to "disinform" Mr. Market!

Let's face it, the cat is out of the bag and there is no way to put it back. Now more than ever we need to mix and match GG's Telecosmic Vision with market savvy to make correct and valuable investment decisions. Do yourselves a favor, stop chasing page 8 stocks. Before buying the latest and greatest, subject it to proper analysis, subject it to proper due diligence. Those of you who are new to investing, read Peter Lynch ([One Up On Wall Street](#)), read Warren Buffett ([The Warren Buffett Way](#) by Robert G. Hagstrom and the annual reports of Berkshire available at their web site: [BERKSHIRE HATHAWAY INC.](#)), read the autobiography of Jesse Livermore ([Reminiscences of a Stock Operator](#) by Edwin Lefevre), read about the relative value of stocks, bonds and gold ([Stocks for the Long Run](#) by Jeremy J. Siegel), read about high tech marketing and investing ([The Gorilla Game](#), [Crossing the Chasm](#), [Inside the Tornado](#), and [Living on the Fault Line](#) by Geoffrey Moore). BTW, the order I wrote them down in is a fairly good sequence for reading them.

And please, the next time you meet a basher or a dasher on the forum, either ignore him or thank him. He is doing us a favor by disinforming Mr. Market!

Happy weekend!

Denny

"Demand creates queues. Supply gets rid of them."

Thank you Denny for your sage, pithy, and challenging post. Although I assume your view does not apply to truly long term investing, it gives me a wonderfully consoling new perspective on the absolutely miserable review of [Telecosm](#) (by Andrew Leonard of Salon) which will appear in tomorrow's New York Times Book Review.  
--GG

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George:

Andrew Leonard was so busy reviewing you that he forgot to review the book! He said that your politics are wrong, that your knowledge of technology is brilliant and that you are tenacious and consistent. In general, a passing grade! ;-))))

He also said that I am a member of the plutocracy and of the Croesus class, WOW! I didn't know that! The great problem for the Left is the strange dichotomy of their cause: as soon as they succeed in their stated aim of improving the lifestyle of the proletariat, they will be out of a cause. Luckily for them, their methods don't work: the misery of the proletariat continues and they continue to have a cause. The Right does not have this problem and can afford to use methods that work.

My original intention for the piece that starts this thread was to find a way to use the GTR to beat Mr. Market. I started to write the piece but the logic of the situation finished writing it -- it did not come out the way I intended. I will try again in a new thread.

And, yes, the secret is in the long term view.

Happy weekend!

Denny

"Demand creates queues. Supply gets rid of them."