

Coming to America

By John Mauldin | December 25, 2021



Coming to America

Merry Christmas and a Thoughtful Happy New Year

This week is a little bit different than your usual *Thoughts from the Frontline*. It is Christmas Day as this is sent out, so not the time to ramble on about inflation and the markets. Instead I'll share a story from my good friend Vitaliy Katsenelson. He immigrated to the US with his family from Russia over 30 years ago. I've always been fascinated by this story when we get together. All he knew of America came from movies and propaganda, which wasn't altogether flattering.

Vitaliy has a keen philosophical insight into both economics and the human condition. This essay is not just about his Coming to America experience, but of his concern about America and some of the uncomfortable changes he sees, often the same you observe. I find it inspirational reading from fresh eyes, fitting right in with Christmas and thinking about the next year. So without further ado, here's Vitaliy.

Coming to America

By Vitaliy Katsenelson

On December 4th, 1991, my family “got off the boat” from Russia—we landed at JFK, our stop on the way to Denver. I was 18. This was a new world to us. My first surprise was Denver's shocking flatness. I learned about the United States mostly from American movies which, with the exception of Westerns, heavily biased coasts and skyscrapers. Denver was flat, sunny, and unusually warm. Just a few days before we were freezing our bones in Moscow in negative 30-degree weather. It was 65 degrees in Denver. People wore T-shirts in the middle of winter.

That was not the only surprise for us.

In Russia, every time we left the house, we paid close attention to how we dressed. Here nobody cared about their looks. This was liberating. I embraced this newfound freedom with all my heart. To this day I am the worst-dressed person in our 12-story office building, sporting mostly T-shirts and jeans.

We were picked up at the airport by half a dozen strangers, members of my aunt's synagogue. There were six of us: my father, stepmother, brother Alex, stepbrother Igor, my 84-year-old grandma, and yours truly. We had brought all our life possessions with us—thirty duffle bags. These strangers, who were to our big surprise always smiling (I will address the topic of smiling in a second), picked us up and drove us to our fully furnished apartment. They had furnished an apartment for people they didn't know! That was shocking to me. I had been brainwashed into believing that Americans—capitalist pigs—would sell their brothers to supersize their happy meals. (I'll touch on this topic in a few pages, too.) Now, these cold-hearted capitalists had taken their time and money to care for people they had never met. Capitalism was supposed to make people selfish and greedy, but these people were anything but.

Now, on the subject of smiling—Americans do it a lot. Let's be honest; these smiles are manufactured. There is no way you are happy to see every stranger you meet on the street. Russians are stingy on smiles. They don't give you frivolous smiles. When they smile they mean it. My thinking on this topic has changed a lot over the years. The pivotal moment was when I went back to Russia with my brother Alex in 2008. I realized that smiling faces had become a necessary and welcome part of the décor of my daily life. Today I walk in the park daily. I may be listening to an audio book or a podcast, but I try to give every person I meet a big smile. I do this intentionally for a selfish reason—you do this a dozen times in an hour and your facial muscles lighten and relax and your mood improves. Try it. It works.

Language was another surprise. George Bernard Shaw said, "England and America are two countries divided by a common language." Shaw was so right. I had studied (more like memorized) English in school. I had enough vocabulary to maybe buy milk. But that was British English. American English was a completely different animal. Americans garbled entire sentences into a single sound. I honestly could not tell when one word ended and another began. The only person I understood was James, a wonderful man who had recently moved to Denver from Dallas. James was one of those cold-blooded capitalists who volunteered his time to help us acclimate in our first few months in the US. Unlike non-Texan Americans, James spoke with a slow Texan drawl. I could understand every word he said!

I think it took me six months to be able to understand spoken American English. I remember that day—my father was driving me to school and we were listening to classical music on the radio. A commercial came on, and I could understand it! That was a big day for me.

It is going to be very difficult for me to say what I am about to say without sounding like a complete idiot. But I must preface it by explaining that in Soviet Russia everyone (for the most part) was equally poor. My family, despite my father's high salary (he had a PhD, which boosted his pay), lived from paycheck to paycheck. Going to a restaurant was a big event for us. Our understanding of money, especially mine, was very limited—we never had any.

My father's younger sister Anna had moved to the United States in 1979. She got divorced and remarried, to a rabbi, Nathan, who headed a small congregation in Denver. I remember one day Nathan pointed out to me one of his congregants and said, "He is a millionaire." I still remember the thought that ran through my head—there must be something special about that person. After a few weeks of intense observation of this fellow, I came to the conclusion that having millions of dollars in the bank did not make him extra special. He drove a fancier car. He probably had a bigger house. But he dressed worse than me (which is hard to do) and he ate the same hamburgers and ice cream as everyone else.

Over the years I have learned that money and power reveal. They often unmask a person. Sometimes you like what is revealed; many times you don't. In fact, thirty years on, as an occupational hazard (I run an investment firm), I've spent some time around quite a few very wealthy people. I haven't observed any extra dose of happiness in them. Money solves money problems. It doesn't make people love you; your actions do. Money, just like education, is supposed to buy you choices. It should provide security. The first few years in the US, my parents worried about how we were going to pay for groceries and rent. We don't have that worry today—and that is liberating. (I wrote an in-depth essay on this subject. You can read it [here](#).)

As I was reflecting on the last thirty years, I realized that the US has kept its promise. The poem on the Statue of Liberty reads:

"Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore.
Send these, the homeless, tempest-tossed to me,
I lift my lamp beside the golden door!"

The US has always presented itself as a country of opportunity. A country where you can achieve anything if you work hard. The only job that is off limits to an immigrant is becoming the President of the US. I'd say that is a feature, not a bug, of being an immigrant.

After we arrived, 1991 quickly turned into 1992. I spent a few months that year knocking on the doors of every business establishment within walking distance of our apartment and saying, "I'd like to fill out an application." (My American aunt taught me to say this.) I did not realize it at the time, but the country was in a recession. Getting a job was very difficult. Every member of my family needed to work. I was rejected by both Taco Bell and McDonald's on multiple occasions. I still hold a little grudge against those two specific establishments when I drive by them.

My first job in the US was folding towels at an athletic club. I was fired a few months later for reasons still unknown to me. The manager called me into his office and gave me a long speech (I was a bit confused because he was smiling while he was firing me). Unfortunately, because he was not Texan, I didn't understand much of what he said. I did understand that I was fired.

My next job was bussing tables at the Village Inn restaurant on Friday and Saturday nights. When I say night, I don't mean evening, I really mean night. My shift started at 9 pm and ended at 5 am. At 2 am, once the bar closed, the restaurant was flooded with folks looking for burgers and fries.

Everything I earned at the Village Inn, down to the last penny (including tips), I gave to my parents. This money went for food and rent. It was the least I could do. My stepmother, who was a doctor in Russia, was now cleaning rooms in a hotel. So, despite having a job, I had no money of my own. Once I went on a date with a girl to a Chinese restaurant. She ordered kung pao chicken, I ordered water. It was an embarrassing experience. I had to postpone dating for a while.

Those were difficult years, but I would not trade them for anything. Those years taught me to work harder than anyone else. I don't know if I was driven by hunger for success, fear of failure, or by seeing the contrast of what this country had to offer versus my life in the Soviet Union. Probably all of the above.

Yes, this country has kept its promise. But as I reflect on spending the bulk of my adult life here, I realize I understand this country less today than I did 30 years ago.

Over the last decade something has changed. This change probably started at the turn of the century, but over the last ten years it became very noticeable. The country turned tribal.

Tribalism is benign when it comes to certain parts of our lives, like sports. You love your local high school or college or pro football team and (peacefully) hate other teams. We accept a certain amount of irrationality in belonging to a football tribe. I live in Colorado and thus supposedly belong to the Broncos and CU Buffs tribes. Even if you are a Green Bay Packers or Nebraska Cornhuskers fan, you don't hate me for that (or if you do, it's just for a few hours a year).

But tribalism is dangerous in other parts of our lives. We outsource our thinking to the mother ship of the tribe. Other tribes become our nemeses, and most importantly we lose nuance. Early in our lives our parents presented the world to us in binary terms. Honesty is good, lying is bad. They were trying to instill values that were black and white (right or wrong). But the world around is anything but. It is full of nuances. When I discuss politics or economics with my kids, they instinctively want to look at everything in binary terms. I try very hard to explain to them the complexities of the issues. These complexities are completely lost in tribal thinking. (I wrote about the dangers of tribalism in investing [here](#).)

Tribalism in the US has become so strong that it has started to impact our freedom of speech. No, the government is not going to send you to the gulag for your political thoughts. We do it to ourselves by cancelling each other.

Let me give you this very recent example. Chris Cuomo was fired by CNN for helping his brother Andrew Cuomo deal with sexual harassment allegations. I was going to tweet something along the lines that CNN is a private enterprise and can do what it wants. But I don't think any less of Chris Cuomo for choosing his brother over his job. This is the value I instill in my kids—I tell my son and two daughters that the three of them are the most important people to each other in the world (even more important than their future spouses). They have to take care of each other for the rest of their lives. If one of my brothers got in trouble, I'd do anything I could to help him, even if it meant losing my job. I think there is a Taco Bell or McDonald's out there, still waiting to fix the mistake it made in passing on me 30 years ago.

I was going to tweet this about Chris Cuomo, but then I caught myself self-censoring. The thought that kept me from tweeting was, "People have been cancelled for less." So much for free speech, for feeling you can voice an opinion you know people will disagree with. On the surface my self-censored opinion is irrelevant. But this is not about me. How many of us now find ourselves afraid of being cancelled, or just don't want to get into mindless, vitriolic debates with tribal drones (people who just repeat the talking points of their tribes). The more we self-censor, the less free we become.

As nuance is lost, we lose pragmatism and resilience, and we follow the paths of all empires—they get too rich, overextended, think they are better than others, and then fail.

I see much the same thing happening on the corporate level. As great companies triumph, they lose a healthy sense of paranoia and perspective, their culture stiffens, and they start thinking that success is a God-given right. Hubris creates an opening for the competition to slide in. At first the competitors are content with breadcrumbs, but eventually they eat your lunch and dinner. IBM, GE, Xerox, Kodak, Polaroid—they used to be the hallmarks of this country and now they are the sorry old shadows of themselves.

It pains me to see the younger generation romanticizing about socialism. When you tell them that every country that tried it failed, they answer that they'll do it better. I have unique insights into this topic, both as a person who lived under Soviet socialism and as an investor. Socialism fails not because of the quality of people involved—nobody thinks that Russia or Venezuela would have succeeded if only they had better bureaucrats. Even if we had lent them our most distinguished DMV or postal service workers, that would not have saved them. Socialism simply runs counter to our genetic programming. The alignment of incentives is paramount to the success of any enterprise. The incentives of government bureaucrats are aligned not with the success of the country but with their keeping their jobs.

You want a corporate example? Compare the innovation of SpaceX, a company run by an ambitious founder, to the space program run by the US government in league with our traditional defense contractors. Capitalism is far from perfect, but it is the best system we've got.

I am still optimistic about the US. The wise words of Winston Churchill come to mind here: "You can always count on the Americans to do the right thing after they have tried everything else." I still would not want my kids or my (future) grandkids to live anywhere else. But we should not take our success for granted and, just like immigrants fresh off the boat, we should be a bit hungry and appreciate that what we have here is very special. We should be very careful about our freedoms.

I was going to end this with a traditional “God bless America.” Sure. But I think relying on divine intervention is not enough; we should all make small decisions every day to improve the country. My writing this, even if it means losing half of my readers, is my first step.

Vitaliy Katsenelson is the CEO of a Denver-based value investing firm, [IMA](#). His writing on investing, classical music, art, and life topics like the one in this article is published in *Barron's*, *Forbes*, *Financial Times* and on his website, [ContrarianEdge.com](#) and his Intellectual Investor Podcast. His two books on investing have been published by Wiley and his upcoming book (not on investing), *Soul in the Game: The Art of a Meaningful Life* (Harriman House), is to be released in 2022.

Merry Christmas and a Thoughtful Happy New Year

I realize as I reread my last week’s letter that I did not wish you the traditional Merry Christmas and a Happy New Year! 2022 is still a big mystery waiting to be unwrapped. Instead of behaving like your kids and tearing into everything immediately, I suggest we move thoughtfully into the next year, observing the details that allow us to proceed optimistically, if cautiously.

This time next week I will be hip deep in Texas chili as Shane makes her phenomenal black-eyed peas. A local shop is helping us with hams and a variety of Southern comfort food, as we serve somewhere between 75 to 100 people New Year’s afternoon. It will be a blast. Friends and family and awesome conversation? Does it get any better?

There will be no *Thoughts from the Frontline* on New Year’s Day. We will begin January 8 with our annual forecast issue.

I will be spending much of the next two weeks trying to winnow my inbox down from 550 emails to a handful, so that I can hit the New Year with a clean slate. It’s an annual ritual for me.

And with that let me hit the send button and close out 2021. Thanks for sticking with me all these years. Shane and I do wish you a happy and prosperous 2022. Have a great holiday season!

Your life’s been great to me so far analyst,



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