Reflections on the Financial Crisis

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Introduction

It's a great pleasure to be here to address a meeting of the Canadian Tax Foundation.

As a young lawyer, more years ago than I would like to mention, I frequently attended these annual meetings and expected one day to be asked to address a technical session on some arcane matter — you know — the sort of thing that really excites tax accountants and lawyers.

But I began to notice that the speakers were all from the big firms and major cities.

I soon realized that it would be far more likely for a lawyer from a small firm in Ottawa to be invited to address this auspicious body if he or she first became Minister of Finance for Canada. So, it took a while, but I did. Even then, no invitation was forthcoming.

So I am very happy to be here today, because at last, a solution has been found.

My firm, McCarthy Tétrault, has generously sponsored a lunch and provided me with a platform from which to address you!

So, I would like to discuss at length Section 56.4 of the Income Tax Act, which is still in draft, having been first proposed by me as Minister of Finance on October 7, 2003.

I'm sure it has always amused tax practitioners when they have heard me described in the press as a “tax lawyer.”

(And by the way, that’s not the worst thing the press ever said about me — I’m thinking of a Vancouver Sun columnist who said I was “An Ottawa lawyer — two of the most pejorative words in the English language”).

But I simply want to assure you that I do know what it means to be a tax practitioner, and I fully appreciate that no one in political life could honestly qualify for such a description, at least not for very long.

I know the endless effort required of tax specialists on a daily basis to keep up in a field that is complex and constantly changing.

I have just passed the 20th anniversary of my first election to Parliament. I can assure you that, with the exception of the 2003 budget, which I introduced, I have made only a passing effort to stay current with changes in the law related to taxation.
I do take pride, however, in having always completed my own income tax returns, even as Minister of Finance.

However, I believe that the past Director and CEO of the Canadian Tax Foundation, Stephen Richardson, who was ADM for tax policy when I was Minister and has now returned to the Department of Finance as Associate Deputy Minister, could assure you that the briefing sessions on matters of tax policy were rather different in my time from that of my predecessor’s. This is to say, there were some!

Actually, I think it would be appropriate to pay tribute to Stephen as an outstanding professional who brought real expertise to the department in an area that has had few internally developed experts.

I regret that the public sector has become less inviting for people of high calibre in the professions to offer their expertise for a few years during a career in the private sector.

In the final analysis, the quality of life in our country is determined in some great measure by the public policy that is generated in Ottawa.

While some excellent people spend their careers in public service, we would benefit greatly if others could be encouraged to come for even a few years during their careers to contribute to the development of sound public policy.

But that could be a speech in itself — as could a commentary on the past week’s political events.

I will resist getting into that, unless there is time for questions, except to say that I am very dismayed that at a time when Canadians needed to have confidence in their political leadership, they are faced instead with an unnecessary political crisis on top of a financial and economic one.

Instead of discussing politics, I have been asked to address you today as former Minister of Finance about the recent tumult in the financial markets.

In so doing, I would like to begin with some words from that great Canadian-born economist, John Kenneth Galbraith, whom I heard speak at a session of this Foundation back in 1981, I believe.

In his book, “A Brief History of Financial Euphoria,” Galbraith makes a number of comments that are relevant to our recent history, even though he has been dead now since 2006.

In his chapter on 1929, Galbraith makes this interesting observation:

“The first manifestation of the euphoric mood of the 1920s was not on Wall Street, but in Florida — the great Florida real estate boom of the middle of that decade.

“Present, apart from the optimism generated by Coolidge and Mellon, was the undoubted attraction of the Florida climate....
“And present also was leverage; lots could be purchased for a cash payment of around 10 percent.

“Each wave of purchases then justified itself and stimulated the next. As the speculation got fully underway in 1924 and 1925, prices could be expected to double in a matter of weeks.

“Who would need to worry about a debt that would so quickly be extinguished?

“In 1926 came the inevitable collapse. The supply of buyers needed to sustain the upward thrust dried up, and there was a futile rush to get out. External and not wholly implausible explanations were available.

“Not the built-in culminating end of speculation but two especially vicious hurricanes from the Caribbean in the autumn of 1926 were held to be at fault. ...The responsibility for the debacle was thus shifted from man and his capacity for financial delusion to God and the weather....

“In 1925, bank clearings in Miami were over $1 billion; in 1928 they were down to $143 million.

“By 1928, the speculative mood and mania had shifted to the far less equable climate of lower Manhattan.”

Despite the chilling prescience of Galbraith’s description of the 1929 disaster, the events of the last few months are unprecedented in terms of recent history.

What is remarkable is the global nature of the financial crisis and the speed with which the degree of risk embedded in the financial system has unwound.

The result has been that some of the world’s largest financial institutions have failed or required dramatic government intervention or takeover.

In the US alone, the list includes:

- Lehman Brothers and Bear Stearns (both of which were larger than any Canadian bank),
- AIG (the world’s largest insurance company),
- Fannie Mae and Freddie Mac,
- Washington Mutual, Wachovia and most recently, Citibank.

There has been the corresponding failure of major banks and major mortgage companies in the UK and in Germany as well as the embarrassing collapse of the Icelandic banking system; Iceland thus becoming the first developed economy to seek IMF assistance in 32 years.
So what happened?

Hindsight is always much clearer than foresight, and so I believe it is easier to agree on the causes of the problems we are facing than on the appropriate remedies.

Why this all happened will undoubtedly be the stuff of many future books and dissertations. The financial pathologists will be poking through the entrails for generations to identify the pathogens, determining how they interacted and prescribing the cure.

And of course there is always the risk, indeed the certainty, that the remedy will precede the autopsy, as I believe was the case with Sarbanes-Oxley.

There were many causes for this crisis, and I will attempt to briefly discuss some of them.

What I find myself unable to do is to describe how each one of these causes affected or amplified others. Here are some of the causes that I see.

1. Global Trade Imbalance

In the world of lower and lower interest rates, there was an understandable desire to achieve higher yields through leverage.

This in part, at least, was caused by the global trade imbalance, especially between China and the US that saw Chinese capital funding the US current account deficit to the tune of about $3 billion a day, thus helping Americans buy Chinese manufactured goods while keeping interest rates low, financing further consumption.

So you had high levels of saving in emerging markets, and high levels of leverage in developed markets.

This state of affairs has been described as the financial equivalent of “mutual assured destruction”: emerging markets needed a strong US currency and low US interest rates to provide a market for their goods while maintaining the value of their foreign exchange reserves, Americans living beyond their means, over-leveraged and over-confident of ever-increasing asset values.

2. Disintermediation, or Funding Mismatches

Simply put, borrowing short to invest long was a factor.

In itself, this is not novel, as financial institutions have been ruined by this for generations.

It has been and remains one of the two primary focuses of prudential regulation of deposit-taking institutions.
If one were to cut through the 1,000 odd sections of the *Bank Act*, there is one that is at the core. It appears in Section 485.

“A bank shall, in relation to its operation, maintain

(a) adequate capital and

(b) adequate and appropriate forms of liquidity and shall comply with any regulations in respect thereto.”

The rest of the *Bank Act* is in furtherance of these two imperatives.

So, why did liquidity become an issue?

- There were financial players that did not have a stable deposit base and were not constrained by regulatory capital adequacy rules competing with those that did.
- There was a demand for credit that was greater than what could be supported by deposits.
- There were investment alternatives to deposits.

The money market provided lower cost funding than deposits. It was assumed that the money market/wholesale market would always be there to allow for rollover of maturing obligations.

Of course, there was no expectation of the “black swan” event of a concurrent global decision to stuff money under the mattress due to a loss of confidence.

Hence as a cause or factor, funding mismatch is not new and alone could not have wrought this result. It interacted with other factors to produce this crisis of global proportions.

**3. Leverage**

Those in the regulated space were competing for investor capital with unregulated entities. The various performance measures encourage risk-taking in order to allow apples to compete with oranges.

In addition, with the benefit of hindsight, we now know that the allocation of economic capital to certain risks was grossly inadequate, given the notional risk involved.

The capital structure of a bank is different from that of a near bank (like GE) or an investment bank. These are all different from the capital structure of a shadow bank like a hedge fund.

Yet they all complete for investor dollars.
So, returns were enhanced using leverage, as well as securitization. These were the financial steroids that made returns stronger, higher, faster. Perhaps unnaturally so.

It can be a thin line between boosting returns through leverage and starting to drink your own Kool-Aid. Or as they say, “never mistake a bull market for brains.”

When leverage turns against the institution due to losses or lack of liquidity, the vortex of the death spiral brings it crashing down. There is no glide path. It glides like a stone.

Of course, low interest rates made it cheap to leverage, and the enhanced returns that leverage provided produced an attractive return relative to more pedestrian investments — unadjusted for risk. While things were going well, it looked like brains!

4. Securitization

There is nothing inherently dangerous in securitization. Fannie Mae, Freddie Mac and CMHC have all securitized with benign results and the positive consequences of expanding credit.

But securitization is a facilitator of disintermediation. If the local bank can’t support demand for mortgages because it can’t raise either capital or deposits, it becomes necessary to bypass the bank and access the capital market, and more recently the money market, to support the mortgage or loan demand.

This has the benefit of meeting demand, permitting regulatory capital arbitrage in not requiring capital and improving returns using the “originate to sell” (rather than “to hold”) model, where the revenue was not the spread between deposits and mortgages but the fees earned in originating, selling and servicing the portfolio.

Of course, the sub-prime crisis itself at its core followed the pattern of other real estate bubbles.

Residential mortgages were made available for borrowers who would not normally qualify for them in order to advance the cause of home ownership as a policy objective (so-called “NINJA mortgages” — no income, job or assets).

The risk of non-payment was thought to be mitigated by the inevitable increase in value of the underlying real estate, just as was the case in Florida in the 1920s.

In addition to meagre qualifications for the borrower, the lender usually had no recourse against the borrower after seizing the property, even if the recovery was less than the outstanding amount of the unpaid loan.
Along with the expectation that real estate values would continue to rise, the problem was greatly magnified by the incentive to securitize loans, thus avoiding the need to raise and hold capital and to get the loans off the institution’s balance sheet.

As a result, lenders would have no skin in the game and normal underwriting criteria deteriorated.

Canada was spared a domestic sub-prime crisis because CMHC retains discipline by denying mortgage insurance coverage for mortgages that are not originated in compliance with its underwriting criteria for the property and the borrower.

5. Lack of Transparency

This became the hallmark of the financial steroids grounded in securitization, which moved assets off balance sheet.

However the structured products mutated to feed the need for higher returns. There was the regulatory capital arbitrage of off balance sheet, higher yields than the underlying assets (a sure signal of the existence of risk) and ultimately leverage.

The collateralized debt obligation (CDO or Re-Securitization) was the first toxic spawn of securitization.

Here the special purpose vehicles did not hold mortgages or credit card receivables but portfolios of asset-backed paper, the purchase of which was funded by securities that allocated the cash flow from the assets held to investors using a waterfall of priority from super senior to mezzanine to equity.

Instruments became even more complex when CDOs of CDOs (CDO squared) arrived.

Things moved from complex to surreal with the arrival of the synthetic CDO.

There the special purpose vehicle did not acquire a conventional financial asset. Rather it used the proceeds of the funds and money from investors to enter into a credit default swap (CDS).

The SPV would sell protection to investors against default on a particular name or index. The protection buyer may require the SPV to provide margin against the SPV’s obligation to pay on default.

The SPV would earn the stream of “premium” payments from the protection buyer and could invest the rest in safe assets to have liquidity in the event that it were called upon to provide more margin collateral or to pay under the protection that it had sold.

Or, as in the case of the Canadian non-bank commercial paper collapse, the SPV could lever the structure further by selling more protection to other counterparties until all the cash had been posted as collateral.
This works wonderfully until the special purpose vehicle that sold the protection is called upon either to post more margin collateral because its rating has been reduced, or the rating of the risk that it has insured is reduced, or has to make a payment because a default has occurred.

There is no money from which to make the payment. It is like writing fire insurance and then distributing the premium revenue to shareholders on the theory that there will never be a fire.

The lack of transparency is manifest in a number of ways. There is no way to know how many times something has been amplified, who bears the risk, the creditworthiness of the counterparties and how to value the structured products given that they are usually proprietary.

As Warren Buffet wrote in his 2002 Berkshire Hathaway annual report, these derivatives were weapons of financial mass destruction.

The complexity and lack of transparency made the job of the regulators very difficult.

6. Fair Value Accounting

The FASB 157 requirement to mark to market (M2M) had the laudable objective of increasing transparency by allowing investors to compare companies with confidence that their financial statements accurately reflected assets and liabilities.

The M2M model recognized that there are assets that are easy to value (Level 1), those that are harder to value (Level 2), and those that are really only able to be valued by reference to a financial model (Level 3).

The lack of transparency noted put the onus on management to value Level 3 assets. This was less of an issue when there were fewer Level 3 assets or when the assets were performing within the parameters of the model on which they were conceived.

Once events moved things outside the box, valuation based on the model became almost impossible. As the perfect storm hit, assets were sold on distress terms to generate liquidity, forcing down value and sparking the death spiral.

There has been and continues to be an active controversy as to the pro-cyclical impact of M2M.

7. Regulatory Oversight

The crisis has been blamed, in part, on the failure of regulation or lack of regulatory oversight. I believe that is a bit of an overstatement. But it was an amazing admission on the part of such free marketers as my former colleague, Alan Greenspan, that markets cannot always be relied upon to act in an appropriate fashion.
Here’s the exchange between Chairman Greenspan and Congressman Waxman:

*Mr. Greenspan:* I made a mistake in presuming that the self-interests of organizations, specifically banks and others were such as that they were best capable of protecting their own shareholders and their equity in the firms...

*Chairman Waxman:* In other words, you found that your view of the world, your ideology, was not right, it was not working.

*Mr. Greenspan:* Absolutely, precisely. You know, that’s precisely the reason I was shocked, because I have been going for 40 years or more with very considerable evidence that it was working exceptionally well.

Note that it is not a question of markets behaving rationally.

What happened was entirely rational if you accepted the premises upon which the market excess was based.

The market, however, failed to price the risk that had built up in these very opaque financial instruments and did not compensate or mitigate as one would expect, comforted by the judgments of the rating agencies.

It has never been the role of government to protect market players from the consequences of their own risk-taking. That is the essence of the principle of moral hazard.

But government does sometimes have to protect innocent bystanders, and it is the role of government to be the custodian of the macro-economy, for better or for worse.

The crisis has highlighted some flaws in the current regulatory structure in the United States and elsewhere.

The first observation that I would make is that we have a global financial system, but its supervision is at the national level. This is one of the issues confronted by leaders at the recent G-20 meeting in Washington.

In the United States, the regulation of financial markets is literally all over the place.

Some banks are regulated by the Fed, some are regulated at the state level (and in some cases the state level regulation is minimal).

There is no federal regulation of insurance companies that are unevenly regulated at the state level.
The crisis has highlighted the need to redefine regulatory responsibilities. There is great enthusiasm for single regulators, like the FSA in the UK. But as the Northern Rock failure in 2007 showed, there are limits to what even a single regulator in the British model can do.

The crisis also disclosed that the regulators had oversight only over a part of the financial market.

Clearly there is a question about regulatory gaps arising from heretofore unregulated parts of the market, like hedge funds and other parts of the shadow bank sector, as well as credit default swaps.

I think the key regulatory lesson we are struggling to learn from this is how to address systemic risk, as opposed to risk related to individual institutions.

The US government’s response to the crisis illustrates the extent to which the current regulatory structure is outmoded in a global financial system — and, for me, raises some serious questions about what the operating principles of the government’s response have been.

Specifically,

- Lehman Brothers was allowed to fail after Bear Stearns was saved;
- AIG — world’s largest insurance company — was not allowed to fail per se; the Fed stepped in, and continues to step in, even though it doesn’t regulate AIG;
- Wachovia was forced initially into the arms of Citibank (since bailed out as well) and then acquired by Wells Fargo;
- Washington Mutual was seized by federal regulators and sold to JP Morgan for $1.9 billion. Apparently WaMu’s Board of Directors and CEO were unaware of the seizure or the deal until it was a fait accompli. Common and preferred shareholders, as well as apparently most WaMu bondholders, will receive nothing.

In examining the consequences for the stakeholders of Bear Stearns, AIG, Lehman and WaMu, as well as Citi, it clearly was the use (or non-use) of government authority and support that produced vastly different outcomes for the various stakeholders of each enterprise.

Looked at from this perspective, the question is not whether government support should also have been provided to Lehman (by the way, I think it ought to have been).

Rather, the key question is whether there is any logic or coherence in the approach taken by the United States government in each of these cases.
So, support was used in Bear Stearns and Citi to produce a very positive result for their stakeholders, used in WaMu and AIG to produce quite negative results for WaMu and AIG stakeholders and not used at all in Lehman.

Does anyone know what rationale drove these differences?

Consistent, transparent, non-arbitrary application of specifically and legally authorized government power has been missing throughout the piece. Rather, it appears there has been a selective and perhaps arbitrary use of government authority.

Quite apart from the moral hazard implications of the bailouts, I am forced to wonder about the fairness of the vastly different results for various stakeholders of the companies and how much those outcomes deviated from customary legal outcomes?

In other words, does an apparent motivation to save the financial system as a whole justify picking winners and losers when the authority of government was not specifically granted in law to do so?

I suspect the stakeholders of Lehman, AIG and WaMu may not think so.

With Secretary Paulsen’s decision to use the proceeds of the 700-billion USD bailout package for purposes quite different from that proposed to Congress, the appearance of “ad hoc-ery” is further accentuated at a time when confidence is already shaken.

That said, I have to admit that every crisis has its stages. In the early stages, the challenge is to define the scope of the crisis. Necessarily responses are ad hoc and in retrospect may not be appropriate once the scope is defined. This is not a house fire — it is “The Great Fire.”

The initial reaction should be and was to call the fire department and start pumping water, not to plan to build new fire stations.

The Emergency Economic Stabilization Act 2008 was signed into law on October 1, 2008, providing for the $700-billion Troubled Assets Relief Program (TARP) that was to be used to purchase toxic assets from affected institutions.

Few assets were purchased.

The program morphed to accommodate a Capital Purchase Program (CPP). Under CPP, $125 billion in capital was forced on eight financial institutions. Others were encouraged to apply.

Most recently Treasury has gone back to TARP, and on November 23, 2008, agreed to a “good bank-bad bank” proposal for Citibank under which Citi would get $20 billion more from CPP, absorb up to $29
billion in losses on a $300-billion plus financial portfolio and TARP would pick up losses on the portfolio over and above that.

The issue here is appearance of a lack of a steady hand on the tiller with the rescue package lurching from one direction to another in response to the Gordon Brown/European approach of recapitalization and then back to acquiring toxic assets.

The issue remains one of applying the rules, however.

In any financial crisis there will always be the appearance of arbitrariness and picking winners and losers.

One of my McCarthy colleagues tells me he views this as triage. There is a hospital and all patients are seen.

The reality is that for some patients there is not much that can be done. This may have the appearance of arbitrariness but if it is administered under the umbrella of the rules there is not much flawed in the approach.

The reality of “too big to fail” is more compelling with Citibank as relates to systemic risk than say with the large S&L Indy Mac.

Perhaps of greater concern are the seeming swings back and forth in choosing the appropriate treatment for the patient. One day the message is: take two aspirins and call in the morning, the next day the same doctor insists upon an immediate transplant operation.

That is more undermining of confidence than is deciding which patients get treatment.

The situation in Canada has been quite different to date, as our financial institutions have been largely spared the worst consequences of the financial crisis. But this is a global virus, and we should not assume that because we are more resistant to it, that we can escape it entirely.

I believe the steps taken so far by Minister Flaherty and Governor Carney to improve liquidity have been appropriate so far.

But the Minister should not be sanguine. Since the report of the IMF landed on his desk recently, stating that Canadian financial institutions were the world’s most sound, most developed countries have made their government balance sheets available to their financial institutions.

In an industry where cost of capital is key, a different outcome could follow quickly if the IMF were now to renew their analysis of the relative strength of the world’s financial institutions.
Furthermore, we must have realized by now that we are coping with broad systemic failure. A bank that looks sound one day seems to need assistance the next. Just think back to Royal Bank of Scotland and more recently, Citibank.

If more drastic action becomes necessary, I would hope that the Canadian government would avoid the lack of consistency and transparency that we have seen in Washington.

When there is a lack of transparency, it is not surprising that investors and depositors assume the worst. The Finance Minister’s comment, during the election, that he had insisted that two Canadian institutions obtain additional capital was not a helpful intervention.

It came at a point in time when Canadians were not worried about the health of their institutions and could have had the effect of undermining rather than enhancing confidence, particularly as it is not known to which institutions he was referring.

In Canada, most large deposit-taking institutions and most big insurance companies are regulated federally, however, as we all know, there remain 13 different jurisdictions for capital markets.

Given recent events, and the persuasive legal opinions that I received as Finance Minister from the “Wisepersons’ Panel” chaired by Michael Phelps, to the effect that capital markets regulation was within the federal government’s trade and commerce power, the federal government is right to consider moving to regulate Canadian capital markets.

Such a move would be consistent with the many calls for reform that have emerged in the course of this ongoing crisis.

On the national level, there are those calling for the integration of regulation of financial institutions with regulation of capital markets — debt and equity — and of capital market participants.

Britain took this step in 1997 when they redesigned their regulatory structure and created a single supervisory body, the Financial Services Authority.

Even then, the UK rules were inadequate to deal with Northern Rock. There was no equivalent to the right CDIC has in Canada to take control to the exclusion of shareholders and deal with assets.

It was only on October 7th of this year that a bill was tabled in the Commons providing these powers to the British government.

Minister Flaherty announced last week that these powers would be further enhanced in Canada and accompanied by a power to implement a Capital Purchase Program here.
On the international level, Prime Minister Harper called at the G20 for an oversight of national regulation.

Others have suggested an early warning system, perhaps through the IMF, and greater harmonization of rules, international accounting standards, and similar standards in relation to transparency, disclosure and risk management.

**Additional Regulatory Changes**

In addition to reform of regulatory structures, I would anticipate specific measures aimed to address some of the perceived underlying causes of the crisis.

For example, expect that the originator of financial assets will not be permitted to walk away from risk entirely through securitization.

The sub-prime mortgage crisis would not have been of the same magnitude had mortgage underwriters not been permitted to transfer entire risk immediately.

Humanity has, I suppose, thousands of years’ experience with money lending and borrowing. Perhaps never before in human history have the consequences of non-payment been so modest for borrowers (I’m thinking non-recourse, NINJA mortgages) or for lenders, who have transferred risk to an investor whose due diligence consisted of relying upon the assurance of a rating agency.

The response to this will likely be to require lenders, or any participants in repackaging transactions, to retain some of the risk.

Also under consideration is a trading system for credit default swaps and increased transparency.

In the case of complicated derivatives and credit default swaps, it is virtually impossible to assess risks. And so it has been proposed that a central clearing house for credit derivatives be established, the intent of which would be to reduce counterparty risk.

New regulations would also increase transparency in derivative transactions so a purchaser will know exactly what is being traded.

Next, I think everyone agrees that the use of rating agencies will have to be completely re-evaluated and regulation of rating agencies will have to be considered.

Former Bank of Canada Governor David Dodge made a strong case recently for review of accounting rules with respect to financial institutions, where mark-to-market has caused many institutions to wonder whether their financial statements were overstating their problems.
In addition, Mr. Dodge has suggested that the Basel 2 regulatory approach may need another look due to the pro-cyclicality that it brings to the practices of financial institutions.

Finally, exit strategies for the public sector from financial system ownership need to be developed.

**Impact on the Real Economy**

So what about the impact on the real economy?

I think there is little doubt that we face a very challenging time in the months ahead. We already have statistics that are showing everything from collapsing consumer confidence and retail sales, to falling commodity prices and prices for bulk shipping around the world.

I believe that for the next 18 to 24 months, de-leveraging in both the corporate and household sectors will inhibit much expansion in North America and this will have an effect globally.

Undoubtedly, governments will resort to fiscal policy to mitigate the slowdown, but there is a limit to what these measures can achieve in the face of a psychology of fear and caution that has overcome consumers and investors alike.

But I believe that this is also a period of opportunity.

Some adjustments were necessary, in terms of expectations and management of natural resources.

The psychology of greed and over-consumption that had overcome common sense had to end, and the outcome will be that good firms, properly financed, will become great.

It is noteworthy that Canada’s five largest banks are now in the top 10 in North America.

But let me take you back to Galbraith. He concludes his short treatise with these indisputable if sobering words of wisdom:

“No one concluding an essay such as this can expect to escape the questions: ‘When will come the next great speculative episode, and in what venue will it recur — real estate, securities markets, art, antique automobiles?’

“To these there are no answers; no one knows, and anyone who presumes to answer does not know he doesn’t know. But one thing is certain: there will be another of these episodes and yet more beyond.

“Fools, as it has long been said, are indeed separated, soon or eventually, from their money.
“So, alas, are those who, responding to a general mood of optimism, are captured by a sense of their own financial acumen.

“Thus it has been for centuries; thus in the long future it will also be.”

Thank you.
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