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## **The Incessant Pursuit of Protecting “Us”**

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In the throws of the worst recession since WWII, government has stepped in to help with economic recovery, and to prevent future financial crises. While worthy and noble, can we afford government to protect us from everything? Is the goal avoiding future financial crises realistic? I argue no. In this article, I'll address the Financial Reform Bills, and share some insights.

1. You can put up all the signs you want but you can't outlaw “stupid” – Two of my favorite ‘warnings’ are “Light and get away” (label on Black Kat firecrackers) and “Tunnel Ahead... Burn Your Lights... Remove Sunglasses” (series of 3 roadway signs in the Blue Ridge Mountains).
2. Risk-taking is the essence of the American spirit and the core of capitalism. It is the catalyst that drives our society protecting freedoms, spurring economic growth, promoting technological advancements, and enhancing quality of life. It absolutely has its shortcomings; and in a very complex world, breakdowns can be both catastrophic and have far-reaching consequences.
3. Elimination of risk in the financial markets is an impossible task. Its pursuit brings about its own dangers. Bear markets/melt-downs/bubbles are inevitable. They are as common as dirt, and as discussed by many experts, come about every 5 – 7 years as investors exhibit irrational behavior, speculate, lenders ease credit, regulators become lax, panic develops and crash ensues. They are a natural cleansing process as excesses are removed and wealth returns to her rightful owners. And this isn't the first, nor the last when angry mobs demand the Iron Hand's protection. But more and bigger government? Greece is a prime example of where unsustainable government spending (and entitlement programs) has put a country on the path to financial ruin.
4. Key components of desired and ‘healthy’ Financial Reform:
  - Eliminate “too big too fail” – Cap the size of banks and cease taxpayers' burden of loss
  - Reinststitute Glass – Steagall provisions, and separate investment banking, asset management, and commercial banking. That would help eliminate the dangerous over-leveraging that recently occurred.
  - Fix what we got before creating more watchdog agencies – Fannie and Freddie have escaped reforms (e.g. Have you seen them in Toyota-like ads “we're addressing the problems?”). We're already on the hook for some \$125 billion and loss limits were removed. And now, a proposed Bureau of Consumer Financial Protection?

The “will of the People” faces two big challenges – the politics of election season and some 1,800 to 2,500 lobbyists attempting to influence Congress (that's over 3 to 1). We can only pray for good makeup reconciliation as the Financial Reform Bills work through committees.

In closing, I share a recent conversation with a warrior of battles years ago and miles away. He reminded me of the origins of Memorial Day. It is a day sacred to all veterans and is dedicated to honor Americans killed in war – those who gave the ultimate sacrifice for us. Please take a moment for remembrance.