

Consumer Finance Monitor (Season 4, Episode 27): A Discussion With Special Guest Thomas Vartanian, Author of the Recently-Published Book, “200 Years of American Financial Panics: Crashes, Recessions, Depressions, And the Technology That Will Change It All”

Speakers: Alan Kaplinsky, and Tom Vartanian

Alan Kaplinsky:

Welcome to the Consumer Finance Monitor Podcast, where we explore important new developments that are of concern to the consumer financial services industry and to consumers and policymakers. I'm Alan Kaplinsky, and I'll be moderating the podcast today. And I'm with Ballard Spahr. I have a very special guest today who has been on our program one other time about a year or so ago. And a very important thing occurred with respect to the guests that I'm about to introduce.

Alan Kaplinsky:

And namely, he published a book entitled 200 Years of American Financial Panics: Crashes, Recessions, Depressions, And the Technology That Will Change It All. The book is available, of course, on Amazon. And it's already had a printing that is sold out, and I would strongly encourage you to go online and to purchase the book. And hopefully, we're going to whet your appetite today for wanting to get the book because we're not going to be able to cover everything in the 400 pages of the book. But we're going to try to cover what I consider to be the highlights regarding the book.

Alan Kaplinsky:

So without further ado, let me introduce our special guest. And our special guest is Tom Vartanian. I've known Tom for decades, and he has been involved in US financial services since 1976. Throughout his career, he has represented parties in 30 of the 50 largest bank and S&L failures in the country. He served in the Reagan administration as General Counsel of the Federal Home Loan Bank Board and the Federal Savings Loan Insurance Corporation during the S&L crisis.

Alan Kaplinsky:

And before that, as special assistant to the Chief Counsel at the Office of the Comptroller of the Currency during the Carter administration. He was chair of the American Bar Association Cyberspace Law Committee between 1998 and 2002. And between 1983 and 2018, Tom chaired the Financial Institutions Practices at the law firms of Dechert and also Fried Frank. After retiring from the practice of law, he became the executive director of the Program on Financial Regulation and Technology at George Mason University Scalia Law School, where he was also a professor of law.

Alan Kaplinsky:

He's been an adjunct professor, teaching banking and financial technology law at Georgetown, George Washington, and Boston University Law Schools. And he's been a guest lecturer at Harvard Law School. And his articles, and most of them are op-eds, have appeared in numerous publications around the world, including the Wall Street Journal, The Hill, the Washington Times, and the American Banker. So Tom, again, a very special and warm welcome. And I thank you for joining us today to talk about your book.

Tom Vartanian:

Alan, thank you very much. And let me just say thanks to you, thanks to Ballard Spahr. You and I have known each other for, as you say, decades. And I think we've now dated ourselves with your introduction of me, and I have enormous respect for you and what you and the firm have been doing. And I really appreciate you inviting me to participate in this.

Alan Kaplinsky:

Yeah, well, the topic that you talk about in the book when I... first of all, I saw what you were writing. I was saying, "Well, what's the connection to the consumer finance? Because that's what we talk about on our podcast." The thing is, it's got an intimate connection to consumer finance. A lot of the things that you talk about in your book, the recessions, depressions crashes, practically all of them are intimately connected to consumer finance.

Alan Kaplinsky:

So let me talk about... let me ask you some questions, Tom, about what you've covered in the book and really is a compelling story. If you're a historian, you're going to want to read it. If you're at all connected to banking, you're going to want to read it or technology. It's really got it all. You said that the United States has had 10 financial crises in the last 200 years, more than any country other than Argentina and that the government policies have contributed to or cause these crises. Can you tell us what policies do you have in mind?

Tom Vartanian:

Yeah, it's a pretty frightening thing when you start to understand that the United States has had more financial crisis than almost every other country on the planet. And when we compare ourselves to Argentina in that regard, it's probably not a great comparison. And so, I started looking back at my own experience. And let me tell you how this started because this book's been in the making for about 40 years.

Tom Vartanian:

In March of 1981, I was sworn in as general counsel of the Federal Home Loan Bank Board. And I sat down with Chairman Pratt for our first briefing in that month in 1981, and I'll never forget this. David Taylor, who was the head of supervision and enforcement at the Federal Home Loan Bank Board, walked into the room with a black binder and gave us our first briefing on the state of the savings and loan business in 1981.

Tom Vartanian:

And what he said effectively was that in the next 24 months, at interest rates, which were at that time in double-digit range. When I was sworn in, I remember that the six-month T-bill was about 14.5 to 15%. And David Taylor told us that in the next 24 months, they have scheduled every single one of the 4,500 savings loans in the country to fail in that period of time at that interest rate scenario. And so I sort of thought... started thinking about what I had heard about the savings and loan crisis up until that point and about the allegations of fraud and mischievousness and criminality and just negligence. And I said to myself, "It's impossible that 4,500 institutions under the watchful eye of federal and state regulators are all failing at the same time. That's not fraud. That's not negligence. That's a systemic problem."

Tom Vartanian:

And I came to understand that, of course, it was the government that created the savings and loan crisis back in 1966 when they got the ball rolling with Regulation Q. And then permitted them only to make 30-year fixed-rate mortgages. And then the states helped out with usury laws that effectively kept them somewhere between six and 8% for those 30-year fixed-rate mortgages.

Tom Vartanian:

So in 1981, the average thrift was paying its depositors 5.5% in a 14 to 16% environment and earning 7.5% 30 year fixed on those mortgages, right. So they had no liquidity, and they couldn't sell the mortgage to get liquidity without their portfolios without failing because they would take a 50% haircut on all of those mortgages when they sold them in that environment. That had nothing to do with the savings loans did because the savings and loans did exactly what they were required to do by the law.

Tom Vartanian:

So I asked myself over the years, "Have there been other instances where the government has sort of created a financial crisis, and how does it do it?" Well, the most interesting thing that I found is the intermingling and intertwining of politics and economics, right. There's always an urge for politicians in the Congress to sort of tinker with the economy to make it do something socially, to make it through something that is not economically based, right. And sometimes it works. Sometimes it does it. And if you go back in 1819, there was a barrage of tariffs that the president enacted, which caused economic havoc. In 1937, Andrew Jackson decided he only wanted to sell federal land for gold, right.

Tom Vartanian:

And he undercut the currencies that were in place at that time, including banknotes. In the 1920s, the 1970s, or the 2008s, the government, each time leading up to the depression, the savings and loan crisis from the 2008 crisis, decided, "We need to increase homeownership in America." And that trend and that political influence eventually led to crisis in the 1920s, the 1980s, and, of course, the great financial crisis in 2008 related to subprime lending. And so every time you see the government sort of intervene in markets that don't like intervention and don't like uncertainty, what happens is much like a black hole, distorts a time and space. What they're doing distorts the markets. And that's when unusual and difficult things happen.

Alan Kaplinsky:

Well, let me ask you this. We had just gone through a recession, and I think this may be the only recession or downturn that wasn't a result of something... some bad decision made by the government. Would you agree, or do you think the government even played some nefarious role here?

Tom Vartanian:

Yeah, I'll tell you, I speak to this in the book because the book is relevant up to December 2020, because I was able to keep updating it when my publisher was closed because of COVID-related problems. So it's relevant up to 2020. So I got through the crisis of 2020. And my analysis of that is largely, I think you can't blame the government for causing the crisis, the financial crisis in 2020, and whatever we have in 2021. It was created by what I identify as the sixth element in causing financial crisis. And that is unanticipated events, right. Great fires, great earthquakes. Here, a great pandemic. But the interesting thing about it, and I compare this to how we regulate financial services, is if you're paying a government to set up a structure, what are you paying that government to do? Are you paying them to micromanage your life on a day-to-day basis or to deal with and be prepared for crisis?

Tom Vartanian:

My view is you really want to deal with the big stuff, right. You want to be prepared for the financial crisis for the financial pandemic. And where I blame the government here is that notwithstanding all of the planning and all of the thought that went into all of the prior viruses and flu epidemics that we had. We seem to be completely and totally unprepared for this. And what I say in the book is that's exactly what's happened to every financial crisis since 1819.

Tom Vartanian:

We have been completely unprepared for them, except for the fact that in the COVID financial crisis, the Fed was prepared because it rolled out exactly what it rolled out in the 2008 financial crisis, right. But other than that, we're always unprepared.

And if you say to yourself from a point of view of the consumer and a taxpayer, "What am I paying the government to protect me for?" Right. It's got to be, to be prepared for these kinds of enormously dislocating events. And time and time again, we are not prepared for these kinds of events.

Alan Kaplinsky:

Yep. Yep. So let's move on to something else that you say in your book, Tom. You've said that, "The United States doesn't need less regulation. Instead, it needs smarter regulation." What do you mean by smarter regulation? In the area of consumer finance, which is the focus of our podcast. Can you provide some specific examples of what you would consider to be a so-called smarter regulation?

Tom Vartanian:

Right. It's a great question, Alan. So I think that what I've seen in my 45 years and what I've researched in the other 160 years that I was looking at is that with all good intention, we end up regulating the wrong things at the wrong times for the wrong reasons. And in my experience, what's happened is when we should be sort of moving forward with regulation, we're stepping back. And when we should be stepping back, we're moving forward. We just can't seem to get it right.

Tom Vartanian:

And what I talk about in the book at some length is changing to a system of smart regulation. And frankly, from my point of view, the first and foremost thing that I would do from the point of view of consumer and consumer protection is to focus not on more micromanaging regulation, because I started my career as the lead attorney on Reg Z at the Office of the Comptroller of The Currency. I can tell you when I see a disclosure that's not 10 point type. That was my life for a number of years.

Alan Kaplinsky:

You started as a consumer financial services nerd.

Tom Vartanian:

Yeah, absolutely. I did Reg Z, Reg Q, HUNDA, RESPA, and that was my job at the OCC handling all the consumer complaints. And what occurred to me very, very quickly in that process was we spend an enormous amount of money trying to build a system that, at the best, is not going to be protective of everyone all of the time, right. And we spend almost nothing on financial literacy in this country. And if it was me, I would've spent all of the money in the last 45 years that we've spent not writing regulations, not building agencies, not creating miles and miles of interpreted rules on regulation. I would've spent it on financial literacy in this country. Because when you hand people and you give people the ability to understand their financial lives, they will be able to protect themselves a lot better than the government can protect them.

Tom Vartanian:

Because when I was doing this at the OCC, I knew I couldn't put a regulator on the shoulder of every consumer and every transaction. I could arm them, perhaps with greater financial literacy, but we just don't focus on that aspect. And what's happened when I've seen in 45 years is we have made no progress whatsoever on financial literacy. And therefore, I think from the point of view of consumers have regulated about as dumbly as we possibly can. Now, from the point of safety and soundness, when I talk about smart regulation. And this also runs to the benefit of consumers because the safer and sounder the system is the better-positioned consumers are going to be. But let's just go through a few of the points I make. Number one, my goodness, in the 21st century, we have to be regulating on a real-time basis.

Tom Vartanian:

You and I know how the system works, right. It's always looking backwards. The examiners come in, and they say, "We're going to do your examination. Tell us what you've been doing the last two years." And then they take a year to then tell you

where you were three years ago. We live in a real-time environment with the velocity of change, and the velocity that money moves says, "That system's got to change." Number two, we never look at the cost-benefit analysis of anything that we're doing. I think that is malfeasance. I've said this about Dodd-Frank. Before Dodd-Frank was enacted during its debate and during its enactment, and since the enactment of Dodd-Frank, no one in the government has ever done a cost-benefit analysis. So here we are passing rules, laws, and regulations. We have no idea whether they're going to help the economy and hurt the economy in the long run.

Tom Vartanian:

And two other points. Number one, I think we need to move to a more principle-based system rather than a rules-based system, right because rules are great for lawyers. Because if you have rules, you need lawyers to interpret them, and the lawyer will come up with a bunch of loopholes. When I was at the OCC, it was a principle-based system that was being run there. The OCC had only 200 pages of regulation then. They've got 1200 pages of regulations now, right. 200 pages of regulation and 125 of those pages were devoted to the investment securities that a national bank could buy.

Tom Vartanian:

So there were really 75 pages of regulation. And what the great supervisors at that time, Paul Homan and others, and I worked for John Heimann when he was comptroller. They would say, "We don't need rules and regulations to regulate. We have our judgment. We know what unsafe and unsound activity looks like. We're going to go in and talk to the bank about it. We're not going to write a rule that they can meander around or hire lawyers to say that rule doesn't apply."

Tom Vartanian:

And what we've done is we've changed the system to a very sort of static definitional rules and regulation system that doesn't make any sense. So the last thing I would say about all this is why are the regulators not using technology to regulate? Why are they just sort of looking out and saying, "Hey, institutions, when you use technology, we want you to be safe and sound."

Tom Vartanian:

Fundamentally, if the regulators, and I say this in the book. And I explained pretty, pretty much in detail, how this could have happened. If the regulators had a big data set that had been compiled based on financial information, economic information, Democrats... demographics from 1960 on. And they had been running algorithms and artificial intelligence against that big data. I would bet you, I would bet you, they could have anticipated the 2008 crisis years before it arose.

Tom Vartanian:

They would've seen predictive scenarios out there that they could've dealt with. And why we're not doing that. I don't know. But that's part of smart regulation. That is making the regulators smarter by giving them the technology to help them do their jobs.

Alan Kaplinsky:

Yeah. So I just want to get back to the principle-based regulation stuff for just a moment. Back in January of... I guess it was a year ago, there's a CFPB had formed a task force on Federal Consumer Financial Law actually led by your former colleague, professor Todd Zywicki. And they also, in their report, came down on the side of principle-based regulation. Is that... are you talking about the same type of thing, or is what was said in that report different than what you would advocate?

Tom Vartanian:

I think Alan, a principle-based regulation is a little like pornography. "Everybody's got their own definition, but you know it when you see it."

Alan Kaplinsky:

Yeah.

Tom Vartanian:

Which was the famous quote from the Reagan administration. But let me go back a little bit. And I do think that Todd, who is a terrific, terrific expert in this area, Todd Zywicki was on the right path here. And that is principle-based regulation basically goes back to the United Kingdom, Britain. And it was even in full glory in 1981 when I visited there as General Counsel of the Federal Home Loan Bank Board. I met with the exchequer, who was then the Principal Financial Regulator in Britain. And I said to him, "I don't see any rules and regulations in your system. How do you handle problems?"

Tom Vartanian:

And he said, "Well, when we see a problem, we go out, and we visit with this chief executive officer. And we tell them that we don't think this is a very gentlemanly or very appropriate thing to do, and we work it out. And if we work it out, it's done efficiently and effectively. And if they don't agree with us, then at the at the end of the day, we've got the ultimate authority to remove management, to remove the board of directors, or you've been the institution."

Tom Vartanian:

And I used to say to myself, "As all these rules and regulations were being written, if you can, as our regulators can, if you can remove the board, you can remove management, and you can close the institution or put it in conservatorship. What other regulations and power do you need?" Right. And so, I thought from that point on that the principle-based approach, which the comptroller was using at that time too, was the most efficient and effective approach.

Tom Vartanian:

Now I understand there are some out there who say, "Well, that gives enormous discretion to the regulators and the examiners," And I understand the problems with that. But my answer to that is we've got to upgrade the regulatory side too. And there's a few parts to that. Number one, we have got to figure out how to take politics out of financial regulation. It's just a very damaging and very, very pernicious thing to deal with on a day-to-day basis, right. Number two, if we want a solid financial regulatory system, I think the easiest way to do that is not to pass 2,500 pages of statutes and regulation. I think the best way to do that is to have the best damn regulators in the world. And how do you do that? You pay them, right.

Tom Vartanian:

So I would increase the compensation of every financial regulator to a market salary. What can you get at Goldman Sachs? What can you get at the Bank of America? That's what we ought to be paying our examiners. And frankly, if we did that, these people would stay there for 20, 30, 40 years, and we'd keep the expertise that we're building. As opposed to training people who then go out to Goldman Sachs and Bank of America and work for them. So, what do you want to do? Do you want to pass statutes then make more rules? Or do you want to build the system from the inside?

Alan Kaplinsky:

Yeah. So let me ask you this, Tom. You spend part of your career at the Comptroller of The Currency. You studied that agency quite thoroughly. I recently had as my guest on our podcast show a journalists by the name of Carter Dougherty, who you may know of. He had authored a couple of op-eds advocating that the comptroller's office be abolished and that anything that the comptroller does could be done by the FDIC. That there's no need for a... to have two agencies, actually three agencies. You've got maybe four. The Fed. You got the NCUA that deals with credit unions. Do you think we have too many federal regulators? Would you advocate merging any of them?

Tom Vartanian:

I think we've got too many federal regulators and too many state regulators. And the problem with that is when you have so many regulators, nobody's in charge, right. And everybody blames everybody else, right. So what I have suggested in the book comes from my 40 years, 45 years of experience. And that is, I understand the benefits of the dual banking system. I understand the benefits of knowing... not having one financial regulator with all the power.

Tom Vartanian:

But I also understand the detriments and the disadvantages of that. And what I have suggested is the following. You build, you take the Comptroller of the Currency's Office, which has the preeminent bank regulators regulating the largest financial institutions in this country on a day-to-day basis. It's not the FDIC, I'm sorry. It's the Comptroller of the Currency's Office. Why you take them, you turn that into a federal banking commission.

Tom Vartanian:

You take from the FDIC their bank supervisory role. You give it to that federal banking commission with five commissioners, and you can put the Vice-Chair for Supervision of the Fed on it. You can put the Deputy Secretary of the Treasury on it, the Comptroller of the Currency, and then two at large, whatever the case may be, or the FDIC chairman. But you can populate that in a way that works. So you make the FDIC a receiver agency. That's all it should do. It should be the insurer and the receiver. It doesn't need to regulate. At the same time, it makes no sense to have. And I know the Fed's arguments about this because we've all heard them. It makes no sense to have the Fed being a bank regulator. It just would create redundancies and arguments and fighting for turf among federal regulators.

Tom Vartanian:

I would put that with the Federal Banking Commission, and I would make the Fed the Federal Reserve in terms of monetary policy. And the Federal Reserve Bank should lend to constituent banks without also being their regulator. I mean, think about the conflict that's there when the Federal Reserve Bank is your regulator, your supervisor, and your lender. And the major institutions in the district sit on the board of directors of the Federal Reserve Bank. I mean, we can do better than that. And I don't think the Fed needs to be in bank regulation.

Tom Vartanian:

It needs to be in monetary control. And as I said, it can have the Vice-Chair for Supervision sit on the Federal Banking Commission. Now that would effectively make the system more streamlined. It would focus decision-making. And it would not, however, deal with the other problem that we have growing here in the last 30 years since we've had banks go national in scope. Is what do you do with the conflicts between state and federal regulation?

Tom Vartanian:

I would think that we have to rethink the dual system of banking. Is it a good system? It's a great system. Is it the only one in the world like it? Absolutely. That tells you something. There's no other dual banking system in the world, right. But we ought to rethink it in light of where we are today. For example, you know this as well as anybody on this planet. When a nationwide mortgage lender bank gets up every morning and turns the lights on, its got to satisfy probably seven or eight federal regulators and 50 state regulators.

Tom Vartanian:

And in those 50 states, there may be the Commissioner of Banking, the Consumer Protection Agency, and the Attorney General, right, of that state. All of whom have jurisdiction over you. And so you turn on those lights, and you've got to satisfy every day, somewhere between 100 to 200 different, at a minimum, financial regulators throughout federal and state systems. That makes no sense.

Tom Vartanian:

And the last thing I'll say on this issue is, I defy anybody to tell me the public policy benefit of having the states sue the comptroller for jurisdiction over Fintech's and the rest of that. I mean, that's just not a good use of public money to have our regulators fighting over jurisdiction, right. We have to come up with a system that makes a lot more sense. And until we do, we're going to have massive regulatory confusion. And massive regulatory confusion creates a massive uncertainty in the financial markets, and that's not good. And it always-

Alan Kaplinsky:

Enormous costs, right.

Tom Vartanian:

Enormous costs. Think about the cost that turn on the lights every morning in a financial institution. Who's paying that cost, Alan? We know who's paying that cost. It's not the shareholders. The shareholders are going to get their return one way or another, or else they're not going to be shareholders. It's the consumer, right. The consumer is paying for all this regulation.

Tom Vartanian:

People say to me all the time, "Well, wait a minute. Why are you saying there's so much bad regulation and so much costly regulation? Look what the banks are making?" That's not the test. That's a zero-sum game. The banks are going to make the money they have to in order to attract the capital. You can't attract capital by not making money. And the regulators say you have to have high capital. So who's going to pay the price? The price is going to be paid by the consumers for all this regulation.

Alan Kaplinsky:

So what do you do? The one regulator you haven't mentioned yet is the CFPB. Was that a bad decision that Congress made in 2010, I think it was, in Dodd-Frank.

Tom Vartanian:

I don't think it was a bad decision. I think Dodd-Frank did a few good things. One was the CFPB, I think, dealing with derivatives and synthetics and setting up exchanges for commodity trading. And all of that was a good thing. I think there was an enormous amount of unnecessary regulation in Dodd-Frank because much of it was redundant and duplicative. But I think that the CFPB does play a role because, frankly, if you said... I was the Consumer Protection Advocate at the Comptroller of the Currency, right.

Tom Vartanian:

And what we were doing was basically sort of thinking... and you couldn't escape this. You were thinking about consumer protection from the point of view of safety and soundness of financial services companies, right, and trying to balance that all the time. I think it's not a bad thing to have, for example, the SEC that doesn't think about that when they're doing securities disclosure to have a consumer protection agency that thinks about just the consumer, when they're doing what they do, rather than the safety and soundness of the financial institutions. Let the bank agencies think about that.

Tom Vartanian:

The problem I think we have is what I said a few minutes ago, is we end up creating agencies that kept politicized, right. So doesn't make any sense to have the CFPB going a hundred miles an hour left for four years and then a hundred miles an hour right for four years because it's impossible for institutions to live in an environment like that that's so uncertain. So if we can build some stability in that kind of structure and get the politics out of it, I think it'd be a great thing.

Alan Kaplinsky:

Yeah. But let me push back, though. I guess I was a little surprised to hear you say that the CFPB was a good idea. Most of what the CFPB does... Not most, but a large part of it is rules-based regulation, which you advocated against. Tom, regulations is... they do three things. Regulate. They supervise and enforce. They're also, by the way, supposed to be involved in financial literacy and teaching consumers. And I honestly don't think they've done a very good job in that area. That's not been the emphasis. They don't get the big headlines in the New York Times or the Wall Street Journal if they have some terrific financial literacy campaign. So how do you reconcile your view, Tom, that rules-based regulation isn't the way to go. But yet the king of rule rules-based regulation would be the CFPB.

Tom Vartanian:

Yeah. Well, I think, look, I mean, I'm not suggesting that you don't have rules because you do need some sort of clarity. What I'm suggesting is you don't need too many rules, right. Let me give you an example. If the rule says, "You have to treat your customers with respect and not defraud them and not rip them off." That's a great rule, right. But it takes a lot of interpretive analysis to figure out what all that means. Now we can go one of two ways. We can write 300 rules that interpret what I just said about not ripping off your customers. And that will create 3000 loopholes, right. Or we can stay with that basic rule and have seasoned people with good judgment saying to financial institutions, "I don't think that meets the rule."

Tom Vartanian:

And you work through that. And fundamentally, at the end of the day, if the institution doesn't agree, you end up in an enforcement action or something else, which the agency has all the power in the world to bring. But I don't think that it is effective, efficient. And I think it's overly burdensome and costly to write rule after rule, after rule interpreting word after word, after word of the statute and creating enormous loopholes and just inviting all kinds of intrigue and debate.

Alan Kaplinsky:

Yeah. Well, the irony here is that if you were to ask people in the banking industry or the consumer finance industry, would they prefer... do they like the system that exist now with all these detailed rules or would it be okay if they just had the UDAP law proscribing unfair, deceptive, and abusive acts on practices? I think most of them would tell you they like the detail. They want to know... They don't want any uncertainty.

Tom Vartanian:

Right. And I agree with that a hundred percent, Alan. Everybody I've talked to. Everybody who runs a trade group, trade association with tell you that. And that's a fundamental problem of the deficiency in the system. And what's the fundamental deficiency in the system? It is that regulators and business people have an adversarial relationship from beginning to end. There is no trust in the relationship anymore. That is different than it was in the 70s. In the 70s, it was not that way. When I was doing it back in the regulatory agencies, particularly at the comptroller's office, it was more of a joint venture between the regulator and the institution to try to figure out the best way to get to the best result. And if you couldn't agree, there were ways to deal with that. But what we're missing. What we're missing in the system is the fundamental trust.

Tom Vartanian:

There's no financial executive out there who's going to trust anything to a financial regulator these days. Why? Because the financial regulator is going to be beat up by a politician who's got some axe to grind over some issue. And the regulator gets in the middle. And it's what I say in the book that what we have done is we have got the best regulators on the face of the planet with the most knowledge and the most experience. And we tell them to regulate with a blindfold on and their arms tied behind their backs. And that's not the way to create a great financial system.

Alan Kaplinsky:

Well, with that, Tom. Well, let's pause on our discussion regarding your new book. There's so much in here that we can't possibly do it justice by covering it in one podcast. So we're going to be doing a second podcast. And during next week's podcast, we're going to cover with Tom the impact that the new technology has had on the financial services' industry. Things like artificial and machine learning and the use of big data and quantum computers... computing, and everything that's coming down the pike. And that's really the very fascinating part of Tom's new book.

Alan Kaplinsky:

So stay tuned for our conversation that will be coming next week, where we will complete the picture and hopefully do justice to Tom's very fine book. Once again, called *200 Years of American Financial Panics: Crashes, Recessions, Depressions, And the Technology That Will Change It All*. Doesn't say whether it's going to change at all for the good or the bad. So you got to stay tuned next week to find out what the ultimate outcome is here.