

## Comment

### The Game of Fiscal Cliff: Part II

Thomas Schneeweis

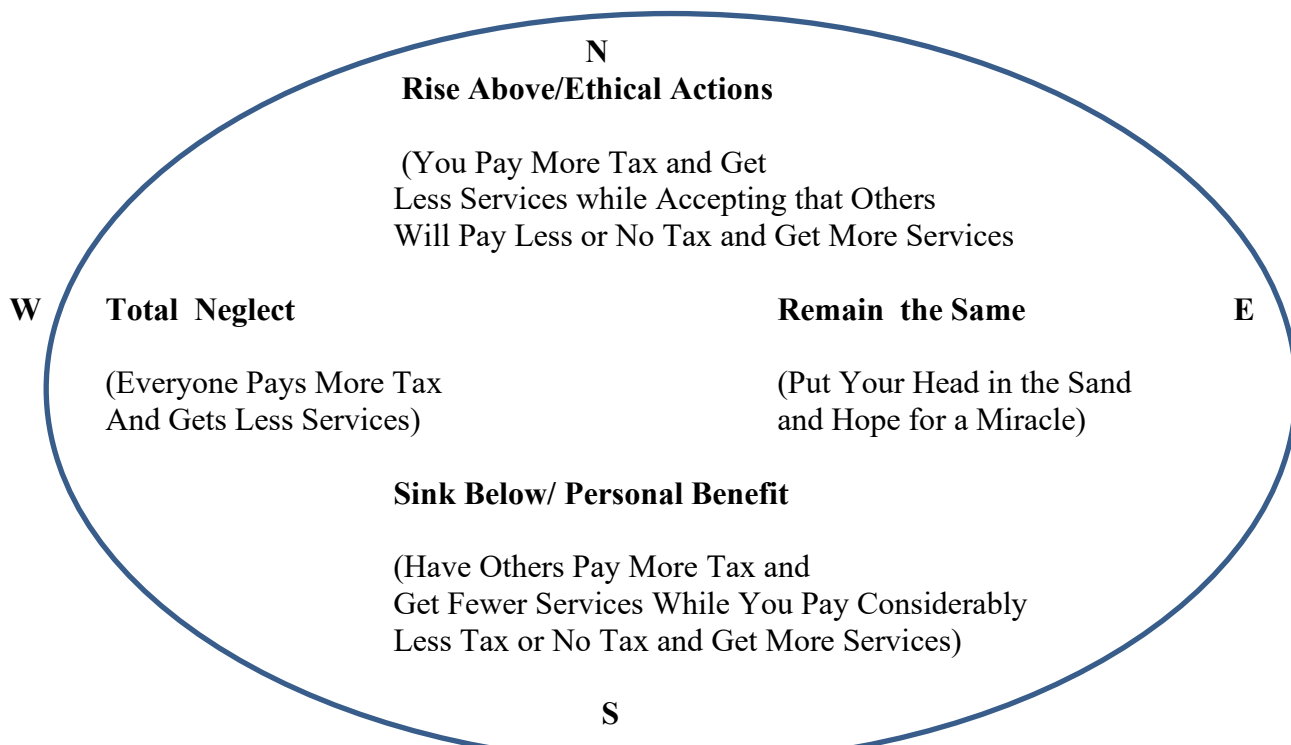
March, 2013

**The New X Box Game and Or Board Came: The Goal to avoid all of the aforementioned while in search of the one object which would save us – The Moral Compass.**

#### Part I: The Search for the Moral Compass

Abstract: When faced with the “Fiscal Cliff” we were confronted with a “Wall of Worry.” Fortunately at the bottom of the Wall there was an opening. We crawled through the “Hole of Hopelessness” and came out refreshed that we had escaped the “Cave of Calamity.” We at once traversed the “Benign Bog” and set sail across the “Gulf of Gullibility” through the “Fog of Fallibility.” We believed we had been delivered until we heard the “Fatal Fall” which led us over into the “Drop Dead Deficit.” More trials lay before us; the “Senate of Senility,” the “House of Horrors,” and the “Cabinet of Confusion.” Moreover, to reach our goal; the “Congress of Confidence” with the “Signs of Sensibility,” we would first need to find our trusted Moral Compass.

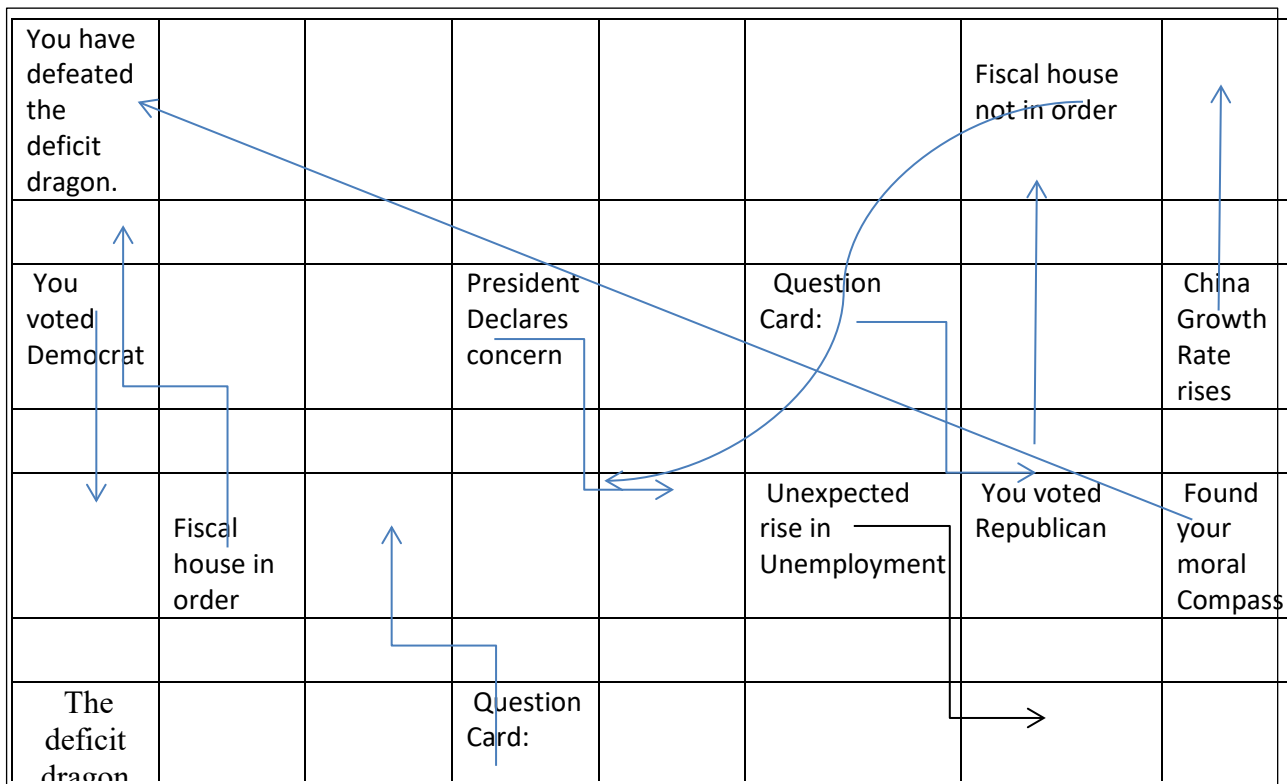
#### A Moral Compass for the Fiscal Cliff



## Part II: Escape the Deficit Dragon: To be Released – March, 2013

Last month, I, somewhat tongue in cheek, attempted to address concerns I had as to the ability of Congress or the President to Escape the Deficit Dragon by finding a solution to the Fiscal Cliff. Fortunately, I left myself an out with the belief that they would fail to find a ‘principal solution’ due to their reliance on “Principle.” We now have a number of months to reach a new solution. The road to a solution will not be easy and individuals often respond that they often disagree on the impact or fail to sense the real impact of their decisions. Perhaps one needs a more visual representation of the potential battle ahead of us and one which our representatives (given their age) are more familiar with as that attempt to find their moral compass.

### The Fiscal Cliff - Chutes and Ladders: The Ups and Downs in Defeating the Deficit Dragon



**Needs: Two Dice (one red (negative) and one black (Positive)): Add dice to determine move forward or back (if you can't add use optional spinning dial)**

**Cards: (move up X spaces or back X spaces based on Answer): Examples**

1. What is National Debt
2. Debt as % of GDP
3. Medicare Costs
4. Number of T Party Members
5. Number of individuals who know name of President
6. Differences in Principal or Principle

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**Professional Bio:** Thomas Schneeweis is the Co-Founder and the current Director of Research at YES Wealth Management, a Registered Investment Advisory Firm in the Minneapolis/St. Paul area in Minnesota (Email: [tschneeweis@yeswealth.com](mailto:tschneeweis@yeswealth.com) and Website: [www.yeswealth.com](http://www.yeswealth.com)). He was the Michael and Cheryl Philipp Professor of Finance and Founding Director of the Center for International Securities and Derivatives Markets at the Isenberg School of Management, University of Massachusetts-Amherst. He was also the Founding Editor of The Journal of Alternative Investments and the Managing Editor for over fifteen years. He is Co-Founder of the Chartered Alternative Investment Analyst Association (CAIA: [www.caia.org](http://www.caia.org)) and the Founder of Chartered Alternative Investment Analyst Foundation. He is also the Co-Founder of the Institute for Global Asset and Risk Management (INGARM: [www.ingarm.org](http://www.ingarm.org)). He has published more than 100 articles in the area of investment management and is the co-author/editor of over six books in the area of investment management including New Science of Asset Allocation (John Wiley, 2010) and Postmodern Investment: Facts and Fallacies of Growing Wealth in a Multi-Asset World (John Wiley, 2012). He has been awarded with the CAIA Award for Research in the Area of Alternative Investments (2012). He has been a frequent speaker on financial news programs and contributor to various financial publications. He received his Ph.D. from the University of Iowa, M.A. from University of Wisconsin, and a B.A. from St. John's University.

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**Comment**

**42 and other Solutions to the Ultimate Questions of the Universe**

**Thomas Schneeweis**

**June, 2013**

In ‘The Hitchhikers Guide to the Universe’ an enormous supercomputer was asked for The **“Answer to the Ultimate Question of Life, the Universe, and Everything”**. Millions of years later the answer comes out; 42 (in fact 42 we have learned is in fact the answer to a number of really important things just not the answer to the Ultimate Question of Life like where to get a good Danish.) The attended multitudes were of course disappointed. Years of waiting, large amounts of wealth put into funding and running the machine thought capable of providing the answers they knew they were incapable of answering. For all of those academics and government officials who believe that they have the power and the ability to provide final answers to the financial questions facing the world today, a reread of Adam’s book should be a necessity.

Answers to the Ultimate Questions of Life are, of course, of interest to all of us. If only such answers existed or even if we knew what questions to ask. Most individuals are humble enough not even to presume that they are in the position to ask the questions or answer them. This, of course, has not stopped the literati amongst us to attempt to address such issues. Writers through time have attempted to ask what is the meaning of life (the fault lies ... not in the stars but in ourselves .....). Even in recent years, a well-known author, Douglas Adams, offered some insight into the ability of man or his machines to address fundamental issues. In ‘The Hitchhikers Guide to the Universe’ an enormous supercomputer was asked for The **“Answer to the Ultimate Question of Life, the Universe, and Everything”**. Millions of years later the answer comes out; 42 (in fact 42 we have learned is in fact the answer to a number of really

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In recent years, we have passed a number of rules based processes which have been promised to solve some of the basic questions of life. The Basel Accords ensure that banks have the assets necessary to meet runs on financial capital. Academics offer VaR, Risk Parity and other well-known financial risk models as a well thought out approach to how to prevent portfolios from unexpected large losses. Investment practitioners have come up with various financial products such as Target Date Funds, Life-Style portfolios and various forms of guaranteed structure products which provide upside return with downside risk guarantees. Government officials have passed a range of Dodd Frank and the like financial laws to insure against future financial failures.

I wonder what the Computer in Adam's "Answer to Universal" questions would have responded to any of the above issues. I presume the answers would be similar to "42". Anyone with a modicum of knowledge would know that "saying it is so – does not make it so." Our ability to create a series of financial processes or laws to solve large problems is simply limited. If it were easy it would have been done years ago or simply hired a monkey and feed it bananas. Going forward, issues of national debt, industrial growth, global fund flows.... all require discussion and potential solutions. I already know the correct answer; it is something like 42.

Looking forward to your comments.

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## Comment

### Instruction versus Education

Thomas Schneeweis

September, 2013

**The answer is, in part, that if academics remained a primary place where one could educate I may in fact rethink my retirement. Today, we have moved more to providing information to students than truly educating students. What is the difference? Instruction is simply passing out the information (see online courses). For me education is less about providing instruction (e.g., information) than about learning how to use information and how to determine which information has value in helping us know which offers paths which should be avoided and which should be followed.**

For those who read these quarterly comments, this is as good a place and time to let all readers know that I am about to retire as a Professor of Finance at the University of Massachusetts/ Many of my friends have asked why quit? The simple answer would be that at 65 I have been in the classroom for over 40 years. This is the time to move on to another challenge. In reality, the answer is much more complicated than that. Certainly, freedom from walking in front of a classroom every week offers some freedom to do other activities that I have always looked forward to. However, in fact, the amount of time in the classroom rarely prevented me from activities outside of school. What about research? Was I tired of it all? No, I have written several books in recent years and continue to look into those research questions that interest me. So, what is the answer?

The answer is, in part, that if academics remained a primary place where one could educate I may in fact rethink my retirement. Today, we have moved more to providing information to students than truly educating students. What is the difference? Instruction is simply passing out the information (see online courses). For me education is less about providing instruction (e.g., information) than about learning how to use information and how to determine which information has value in helping us know which offers paths which should be avoided and which should be followed. It is possible that I am looking back at the “good old days,” but in fact today we have less resources and less time to educate students. As important, we are less critical not only of students but of the faculty which teach them. I cannot speak for other areas of the education industry but ask how many faculty have actually held a job in the area of their expertise. Ask reviewers of journals if they actually have practical knowledge of the articles upon which the supine? Ask administrators if they are more concerned as to what is taught than if it is taught and how it is taught.

Today, universities are under financial constraints that have led them to spend more time and resources on providing online education which increasingly provide little or no direct time of actual student/faculty interaction and which allow one to actually question students as to their ability to question the information which is being fed to them and I emphasize the word fed. Commentators question if a colleague education is worth the cost or if there are cheaper ways to provide education; that is, does, a top level school costing \$40,000 provide four times the education of those costing \$10,000. I would hope so. If one is actually providing education rather than simply instruction, it should cost more. Of course, in today’s society one is often criticized for pointing out that some schools are simply better than others (I would generally choose MIT over a local community or state college). We can dummy down the process so that all are “instructed” but we cannot dummy it down so that all individuals are equally “educated.”

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Education is costly, such that those who pay the additional marginal cost or who can find a way to access it at low cost price will have greater a greater chance to be the real winners. Welcome to Economics 101.

Looking forward to your comments.

Tom Schneeweis

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**Comment**

**Sufficient, Sustainable But Not Both**

**Thomas Schneeweis**

**December, 2013**

**“Spahn and Sain and then pray for rain”**

As we approach discussions on the important issues leading up to the 2014 elections, I realize that the issues that have divided the country for the past several years can really be divided into ‘sufficiency’ versus sustainability. For some individuals the real issues facing the country is how to ensure as set of sufficient social services for all such that ‘the good of the many outweigh the cost to the few’. I understand this desire, however for others, the issue of meeting the needs of the many must be discussed in terms of its sustainability. Certainly one can simply take money from the rich (anyone making more than you) and transfer it to those in greater need. Some may argue that this has its logical stopping point; that the rich only have so much money and if given the opportunity will eventually hide it in the mattress or move it to another country. In short, if the list of sufficient services is so great it may outgrow the ability of the economy to sustain it.

Here is the rub. For those promoting sufficiency they point out that the issue of sustainability is a ‘red herring,’ that is, one can create a sustainable system in which the level of sufficiency for the common man is so low that “the benefits of the few outweigh the good of the

many". In such a world, in which even the good get so little, perhaps the best bet is simply to parcel out what we have and hope we get lucky (for the baseball aficionados: Spahn and Sain and then pray for rain). One may realize that Social Security may go bankrupt by 2050 but we need to fund individuals who cannot sustain themselves sufficiently now. In short, as some have maintained we do not have a spending problem since we need to provide sufficiency now and pray for sustainability later. (For some, the Black Plague of the 1300s may in fact have been a way of reducing the population in a period in which there simply was not enough sustainable agriculture to sufficiently feed the population).

Whatever, the status quo is for many is sufficient but it is not sustainable; however, what is sustainable not sufficient. The question remains how to encourage Americans to see it to their advantage to be part of the sustainable producing group which provides the excess to permit the desired level of sufficiency to the rest of the population. For the most part Americans do have a place in their heart for the common good; it is just that in the past the common good was more localized based on a commonality (religion, farmers). As noted by De Tocqueville the unique aspect of the American spirit was their ability to move on when government overreach invaded their life. Much of American regulation rules (such as the creation of futures markets) were the result of attempts to prevent individuals from moving their corn to where they wanted instead of where they should.

So, the question remains how to encourage individuals to promote an economy which grows at a sustainable rate and which provides a level of sufficiency required to meet societal needs. What these needs are or what they should be may necessarily be at the end of the chain (after sustainability) rather than before. One must remember that economics is about the

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“allocation of scarce resources among competing wants” it is not about the ‘desired allocation of unlimited resources to meet what is deemed desired sufficient wants/needs.” For that one needs Spahn and Sain and then pray for rain.

Looking forward to your comments.

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## Comment

### Baseball and the Stock Market

Thomas Schneeweis

March, 2014

**Unfortunately, to paraphrase the great Bard, the fault, my fellow Americans, lies not with the game of baseball or finance or its gods, but in ourselves. For the sixty year period prior to 1997 only two players ever hit more than 60 home runs, Ruth and Maris and only one in the national league ever hit more than 55. Hack Wilson hit 56 in 1930 before Mark McGuire hit 70 in 1998 and Barry Bonds later hit 73 in 2001. Oh how we cheered them on. No one asks the question as to how somewhat pedestrian players such as McGuire and Sosa had bested the best of the best. Of course today we now know the answer. THEY WERE JUICED; that is, they were on performance enhancing DRUGS. The worst of it, we did not care as long as we got ours, the thrill of the game, the long bomb.**

For many of us, the games of baseball and stock market trading have almost a mystical connection. Each has their pantheon of God like players; in baseball, Ruth, Gehrig, May, and Mantle and in the stock market, Lynch, Sores, and Buffet. Much of the terminology is the same. We are in the later innings of the game, looks like we are in a slump, well he certainly threw a curve at me, and I had a front row seat. We could go on and on. One reason that both the stock market and baseball are so closely connected is that they both fit in with our innate desire for a game play by the very best, within a set of defined rules\regulation and with a set of umpires making sure that the game is play right. In addition, both were reborn with new oversight after a period of economic and some would say moral collapse. For baseball, after the 1919 Black Sox scandal almost crushed the game, new rules\regulations including a

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Commissioner of Baseball were established to ensure the game was played right. Similarly after the great stock market crash of 1929, the stock market was reborn with a new set of laws (Securities Acts of 1933 and 1934) and with a group of regulators (the SEC) to ensure that the game was played according to the rules.

Today, we are starting to question if baseball or the stock market deserves the faith we placed in them. The scandals of the past twenty years in baseball have called for a rebirth of the old values, where men were men and boys could look up to them. Similarly, the mixed market performance over the first part of 2014, after the somewhat unprecedented rise in 2013 for at least U.S. markets, has again caused us to question our belief as to the sanctity of the financial markets. How could this have happened? Are we so willingly duped?

Unfortunately, to paraphrase the great Bard, the fault, my fellow Americans, lies not with the game of baseball or finance or its gods, but in ourselves. For the sixty year period prior to 1997 only two players ever hit more than 60 home runs, Ruth and Maris and only one in the national league ever hit more than 55. Hack Wilson hit 56 in 1930 before Mark McGuire hit 70 in 1998 and Barry Bonds later hit 73 in 2001. Oh how we cheered them on. No one asks the question as to how somewhat pedestrian players such as McGuire and Sosa had bested the best of the best. Of course today we now know the answer. THEY WERE JUICED; that is, they were on performance enhancing DRUGS. The worst of it, we did not care as long as we got ours, the thrill of the game, the long bomb.

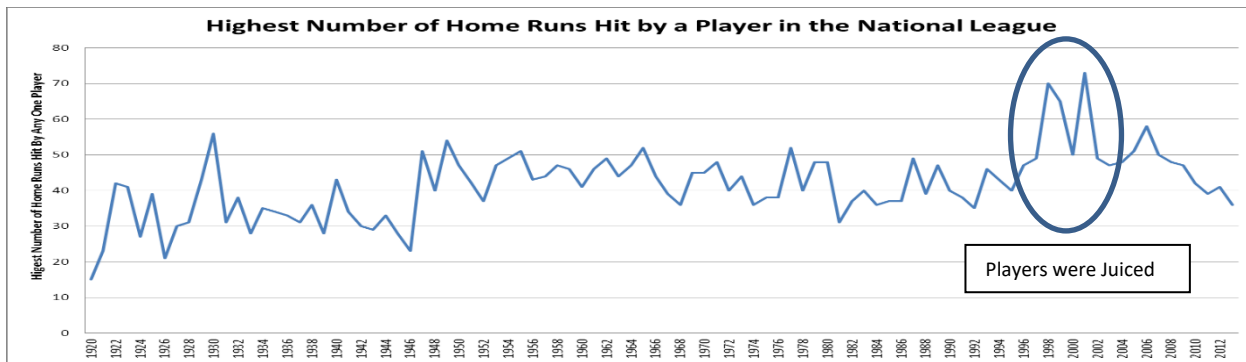
Well folks, similarly in 2013 when the S&P 500 rose almost 30% (and more if you considered the dividends paid which are kind of like a free hot-dog with every home run hit by Mark McGuire), none of us questioned it. The 30% plus return in 2013 was only the fourth time in almost forty years that we

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had a return above 30%. We did not care as long as we got ours, the thrill of the game, the long bomb (Facebook, Twitter). Just as in baseball, however, today we now know the answer. THE MARKET WAS JUICED; that is, it was on performance enhancing DRUGS (cheap money).

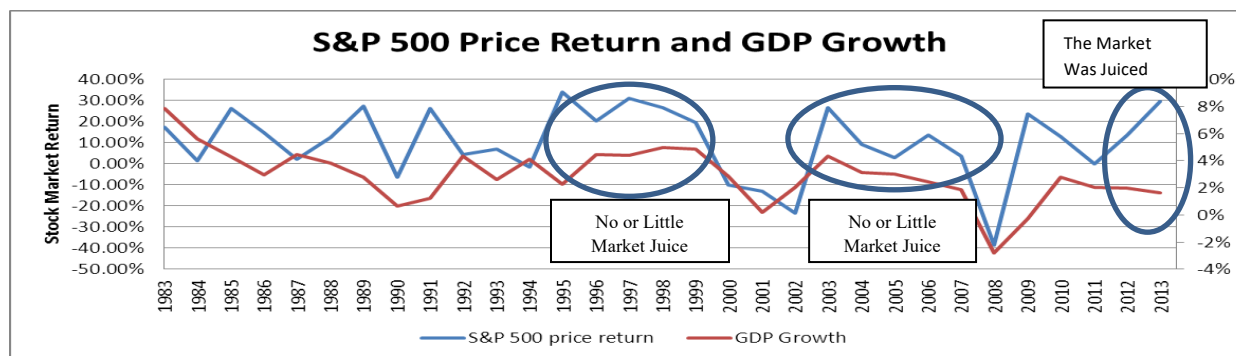
Of course you say, we are not to blame. The hierarchy of baseball and the financial markets hid all of this from us. But we had to have known. If we look at the National league, where for whatever reason the highest number of home runs hit by any one player in any one season is often a little less than the American league, one has to have known the fact they were JUICED. It is simply too obvious.



But you say, financial markets differ from baseball. Baseball is a game whereas financial markets are so much more important that we would have known if someone was “Juicing” the stock market. OK, but so much more the shame. It is possible, one might say, that unusual stock performance could mirror better economic growth in any one year. High GDP growth (e.g., mid 1990’s) resulted in higher stock market returns on average in that period, but in 2013 the stock market took off with only minor GDP growth. It was right there. Right there in front of us. Moreover, we knew the doctors (The FED) who were administering the drugs (easy money). They even told everyone how much drugs they were giving (\$85 Billion in bond purchases almost every month as part of Quantitative Easing (QE3)) and none of us, or

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very few of us said, stop. When they said “NO MAS” and started to reduce the amount of the drug, the markets started to return to normal and we all screamed “WAIT, NOT NOW.”



So here we stand. We have learned to live without” Juice” in baseball. However, for now and into the future, I can only hope that we, either as players in the stock market or fans thereof, are as hard on ourselves as we have been on our ‘poor brothers’ in the great game of baseball. I can only recall the siren song.

Where have you gone, Joe DiMaggio, a nation turns its lonely eyes to you.

Looking forward to your comments.

Tom Schneeweis

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Comment

Picking on Piketty: A Simple Solution

"If it weren't for the honor, I'd just as soon have walked" Mark Twain

Thomas Schneeweis

June, 2014

**While we may disagree with Piketty's concern that we are on the path to an ever increasing wealth concentration, I would suggest that his concern and suggested solutions are not all that new and have in fact have been at the center of social economists since the nineteenth-century. In fact, I suggest that Piketty himself would have been in the very mix of the discussion of income and wealth inequality during that period. In fact, Tom's last name, Piketty, seems itself right out of a mid-eighteen hundreds Charles Dicken's novel. This is as it should be. Charles Dickens himself wrote novels on the disparities of wealth in the last half of the 19<sup>th</sup> century**

Given the range of responses to his bestselling "Capital in the Twenty-First Century," I sometimes wonder if Thomas Piketty would have rather walked away from the success of his book. In addition to the financial luminaries who have nothing but praise for the book, there are an equal number of experts who have reaped a range of criticisms on the ideas contained therein. Piketty has even taken to write an almost 5000 word response in support of his book. But writing in support of one's own work looks a little self-serving. It is always better to bring out a list of named experts who support your research in the time tested approach of "My Dad is Bigger than your Dad." For example, one of the biggest supporters of Piketty's book is the noted Paul Krugman who commented that "The big idea of *Capital in the Twenty-First Century* is that we haven't just gone back to nineteenth-century levels of income inequality, we're also on a path back to 'patrimonial capitalism,' in which the commanding heights of the economy are

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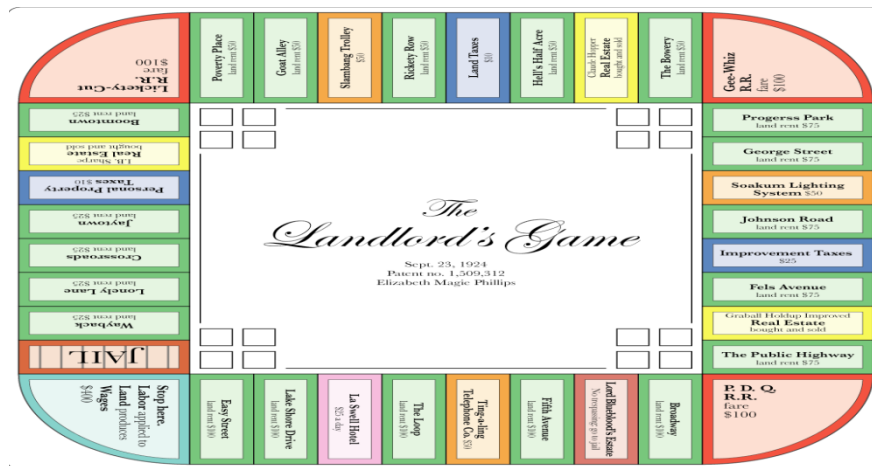
controlled not by talented individuals but by family dynasties”. Krugman comment portrays a world which ends in a type of Ayn Rand moonscape.

While we may disagree with Piketty’s concern that we are on the path to an ever increasing wealth concentration, I would suggest that his concern and suggested solutions are not all that new and have in fact have been at the center of social economists since the nineteenth-century. In fact, I suggest that Piketty himself would have been in the very mix of the discussion of income and wealth inequality during that period. In fact, Tom’s last name, Piketty, seems itself right out of a mid-eighteen hundreds Charles Dicken’s novel. This is as it should be. Charles Dickens himself wrote novels on the disparities of wealth in the last half of the 19<sup>th</sup> century. In his novels of social analysis Dickens became an outspoken critic of unjust economic and social conditions. In *Oliver Twist* Dickens portrayed an England that his contemporary Disraeli called “the two nations” in which the rich and privileged and the poor lived side by side. The inequalities of the gilded age were obvious to all if the solutions were less so. For some, the personal stories of Horatio Alger were the solution for others more societal approaches seemed critical. Others proposed wealth distribution systems more in line with Piketty’s. Few remember these pioneers. One famous luminary of the time, Henry George was the proponent of the land value tax (a sort of a death tax on land). His inspiration came from the belief of the period that people should own the fruits of their own labor but what else they gain over time could better be viewed as a sort of “unearned income.” His most famous work, *Progress and Poverty* (1879) was George’s answer to wealth inequality. George proposed solution was a simple one, that in a society in which land was the principal source of wealth inequality and not the man on it, increases in the value of land should be returned to society on a regular basis.

Now given his concern over the ability of the privileged few to have a monopoly over the land it should come of no surprise that the first format of the game of monopoly came from a disciple of George.

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Lizza Megie, created the first ‘monopoly type’ board game in the early 1900s in which land rents were the primary source of wealth.



To Henry George's (and I presume Thomas Piketty), wealth however is not necessarily the primary issue but how that wealth is gained or gamed. Similarly, for the many who are using Piketty's book as a reference, the concern is not only that there exists a relative few with a claim on assets (real and intellectual, earned, or unearned) but that if continued on the current path such wealth could be passed down through the centuries to an ever increasing few. A type of game of monopoly in which the dice were fixed or the spaces rigged to ensure that there was an inevitability to the game; an inevitability that insured that those who walked into the game with the most wealth left the room with even more. What Piketty (as well as George and many of his ilk) really believe is that the portion of capital whose value is not determined by the individual but by societal efforts or sheer luck should be returned to the central pool to be redistributed among those who may use that capital for the greater benefit of society (remember Obama's response to an individual who said he created his firm; that one did not create a business but society does by supporting schools, roads...).

In short I do not have any wish to Pick on Piketty. I can add little to the Pick on Piketty Movement. The proposed governmental solutions, the Wealth Tax, the Death Tax, and the like are merely



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modern formats of George's Land Tax. There is an alternative. Some may wish to join Dickens who suggests that the answer. In the "Christmas Carol" Dickens uses the hosts of heavens to convince Scrooge that he could not take it with him and to distribute his wealth to aid his passage in this and the next life but most individuals support the traditional governmental approach to redistribution.

Maybe none of the above will work. But for Piketty or those who wished to continue to be part of the discussion, I would suggest that we not only borrow the economic ideas of our 19<sup>th</sup> century economists or writers but also our 19<sup>th</sup> and early 20<sup>th</sup> century game smiths. We simply need an update of the game of Monopoly. It is in this game that many of us learn the first rules of life. From the game of Monopoly, we learned to manage our wealth portfolio, we learned the value of capital and the ability to leverage it. We also learned the randomness that can easily take away all we have earned. In short I suggest that we create a "Piketty Based" Game of Monopoly . Perhaps we could add some unique spaces; such as the 'Let Them Eat Cake', "Gate's conundrum (do I keep the money or give it away)". Whatever, the exact form of the game, I believe that playing such a game is not a necessity for gaining wealth but it is a requirement for writing on wealth and I am not being picky.

Looking forward to your comments.

Tom Schneeweis

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**Comment**

**The Obama Doctrine/The ‘No Strategy’ Strategy**

**Thomas Schneeweis**

**September, 2014**

**In recent weeks, the public press has debated the meaning of President Obama’s statement that he (e.g., his administration) has no strategy (or at least a poorly defined one) for fighting ISIS in Syria and elsewhere. Individuals both public and private declared their astonishment at the President’s response. Even if the President had no current well defined strategy, why tell the truth? Why not lie like most Presidents do? The answer is clear. President Obama did in fact lie. The President has a well thought out strategic policy and that policy is to maintain not to have one.**

In recent weeks, the public press has debated the meaning of President Obama’s statement that he (e.g., his administration) has no strategy (or at least a poorly defined one) for fighting ISIS in Syria and elsewhere. Individuals both public and private declared their astonishment at the President’s response. Even if the President had no current well defined strategy, why tell the truth? Why not lie like most Presidents do? The answer is clear. President Obama did in fact lie. The President has a well thought out strategic policy and that policy is to maintain not to have one.

While we do not have a transcript of the actual White House discussions prior to the August 28th public news conference, I suspect that it went something like this. The new press secretary started the discussion. “Mr. President, we have just been informed that ISIS has cut the head off of an American journalist and is threatening to expand its terrorist efforts from the Middle East to downtown Washington D. C. I believe someone in the press core may well ask whether the Administration has a plan to stop ISIS in the Middle East and to prevent potential terrorist actions here in the United States”. “What is our

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current policy?” President Obama responded. “We have no stated policy” Secretary of State Kerry announced as he lurched forward. “OK, then why do we need a plan at this time?” President Obama asked. “Well” Valerie Jarret responded. “We have an election coming up and we will look weak and disorientated if we do not have a plan.” “What happened in the past when we announced a plan?” President Obama asked further. “A plane?” VP Biden spoke up suddenly as he woke up from his afternoon nap. “I am ready to get on a plane.” “Go back to your nap, Joe” the President said as he returned to address the rest of the Cabinet. “We had a failed strategy in Egypt right” (everyone nodded in agreement as Biden nodded back to sleep). We had a failed strategy in Libya, Gaza, Iran, and Afghanistan (everyone again nodded again in agreement). We even had a failed strategy with Mexico on immigration, with the U.S. citizens on health care and with the international community on energy independence” (again everyone nodded yes). “But we are increasingly energy independent” the energy secretary called out from the back of the room. “Is that not a success?” President Obama quickly responded “that was in spite of, rather than because of our current ‘anti-oil, anti-pipeline’ energy strategy. In short all of our policies, plans, strategies or whatever you call them have failed. Am I not right?” With the exception of VP Biden who was again just waking up, the entire cabinet nodded reluctantly in agreement. But upon hearing the word “Independence,” the Vice President he raised his head again and asked, “Independence, are we supporting independence among all freedom loving nations everywhere this week?” “Read the memo, Joe” Secretary Kerry gasped and explained further. “For the benefit of the VP, we support the natural desire for all freedom loving people to express their need for independence as long as it is within their current state boundaries and does not affect us. A list of said countries will be provided as soon as we decide on a final policy.” “Let’s get back on point” the President continued. “Simply put, whenever

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we had a policy it failed, whenever we did not have a policy we succeeded. In short, our new policy is to have a policy which is the opposite of what people expect us to have.”

“The Costanza Defense,” the VP called out. “I was watching an old Seinfeld Episode last night and one of the central characters succeeded only when he did the opposite of what he thought was right.” Jimmy Liew, the Secretary of Treasury, then raised his voice for the first time. “I like the concept but in my area we believe in something called the random walk hypothesis; that is, events follow a random walk. We cannot forecast the future. Whatever we do today is as likely to fail tomorrow as it is to succeed. The best policy is not to have a policy ex-ante but to declare it ex-post after the event and then claim whatever strategy would have worked as a success; While we have never articulated it before, the ‘No Policy’ Policy or ‘No Strategy’ Strategy’ has been the central defining aspect of this Obama Presidency”.

“A ‘No Policy’ Policy,’ I like it” Obama said smiling. The President then put his putter down and walked out of the room toward the waiting press core. And so it goes.

Looking forward to your comments.

Tom Schneeweis

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**Comment**

**GITMO: A Simple Solution**

**“Never let a good crisis go to waste” Sir Winton Churchill**

**Thomas Schneeweis**

**December, 2014**

**In short, GITMO is an almost Turn-Key Opportunity for a “Jewel of the Caribbean.” It is ready for golf, swimming, hiking, beaching, fishing..... If business opportunities are somewhat limited today, just miles away is the quaint town of Guantanamo which, I read, is kind of a time capsule of the 1950’s. While currently GITMO is separated from the surrounding area by land mines and other obstacles known as the “Cactus Curtain,” this area could (with a little discretion) be used as the basis for dirt bike or ATV activities area. In fact, the removal of the “Cactus Curtain” could also be a basis for the type of political agreement that would indicate Cuba’s desire to change its terrorist image and join America in promoting tourism and business opportunities throughout Cuba. My point is simple. Again in the words of Sir Winston Churchill (and Rahm Emanuel) – “Never Let a Good Crisis Go to Waste.” I can already see the ads on television:**

**“TO GET MORE: GO GITMO  
TANNED, RESTED And READY!**

The oft quoted phrase by Winston Churchill, “Never let a good crisis go to waste,” refers to the potential for an individual or an institution to take dramatic actions which may be newly permissible due to a change in sentiment that often follows a national or international crisis. If Winston Churchill is right, the international crises in recent months, including the terrorist attacks in France, the rise of ISIS, and other political and economic events, have given President Obama the opportunity for offering new ideas for meeting the threats of global terrorism. One idea that in recent years President Obama has advocated to reduce global terrorist tensions is shutting down GITMO. That proposal is based on a series of concerns:

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1. Long term confinement of GITMO Prisoners is not a solution.
2. The very existence of GITMO increases the antagonism of others against the U.S.
3. The cost of running GITMO is high and must be reduced.
4. GITMO put limits on our political discussions (trade, embassy) with Cuba.

I understand President Obama's concerns. However, what I see is less of a lack of proposed action than a lack of really new ideas. The international crises around us call for us to think outside of the box and to take advantage of the current sentiment for possible changes at GITMO. What I am recommending is an answer to all of President Obama's concerns. I am calling for an "All Inclusive, All in One" solution" to the GITMO problem. That solution is simply to create at GITMO, a Disneyland of the Caribbean, a sort of environmental 5 star Ritz Carlton experience staffed, in part, by the current GITMO inmates/detainees/prisoners (whatever word one feels more comfortable with). Before you laugh, think of the opportunities that such a resort would offer.

1. **Employment and training opportunities for current inmates:** One of the primary issues of releasing current prisoners is that we have not given them unique skills during their residence. As a result, when and if they are released they face few employment opportunities other than going back to the battlefield. Creating a new government sponsored resort which is a "Beacon of the Caribbean" would offer prisoners a real chance of a new life. Moreover, these prisoners would make great employees. They are used to following orders, don't drink on the job and if fact, for the most part, don't drink, look good in either a white or orange jumpsuit (a prisoner dressed in white jumpsuit has been labelled "compliant" while a prisoner dressed in an orange jumpsuit has been labelled "non-compliant"). One could say the current GITMO prisoners might use their freedom to attack U.S. visitors and other tourists who do not support their Moslem faith. To reduce this potential risk, certain resort areas could be restricted to visitors of the Moslem faith and of the Middle East. High risk inmates would be limited to serving these areas and wear orange jumpsuits while detainees in the resort areas serving the general population could wear white jumpsuits. One could even invite the families of inmates to come to the resort. This would reduce inmate tensions as well as further support the kinder gentler image of the U.S. among Middle East countries.
2. **Improved public image:** If citizens around the globe see the U.S. trying to help those who have attacked us, one would expect that their appreciation for the American Way would increase. Where else but the good old U.S.A., does a country not only room and board those who are dedicated to its destruction, but a country which tries to train those who hate us.



3. **Reduce cost of operations:** The profit from running the new operation would not only cover the cost of operations at GITMO, but if small equity shares in the operation were given to the inmates, many of them may never wish to leave or if they did any actions which reduce its value and would also reduce the value of their own pocket book. In short, we are aligning the success of GITMO with the personal success of the inmates. What is more American than this and we would be exporting the American Way as a capitalist equal opportunity employer around the globe.
4. **Source of economic renaissance:** GITMO would be the core of an economic renaissance of Cuba. In today's world of wireless connection, the rest of Cuba would soon know of the "New GITMO." What better way to change the culture of Cuba than to show "The True American Dream" within Cuba.

I can sense the laughter at the above proposals but obviously many of my readers have very little knowledge of Cuba or that GITMO (also spelled GTMO and known as the Guantanamo Bay Detention Center) is part of the Guantanamo Bay Naval Base which is located on 45 square miles off of the shore of Guantánamo Bay at the southeastern end of Cuba (See below).



While the U.S. took over the area in the early 20<sup>th</sup> century, it is important to note that the U.S. has not just been sitting on its hands during this time. Businesses have been introduced. Restaurants, bars, and entertainment facilities are on the base including a McDonalds (According to Wikipedia it has been reported that prisoners cooperating with interrogations have been rewarded with Happy Meals from the McDonald's). There are over 2000 local residents who work on the base as part of the operational personnel. In brief, the Naval Base and the prison within it are similar to other towns which have a prison or a naval base as its primary economic drivers.

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In addition to the business opportunities, vacation opportunities abound. There are number of outside activities available. There are more than 9 beaches. Golfing, boating, fishing, and hiking opportunities abound with many coves and peninsulas situated along the bay side.



In short, GITMO is an almost Turn-Key Opportunity for a “Jewel of the Caribbean.” It is ready for golf, swimming, hiking, beaching, fishing..... If business opportunities are somewhat limited today, just miles away is the quaint town of Guantanamo which, I read, is kind of a time capsule of the 1950’s. While

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**Comment**

**Foreign Policy March Madness  
Eastern Europe/Middle East/Northern Africa**

**Thomas Schneeweis**

**March, 2015**

**I believe the answer is a simple one. So simple that this note is a very short one but with a single suggestion; that is, the creation of a Foreign Policy based ‘March Madness’ bracket sheet in which the foreign policy winner in each listed bracket moves on to its next challenge. The loser retreats to lick its wounds, regroup, and get ready for next year.**

With the finals of the National College Basketball Championship upon us, each ‘True Blood’ American is glued to their television set rooting for their favorite. Moreover, most of us have approached this “March Madness” with our bracket sheet in hand. Success in navigating the initial 32 brackets to the finals themselves means more than a couple of dollars from the Corporate Pool; it means bragging rights for the next year. As important, this March Madness, like the Super Bowl, has become a national phenomenon, crossing the social, race and other cultural divides; men/women, black/white, rich/poor take time out of their busy lives to become knowledgeable about Duke, Kentucky, Louisville, and Wisconsin. Individuals who would have no idea as to the academic success of these relative centers of higher learning are well acquainted with these Universities’ Basketball IQ. Americans with no idea as to the top economists, scientists, writers, and sociologists at each of these institutions often know who they are talking about if one mentions Calipari, Izzo ....

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How is it that so many of us are memorized by the battle on the courts? It is simple. Many of us care little about the game of basketball but we do care about the game of the game; that is, the March Madness bracket frenzy in which one's bracket choices determine the winner and loser of our own personal competition within our pool of friends, associates, or even the larger audience of professional betters. In short, it is March Madness. The question exists if there is a way to harness this frenzy into other areas of human endeavors. The race for the Super Bowl is similar, but these are professional athletes and, for the most part, it is exclusively an American enterprise.

Soccer's World Cup has a global dimension, but the U.S. has for the most part opted out of that competition. Is there a common global game that could bring together the global community in its own March Madness?

I believe the answer is a simple one. So simple that this note is a very short one but with a single suggestion; that is, the creation of a Foreign Policy based 'March Madness' bracket sheet in which the foreign policy winner in each listed bracket moves on to its next challenge. The loser retreats to lick its wounds, regroup, and get ready for next year.

What I am suggesting is that each year a set of thirty two foreign policy teams are set up against one another. For larger countries with greater resources, their teams would be split up to compete in separate areas of the globe. In one example, U.S. Eastern Europe might fall in the first round let us say to Romania, but U.S. Northern Africa may advance over Tunisia. This would permit a greater level of equality in that a small team of U.S. foreign policy (FP) decision makers would be competing against the very best of the local team. It is also necessary that the initial brackets be set up such that in the near term the outcome of the foreign policy challenge would be obvious, enabling the winner to advance and the loser, as said previously, to slink away into the dark. The game would start in June, with everyone

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choosing their first list of winners and losers, while three months later, around September, we could move to the Elite Eight. At the start of the New Year, the Final Four could be determined with the final two fighting it out during “March Madness.” This endeavor would be overseen by GAFPP, pronounced GAFE Pee, for the Global Associate of Foreign Policy Professionals, a non-partisan group that would name the winners and losers of each bracket. The process could be overseen by the United Nations if for no other reason than it would finally give them something to do of real importance in that they would be required to vote in case the GAFPP came up with a tie in a particular bracket.

The benefits of such an endeavor are countless, so let’s start counting. Individuals would finally be interested in learning about foreign policy, who is Al Qaeda or ISIL? Where is the Crimea? Someone could even learn how to spell Netanyahu and learn who he is. Americans might finally turn on the nightly news to get some national and international information in order to learn how to vote. As said previously the benefits are countless.

For the naysayers, those for whom basketball is the real test of life and who would fear the ingression of a competing game, I would only tell them that the internationalization of the game of basketball is somewhat dependent on a how all nations live together. A game which brings all people of all countries together in a yearly national sport of ‘Foreign Policy’ March Madness can only in the long run bring us together and increase the importance of sports. In time sports could be considered as one of the ‘Foreign policy’ brackets to be voted on.

Still, I sense the confusion of my reader. The following Exhibit 1 shows the current state of last year’s EEMEA (Eastern Europe, Middle East, and Africa) Foreign Policy March Madness bracket sheet. One might argue over some of the particulars, but who would debate the Syria over U.S in the initial pairings (remember the red line in the sand) with Syria advancing to the next round only there for Syria to



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be beaten in the Sweet Sixteen by ISIL. For U.S. partisans, the failure of the U.S. to make it into any of the elite eight pairings might be a disappointment, but let's face it, last year U.S. foreign policy was fairly disappointing. In contrast, France made it to the semi-finals if for no other reason that it was, ex-post, in a fairly weak bracket and they throw such good parties.

As for the finals, I can hardly wait for the Iran and Israel standoff (a sort of 'Where is Waldo' of the nuclear arms game). As for next year, I look forward to the bracket listings being mailed out. I have seen some of the initial pairings (Afghanistan Al Qaeda versus Pakistan Al Qaeda; Eastern Pakistan versus Western Pakistan, Sudan versus Ethiopia (water rights); China versus U.S. (global warming), Cuba versus U.S., Venezuela versus Columbia, Argentina versus the World Bank....). Looks like a great tournament. Set the time aside and get ready for 'Foreign Policy March Madness Bracket Competition' and may the best teams win.

Looking forward to your comments.

Tom Schneeweis



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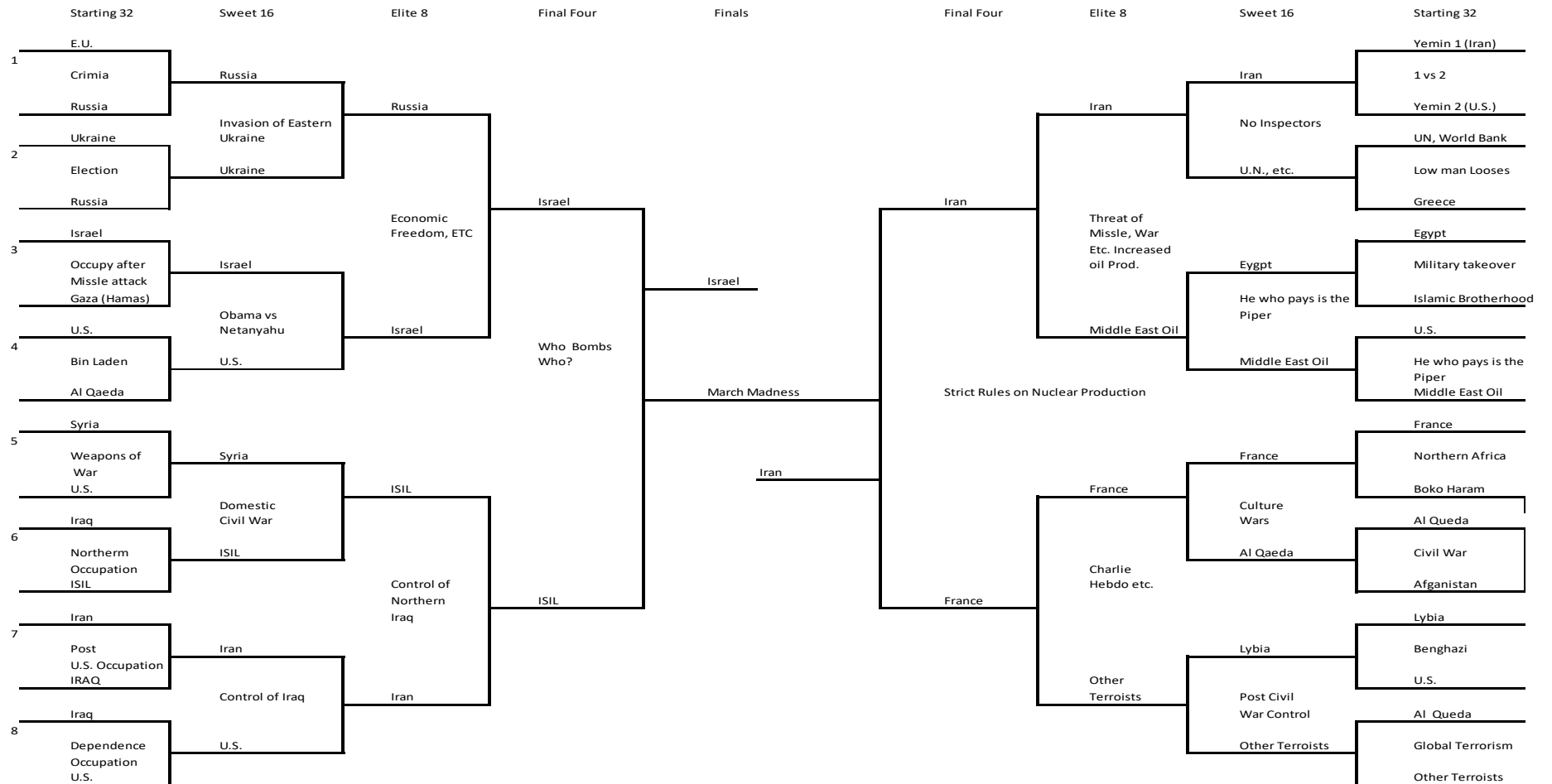
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## Foreign Policy March Madness Eastern Europe/Middle East/Africa



## Comment

### Social Cap and Trade for Millennials

Thomas Schneeweis

June, 2015

**Ok, we were wrong. There are a few costs to the ‘I want everything now’ approach to life, especially when there are too many people wanting it now. We are being defeated by our own successes. We never should have shared our knowledge with the rest of the world as the shark has return to bite its maker. Here is the good news, every generation needs a mission. If we had not spent your inheritance you might have the ability to live off of us the way we lived off of the winnings of our forbearers. We have given you the chance and the incentive to build your own future if not but for the simple reason that if you don’t there will not be one.**

OK, I agree, my generation was the worst. We let you all down. My parents before us knew how to sacrifice. The depression, four-six years of being shot at by people you never really hated. Come back and raise 2–3 kids with little or no government or social net based support. They were not wimps. I once asked my Dad if he felt fulfilled and a glaze fell over his face. I was fifteen and I told this 6 foot four WWII Fly Boy (Ronald Reagan with a chain saw) that I could hardly wait until I was old enough to control my own life. He fell to the floor in convulsions and laughed so hard I thought he would die. Fifty some years later, I only now get the joke.

Ok, we, the 1945-1960 lot, sat back, took the good life that our parents worked so hard for us, and told everyone they could have it all and more than that all problems of the world would be solved if everyone just was told they were special and felt good about themselves. It was the pre, current and post

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iPhone and iPad era in which everything was about 'I.' Oh, we questioned things, but only when the answer did not affect us or if it did it made things easier for us (sex, drugs and/or rock and roll). As A. E. Newman would say, what me worry?

Ok, we were wrong. There are a few costs to the 'I want everything now' approach to life, especially when there are too many people wanting it now. We are being defeated by our own successes. We never should have shared our knowledge with the rest of the world as the shark has returned to bite its maker. Here is the good news, every generation needs a mission. If we had not spent your inheritance you might have the ability to live off of us the way we lived off of the winnings of our forbearers. We have given you the chance and the incentive to build your own future if not but for the simple reason that if you don't there will not be one. Ok, we are not so heartless as not to leave you with at least some direction. We realize that if we do not make the turn quickly it would be at least beneficial if it does not get any worse. For example, in the area of carbon control, power plants that need to use coal or other emitting gases that hurt the world should fess up and pay for their dirty deeds. How? Simply pay those who act to use less emission types. In short, a type of net neutrality where the fat people pay the skinny people for remaining thin. No negativity, no two or three finger wags of the finger at people. Just a process where while we do not get better, there is an incentive for not getting any worse. As I said, fat people pay thin, smokers pay non-smokers, people with children subsidize those who do not (at least those parents of children who are a net drain on society). One pack a day smokers (who are not likely to get ill) and five pack a day smokers (would are likely to be dead) would not have to pay. But two pack a day users (who are likely to need long term medical attention) would have to fork over a lot to those who don't smoke. I am talking about direct payments here, from their bank account to ours. If you ride a bike you are paid by those who do not, the more you drive the more you need to find a group of those who don't. Care pool

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and you may save enough money for the six of you to take in a ball game together (hopefully on grass). If going to University results in more money to the college graduate (especially if they are subsidized by general tax payments) start setting up a system to pay those who promise not to go to school and compete with them. A place for everyone and everyone in his place.

Ok, how do we do this? Well, we have computers and with the NSA no longer allowed to tape our phone calls this would be an ideal way for them to get back in the business of watching over all of us. Now I do understand that this would take a complete switch in our current approach to social sharing. Currently we want those who do little to get a lot (the unemployed, the poor, the uneducated) and we want those who cost us little or those who have done a lot to do even more (young pay higher insurance fees, those who have saved must give it up). Currently there are few costs to bad behavior (just light up and sip on a bottle of Coors), but a small twist of the 'social entitlement' screw would make sure that those who benefit pay, those that put costs on society are punished, and those who don't smoke, don't drink, don't burn gas, live simply and affordably receive a little reward for their social welfare mindset. We have to learn how to share; that to get a little you have to give a little. Sounds like a perfect Social Cap and Trade for the new Millennials.

Looking forward to your comments.

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## Comment

### **Passive versus Active Investment What is the Cost?**

**Thomas Schneeweis**

**September, 2015**

**If one accepts this active manager-based underperformance the question that may be asked is why a large percentage of global investors remain wedded to higher cost, lower general performance of active investment based products. There exists a set of common answers and perhaps even a common cost differential that an individual may be willing to pay:**

Academic and practitioner research has questioned the relative benefit of active (e.g., discretionary manager) based investment products versus more algorithmic rule based investment products (e.g., various index/benchmark focused products). One of the reasons for the failure of active manager based investment to outperform their associated passive benchmarks on a continuous basis is the generally higher fees charged by active investment management in contrast to those inherent in most passive investment products. If one accepts this active manager based underperformance the question that may be asked is why a large percentage of global investors remain wedded to higher cost, lower general performance of active investment based products. There exists a set of common answers and perhaps even a common cost differential that an individual may be willing to pay:

- 1) Most investors are somewhat illiterate when it comes to financial products and the process by which they are bought and sold. Passive investment products which often charge lower fees also require investors to more actively engage themselves in the purchase and sale of investment

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products as well as determining their own mix of assets. While some investors feel comfortable in managing their own investment process most individuals are willing to pay extra for the online services offered by active manager based investment products. For example, let us say that one's time could be sold for about \$100 per hour. If it takes an individual about three hours a week on Saturday morning to go through all of the financial information required to monitor one's investment, the total cost would approximately 52 weeks\*\$300 or approximately \$15,000. With the additional information that those three hours could be better spent on the golf course or shepherding the kids while mom has some time off, the money paid to an investment specialist seems well worth it.

- 2) Things go wrong. Even the best designed asset allocation and security selection models may perform poorly ex post. If one is using passive algorithmic approaches chosen by a moi, who are you going to blame? Even more importantly, who is your significant other going to blame? It is often worth at least a couple of hundred a week just for the privilege of blaming someone else for the failure of your investment portfolio. Cost About \$5000 (50 weeks \* 200) or almost \$10,000.
- 3) Things Change. The investment world is not constant. Regulatory and technology changes. One must pay for various information services to remain current as to tax and reporting policy. One must purchase the necessary software to track and manage the portfolio much less manage the assets within it. Gone are the days of a tax report from a computer site, this new world of self management requires an expert in tax preparation (\$1000) plus all the hardware and software associated with the process (\$2500 per year)

One could go one, but in terms of time spent, the cost of a potential divorce, software and regulatory support for the above payments may reach close to almost \$20,000 per year. No wonder no one saves any money, they cannot afford it. Of course, while empirically passive investment products often dominate similar asset and strategy based active manager based investments there is always a little bit of myth in every truth and a bit of truth in every myth. The higher cost and lower net returns for many active manager based products may be due to some of the unique scenario specific benefits that active managers provide. While the holdings and investment process of passive investments are well known, they also are often structured to have very little flexibility in case of drastic changes in economic environments. One would hope that part of the cost of an active manager is the 'option' they provide a change in course corrections (add cash, change sector weightings, unique knowledge in unique markets) when faced with an unusual and unexpected investment context (see Nasim Talib's book 'The Black Swan').

The unfortunate problem is that small differences in fees can result in large impacts on investment wealth over longer time periods. The impact of compounding is well known. The issue remains therefore if the higher fee or somewhat lower returns of active management based products are worth the cost. The truth is we just don't know. Investors returns are ex post – It is difficult to know if the extra charges promote



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better active management or if the higher fees encourages individuals to sell active manager base products which increases AUM and in time lowers overall costs of the fund to investors. The debate will continue.

The unfortunate issue is that neither side accepts the benefits of the other. Investors should at least know what they are paying, what they are paying for and why they are paying for it. It is their money. It should be their choice. So, Suck it up, snuggle up to that computer, and call an investment advisor (hopefully one with a good batting average – but that is for another day).

Looking forward to your comments.

Tom Schneeweis

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**Comment**

**Immigration and the Wedding of Cana**

**Thomas Schneeweis**

**December, 2015**

**“Many Are Called, But Few Are Chosen”**

In the New Testament there is the well-known story of the wedding feast of Cana in which the Father of the Bride eventually had to go into the streets to find people to fill the wedding party. Even then, one man at the wedding was not dressed appropriately and was sent away. Jesus, who was there as a guest with his mother, took advantage of the event with a parable on making it to heaven. Jesus concluded his story with the now famous, “Many are called but few are chosen” (Matthew 22:14). It does not take too much of a stretch to take out the ‘wedding party’ and put in the word immigration. Given Jesus’s remarks at the wedding party, it is not going too far to assume that Jesus might have agreed with official U.S. immigration policy that restricts direct immigration; that is, many may wish entrance but those that are allowed in are permitted only after passing a set of strict rules.

However, in today’s upside down inside out immigration policy, Jesus might have been encouraged by those around him to reverse his pronouncement into “Few are Called but Many are Chosen.” In this rendition, the Father of the Bride, who on seeing how few of the called actually showed up, went out and dragged everyone they could into the party. Similarly, immigration officials and Washington Politicos have gone about making sure that the immigration party is well attended; that is for

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all practical purposes, chosen. In short for the U.S. while few are called for 'direct' immigration into the United States, but many are chosen if they can find a way to show up for the party. Now I am not against a big party. However, most parties that I have attended that have been successful had one common feature; that is, there was a diversity of individuals. In the case of U.S. immigration, the many who are chosen are primarily from the area south of the U.S. At the very least we need to find a way to diversify the party so that while "Few may be called" the many that are chosen provide a wide diversity of participants.

If not then the question therefore remains how to return to the original proclamation of Jesus that "Many are Called but Few are Chosen." The purpose of this paper is to explore a few additional means by which the Few or even the Many may be chosen. For example, as the editor of several journals I know that the review process is to filter the paper through a limited number of scholars who decide the pros and cons of each paper. In the academic world, another alternative is to publish the paper and then simply publish the critiques of scholars on why the article is good or bad (a kind of national Annie's list).

Where is all of this going, it that in the past year, we have had several approaches to determine immigration into our country which are similar, as I would maintain, to the issue of academic publication. Some are accepted based on the simple fact that they have already published (immigrated) or know someone who has published (another immigrant). Some are accepted since on almost any criteria they are a superior article (immigrant). Some are accepted simply because somehow are just in the right place at the right time (for immigrants we need computer people and you are computer people). Others get in simply on the luck of the draw (I do not know how this works in some schools but between two good candidates I do remember a coin in the mix). Luck does matter. Perhaps, as most editors, you simply take who is ever there (a great article is one you have, a good article is one you do not). However, for the

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United States this might benefit those who are already here rather than looking for the best immigrant available. As in the publishing world, if one's article gets panned the author may not get tenure, similarly we could see the response of other Americans to a particular immigrant. If the immigrant performs poorly, he or she may simply be refused tenure and sent home. I know it sounds hard, but one may simply wait until you have enough qualified articles to publish or in the case of immigration qualified immigrants before we open the door.

Is there another solution to the immigration question? In academics, there are many individuals who cannot get published in top quality journals. These individuals often submit their efforts at national or even regional meetings. Their work is often presented to a sparse audience and the critiques are often of little value but it is a starting-off place for individuals to get ready for the big league. Similarly, someone wishing to enter the United States might not get accepted into Massachusetts but would have the opportunity of presenting themselves in Maine. Each year, they could present their work to Florida, Texas or let us say Georgia. This process would give them the incentive to work harder in their initially adopted state knowing the opportunity for advancement awaited.

The problem in the above solution is that the best and the brightest would immediately get accepted in let us say California while North Dakota and Minnesota might get populated with the less qualified immigrants. This would eventually cause dramatic miss-allocations between the best and worst states. As an alternative, one could use the technique sponsored by major sports teams in the United States. Each year those states on the bottom of the "Best Of" would have the opportunity of choosing from the top of the immigrant list while those states on the top of the "Best Of" would choose last.

I am sure there are many other ideas. For instance, maybe we just need a better marketing campaign. In past years, America was noted for "Give me your tired, your poor, your huddled masses

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yearning to breathe free.” Look at what we got, that is us. The quality of ‘US’ is seen in the fact that many other countries have poorer soil, fewer lakes, and rivers, almost no natural resources and yet they remain competitive with us. The only explanation is that those who have immigrated here in the past were the lowest of the lot. We as a country should ask more of our immigrants or at least to be a whole lot smarter. Why not create an immigration test similar to what exists in college? We would not have to take everyone, I believe Stanford and Harvard take less than 2%. Where am I taking this? If any of the above methods are used, we might have to change the call on the Statue of Liberty to “Send us your rich, your talented, your limited few who simply want to get out of Dodge” but then we could proceed to choose the few who really would benefit the U.S. I feel we would have no paucity of takers. As important those who are part of the Wedding Party that is the United States would at least be there following Jesus’s recommendation that , “Many are Called but Few are Chosen.” Not necessarily a bad place to be that was the conclusion to “The Grass Harp.”

Looking forward to your comments.

Tom Schneeweis

## TRS Associates

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**Professional Bio:** Thomas Schneeweis is the Co-Founder and the current Director of Research at YES Wealth Management, a Registered Investment Advisory Firm in the Minneapolis/St. Paul area in Minnesota (Email: [tschneeweis@yeswealth.com](mailto:tschneeweis@yeswealth.com) and Website: [www.yeswealth.com](http://www.yeswealth.com)). He was the Michael and Cheryl Philipp Professor of Finance and Founding Director of the Center for International Securities and Derivatives Markets at the Isenberg School of Management, University of Massachusetts-Amherst. He was also the Founding Editor of The Journal of Alternative Investments and the Managing Editor for over fifteen years. He is Co-Founder of the Chartered Alternative Investment Analyst Association (CAIA: [www.caia.org](http://www.caia.org)) and the Founder of Chartered Alternative Investment Analyst Foundation. He is also the Co-Founder of the Institute for Global Asset and Risk Management (INGARM: [www.ingarm.org](http://www.ingarm.org)). He has published more than 100 articles in the area of investment management and is the co-author/editor of over six books in the area of investment management including New Science of Asset Allocation (John Wiley, 2010) and Postmodern Investment: Facts and Fallacies of Growing Wealth in a Multi-Asset World (John Wiley, 2012). He has been awarded with the CAIA Award for Research in the Area of Alternative Investments (2012). He has been a frequent speaker on financial news programs and contributor to various financial publications. He received his Ph.D. from the University of Iowa, M.A. from University of Wisconsin, and a B.A. from St. John's University.

He has more than forty years of experience in asset management including President of a firm (Schneeweis Partners) which specialized in 'bespoke' structured finance and Director of Research at Ursa Capital, LLC which managed an approximately \$4 billion hedge fund managed account platform. He has been managing partner of a managed futures fund (White Bear Managed Futures Fund) as well as an equity long short hedge fund (White Bear Equity Long-Short Fund) and President of an approximately \$1 billion commodity-based investment firm (Alternative Investment Analytics). For over thirty years, he also was on the Board of Trustees of the AMG Funds (a retail distribution arm of Affiliated Managers Group, Inc., a world's leading provider of boutique investment management expertise to institutional and individual investors).

He is also currently President of Quantitative Investment Technologies, LLC an investment management firm specializing in downside risk management and investment strategy replication programs (Email: [thomas@quantinvesttech.com](mailto:thomas@quantinvesttech.com) and website: [www.quantinvesttech.com](http://www.quantinvesttech.com)) and the founder of TRS Associates (Email: [thomas@trs-assoc.com](mailto:thomas@trs-assoc.com) and Website: [www.trs-assoc.com](http://www.trs-assoc.com)), a financial consulting firm. A collection of his other publications, comments and current writings can be found through his personal email: [Trschneeweis@gmail.com](mailto:Trschneeweis@gmail.com) or at his personal website: [www.thomas@tschneeweis.com](http://www.thomas@tschneeweis.com).