

### **TRY CHEWING ON THIS**

Whether or not the world is about to emerge from the deepest recession since 1929 is arguable, but, eventually, the world will emerge from it, to be sure.

The only question is the timeline.

At the time that one can say, definitively, that the recession of 2007 and 2008 is relegated to history, it will be the time that right-minded people will ask as to the lessons that have been learned.

Sadly, the answer is that nothing has been learned, other than a great many people have lost a great deal of money while, on the other hand, a great many people have died, due to one reason or another, as a result of their own foolish actions in trying to sacrifice their lives in order to amass baubles of little to no consequence.

Dr Alan Greenspan, formerly the Chairman of the US Federal Reserve, which is The Central Bank of the US, said, last Tuesday, that he foresaw another financial crisis on the horizon.

He is correct – because there have, always, been financial crises on the horizon, the most-well-known of which dates back to 1711.

Today, that famous crisis is known as the South Sea Bubble.

That was a 1711 plan, devised by the English statesman, Mr Robert Harley, First Earl of Oxford, for the retirement of the floating of the national debt of Great Britain.

Under the plan, the debt was to be assumed by merchants to whom the British Government guaranteed annual payments, equal to £2 million, for a certain period of time.

That sum of money, amounting to 6 percent interest per annum, was to be obtained from duties on imports.

The monopoly of British trade in the South Seas and South America was given to these merchants, incorporated as the South Sea Company, and extravagant notions of the riches of South America were nourished, far and wide.

In the spring of 1720, South Sea Company offered to assume practically the entire national debt of Great Britain, at that time, equal to more than £80 million.

Companies of all kinds were floated on The London Stock Exchange in order to take advantage of the wide public interest in obtaining stock of the South Sea Company.

Speculation soon carried the stock to 10 times its Nominal Value.

Greed spurred the price from one high plateau to another.

It looked very much as though the price of the stock could well reach astronomic levels.

Good days had come to London, England.

The chairman and some directors of South Sea Company sold out.

The South Sea Company 'bubble' burst; the stock price collapsed.

Thousands of stockholders were ruined.

Parliamentary investigation revealed complicity by some company officials.

Two members at the Court of George I were, also, implicated in the scandal.

However, a political crisis was averted through the efforts of Sir Robert Walpole, First Earl of Orford, who, at that time, was serving as Chancellor of the Exchequer.

About one-third of the original capital of South Sea Company was recovered for the stockholders.

Sound familiar?

What is interesting about human nature is that, intrinsically, it never seems to change, very materially.

Greed is always present in man; and, the pressure to add some more zeroes in his bank account is never-ending, it seems.

Enough is never enough.

According to Dr Alan Greenspan:

*'We will have more crises and none of them will look like this because no two crises have anything in common.'*

Well, on this score, he is wrong.

Man is insatiably greedy and he will devise plans to increase his wealth, ad infinitum, for the sake of increasing his wealth, only.

He will kill for the sake of obtaining the medium of exchange of the day for no real purpose other than satisfying his hunger for wealth and power on the assumption that great wealth is equal to great power.

Only too often, it is truism.

Sadly, this is all too true, here, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Over the past few decades, one has noted that respect is paid to people of little academic accomplishments or greatness of thought due to their ability to amass large fortunes.

Even the most ignorant and arrogant sons and daughters of moguls, having no accomplishments of any kind of their own, are assumed by most to be afforded with similar respect as their parents on the assumption that the 'magic' of the paterfamilias or materfamilias will pass down to the offspring.

Mr Bernard Lawrence 'Bernie' Madoff, a former Chairman of The NASDAQ Stock Exchange, but, now, a convicted felon, having known to have engineered and operated a Ponzi Scheme for a period of not less than 17 years, has openly admitted that he purposely swindled people out of about \$US65 billion.

It was the largest single fraud in the history of the world.

This felon could never have spent such a huge amount of money in his lifetime, yet, as with any drug addict, he found it impossible to stop: It was all too easy as he fanned the flames of greed in his fellows.

Today, he has 150 years to ponder whether or not the crimes that he committed were worth the jail term, which is his reward.

He did not need the money because, prior to 1992 when his Ponzi Scheme was thought to have been executed for the first time, he was very well-healed and his personal wealth was sufficient to last him and his family for the rest of their natural lives.

Crooks come and go as with a summer storm, but greed is the inheritance of man's great, intellectual leap when, for the first time, he was able to fashion and to use tools.

Man is the only animal on this earth, who hoards pieces of paper and sings the praises of that paper with daily incantations, thanking the gods of wealth for the benevolence that they have bestowed upon him.

From the current recession, man has learned absolutely nothing.

He will continue to play the stock market and the property market and any other market that he thinks will increase his wealth.

He will increase his wealth, from time to time, then, he will lose it all the next time that there is a crisis of one kind or another.

Governments are powerless to protect man from himself.

It has always been the case and, sadly, it will always be the case.

--    **END**    --

***While TARGET makes every attempt to ensure accuracy of all data published,  
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*