

# The Sages: Warren Buffet, George Soros, Paul Volcker & the Maelstrom of Markets

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Morris is a lawyer and former banker who has written twelve books before. He now draws on his interviews with Buffet, Soros and Volcker to provide an insight into some of the most powerful men of our era. Buffet is renowned as a canny stock-market investor (the second richest person on earth), Soros as astute reader of shifting global tides (who can claim that he's almost single-handedly devalued the British pound), and Volcker as a regulator and policy maker (who's credited with breaking the back of inflation), all with more than fifty years of deep involvement with the markets ... the markets that now has plunged the world into crisis. The author uses his interviews with them over years to give us an insight into what he calls the sages of our time.

101 out of 102 separate forecasts from the leading economic forecasters (according to the Wall Street Journal) on both unemployment and GDP were wrong "*in the same direction*" when the global economic crisis hit (p. viii). Yet three people were not surprised as they saw this coming ... this is their story and an analysis of what we can learn from them: These are the modern day Sages.

The book starts off with a short history on each of these Sages, including major achievements and life philosophy. Examples are Karl Popper's philosophy influencing Soros (seeing the world in disequilibrium and responding accordingly), the story of Buffet the genius who could substantially commit to memory the 10 000 pages of *Moody's manual (the financial analysis of virtually every traded company in the US)*, and Volcker whose philosophy led to him breaking the inflationary cycle in the US.

Some of the more fascinating topics covered in the rest of the book are:

- Soros' foray into "open society" investing (starting with South Africa, then Hungary, and now averaging US\$400m p.a. in philanthropy)
- Understanding Buffet's friendship with Bill gates and their huge joint commitment to philanthropy.
- Summarising Volcker's economic policy: "Use common sense. Watch out for imbalances. Choose moderate growth over faster growth – it last longer, and doesn't end in catastrophe. Beware of economists who believe in their models. Have faith in markets, but don't trust Wall Street. Never rely on advice from people who get rich by risking other people's money. Accept that there are financiers who don't need regulatory oversight (but they're all dead)." p.149

The final chapter brings it all together and offers an understanding of current events and a few pointers to the future. He explains why this crisis is different, and what the sages can offer us in terms of going forward.

This is a thought provoking book that challenges the reader's comfort zone of a world that is regulated and orderly. It deals with a world that is uncertain and often very unpredictable. But it is an exciting world and this look at three extraordinary men allow for insights into a world most of us don't ever see.

My main criticism of the book would have to be that this is not really a lay person's book. You need to be interested and be someone who is willing to invest the time to grapple with the underlying philosophies and follow the arguments flowing through the whole text. For those

willing to commit to the journey, however, it is a very rewarding book. It is scary ... and comforting at the same time!

Chris Crause