

## Finanz und Wirtschaft, 21st May 2011

Thomas Signer

### *Ex-Banker sees vocation in writing book about the US and Japanese “Twins”.*

What causes a former banker to write a second book about the parallels between the Japan and USA economic powers? “I simply had to do it, the similarities were blindingly obvious”, says Thomas Signer. The 47-year-old banker from eastern Switzerland, who spent five years working at Nomura and four at Morgan Stanley – both top notch investment banking addresses – in Zurich, Tokyo, New York and London, is the author of “Twins in Denial”.

This recently-published book builds on his previous work: “The Harder They Fall“. In this Signer hit the mark with a series of predictions made in 2004. Back then, he not only anticipated that the mortgage institutions, Fannie Mae and Freddie Mac, would run into major difficulties, he also forecast massive holes in US public finances, that the S&P 500 would fall below 700 (which occurred in March 2009) and he foresaw the election of an outsider to the post of American President. **All of this became reality.**

Signer recounts that he meanwhile earns his livelihood as a consultant to various commercial law firms, in addition to his role as independent fund manager and an instructor of financial market theory. “I was encouraged by many people”. Signer concedes that he would scarcely have taken up the “non-lucrative” task of writing a second book, had his initial set of predictions proved to be wrong.

Signer puts forward the thesis that the USA has been emulating Japan since the nineties, encountering with a time lag what Japan had experienced ten years earlier. Thus similar excesses to those of Japan in the eighties occurred in the US equity market between 1990 and 2000. “In the nineties”, Signer adds, “Japan was shaken up by an accounting scandal - a situation which was more or less repeated with Enron in the US after 2000.”

Although the American political and economic elite stubbornly asserts the contrary, it is attempting to manage the problems that have emerged from the financial crisis with identical measures to those utilized in Japan. In this vein the Fed is pursuing a low interest rate policy similar to the one Japan introduced in the late nineties. Equally, Signer notes that the respective 10-year time interval applies to the nationalization of banks and the massive stimulus packages that have been put together, both have caused US public finances to become almost as precarious as Japan’s.

Signer expects that the US, like Japan, will find it difficult to overcome the crises in coming years. That America has to handle the consequences of an aging population is compounding the situation. With many unemployed, immigration is scarcely politically opportune. Meanwhile the enthusiasm to bear children has strongly decreased as a consequence of the crisis.

Demography as a theme is of great relevance to Signer.