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Opinion

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Financial Markets and Financial Planning

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Previous research by many financial researchers whether economists, data analysts or others focus on investments containing financial sector risks, healthcare sector risk, large capitalization risk, index-related risk issuer risk, management risk, industry concentration ratios and volatility risk. Although the literature is large, deep and contains value analysis and theory, the notion of regulation to control these risks are constantly under attack by some because they consider any laws that attempt to control risk as having a dampening effect on economic growth [1]. Entrepreneurship contains all these risks and investing in firms and/or industries that make no attempt to control risks of the nature make for financial instability and may even be the cause of severe economic slumps. Although industries control risks by industrial quality control methods, diagnostic testing and statistical analysis and data analytics, legislation to require financial markets to be honest, without insider tactics and other means to keep these markets from creating illegal and preferential treatments [2].

The financial markets often reflect rapid changes in one which may have serious effects on the velocity of change in other markets in the global economy. These markets in the short run are often unstable and affect the lifetime earnings of those who invest and those who rely on the stability in investments. Many argue that regulation per se is too costly and in the end protect those who are not economically efficient. The ability of one to execute a lifetime financial plan by supplementing their earned income and savings before and during their retirement by investing is common in developed economies but have risks noted above which require consumer protect enacted by forward looking governments and agencies [3].

The financial markets are also not without imperfections, rapid changes in some markets have serious effects on the velocity of change in other markets. Profound changes make markets in the short run unstable and affect the lifetime earnings of those who invest and those who rely on stability in financial markets to plan and execute their lifetime goals; including funding home purchases, living costs, College tuition, retirement and the many other factors that a person's wealth must fund. In essence, financial markets should allow for an even playing field for all to earn income. If financial markets permit only a minority to earn above normal rates of return from investments, the markets are said to be imperfect. Markets that are said to be "free" that permit the selected minority to have gains that are unrelated to the quantity and quality of their investments are imperfect, do not operate properly and result in greater returns to unscrupulous investors [4]. These investors oppose regulation since they claim that such regulation depresses economic growth and business activity. This argument has little if no foundation because they focus on short-run gains from merger and acquisition activity and not on the quality their product and services. The expectation that markets are a level playing field where all have opportunities to earn income associated with the quality and quantity of their investments is often a fiction. If markets permit some to earn greater than ordinary returns with respect to their quality and quantity of their products and services they operating properly. Do we need controls and regulation to insure that markets operate in a manner where all have the same or equivalent opportunities? Many would argue that self-regulation will control and inefficient competitors will lose their market share. This is a long-run phenomena and in the short-run, many ill lose their gains and sometimes left out the market by the total loss of their income, For example, no matter how the United States de-regulated the Airlines Industry, we still have tight and important regulations for Airline Safety and programs to prevent and diminish terrorism on flight and at airports. Shipping lines, railroads and ground transportation are also regulated for safety as well as to prevent terrorism during their operations [5].

Entrepreneurs and enterprises fail and even due to their size create great shock to financial markets which turn into catastrophes by causing loss of wealth, retirement income, unemployment, business contraction and usually affect all parts of a nation's economy. If the firms are large enough and enough of them default in turn create panics in financial markets bringing great instability in the economy. Since economic integration is a permanent factor in the world, the cointegration of financial markets generate negative result in those markets that are co-integrated [6].

A related question concerns the ability of government to produce economic gains that are above the normal risk that individual firms would carry out. In the past, we did not expect private initiative to build, find the capital funds and create operation of a Hoover Dam, the George Washington Bridge, the Interstate Highway System, and the rapid transit systems in Los Angeles, San Francisco and the continued improvement in the largest systems in the five boroughs of New York including the systems that permits millions to travel within New York/New Jersey/and Connecticut metropolitan area to name a few. Throughout the world there are numerous examples of similar and larger projects that are not the result of private initiative including the Suez Canal and Panama Canal which were not built by Steamship Companies and in the case of the Panama Canal was finished ahead of schedule [3,5]. These remarkable activities provide great evidence the financial markets cannot be the sole source of growth in an economic but both private and public initiatives are necessary to produce great activity in a nation.

Another form of financial planning which affect one's lifetime goal and financial markets is the current health insurance programs of the United States, Here, we do not focus on improvements in the medical and health care staffing but how Americans as they age will pay for health and preventive care. In the "new "economic" environ beginning in 2017. For many years, Americans promoted and planned for their advanced year when health associated with advanced care became radically more expensive. Systems put in place to allow individuals and families to afford to both live comfortably and pay for their health

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insurance needs will be no longer protected from the ravages of poor heal and its associated costs. The expectation today is no longer positive when millions will no longer be eligible for social programs for social programs to prevent them from having assistance (insurance) to afford adequate or any care. Furthermore, forecasts for moving for universal care as existing in the majority of developed nations is under great resistance and the likelihood of affording any care may be beyond the affordability of many Americans. In the United Sates these, groups are not small and they do not have the political power to insist on social programs to protect them from political groups who do not believe in sharing health resources with the entire population. Financial markets without some regulations will only diminish in the current resources available to groups in society that cannot provide for them. Other portions of the health care market will find that their costs are increasing because there are no third party payers to cover the costs of care. This will affect but for-profit and not-for-profit hospital and health care institutions and in turn affect the general financial markets in a negative way.

In addition to the problems of how financial markets will be negatively affected by the loss health care third party payers, are the effects of politically motivated restrictions on health care research [4]. Stem cell research and other areas provide great opportunities for future improvements in medical care and diagnostics. Regulating and preventing growth in stem cell research and similar areas emanating from false medical notions may disable research in improving lives which is greatly detrimental to positive societal and economic goals of improving lifetime care. Financial firms and their markets should focus on those issues of producing quality products and outcome for the prevention of epidemics, easily spread diseases and improving the interpretation of new diagnostics. Too much focus is on mergers and acquisitions but not on the quality of life. Investments in Tobacco Firms which spread ill-health disturbs me and one would hope that financial markets do something positive to stop fund firms that create ill-health. Financial markets should provide new ways to provide new and creative methods for funding to provide diagnostic and treatment services to indigent groups because so-called "morality" groups shunned them.

Often we hear that in the long run financial markets operate according to the EMH noted earlier. There is a serious weakness to this notion that the "invisible hand" will result in economic efficient markets where inefficient firms will drop from competition and workers will be paid their marginal revenue product which will be larger than the subsistence wage. Financial markets have changed greatly in this century. Today, we have greater technology, use of the internet, activities that increase automation and information transfer and processing and even high speed trading that give trading advantages to some over the typical individual investor [6]. Many EMH studies of markets indicate that the EMH is not active in financial markets. These studies often indicate that markets are inefficient during many historical periods and since international financial markets are co-integrated, inefficiencies will spread.

Last, Laws written with the purpose to control both the excesses and inefficiencies of financial markets are often inefficient in themselves. The imperfect laws will be around as long as laws are enacted and financial markets will have as a goal to get around these laws. This is not morally true nor a sound reason for not enacting regulations that provide for economic efficiency and a level playing field. The legal system is a growing system and laws are interpreted by courts with the knowledge that grows from a sound legal system. Laws are interpreted in light of changes in the economy and ecology of humans. They need to be modernized to reflect the modern world and not discarded for they may prevent acts that competitor's desire. If laws are stagnant and imperfect, there will be inevitably be economic inefficiencies. However, this is not an argument to rid of us of law but an argument to improve the law as it was intended. People will lose their wealth when a new law creates more problems than the existing law does. This occurs in both regulated and unregulated markets. Unwise decisions by courts to promote one side against another are definitely ominous.

Financial markets are crucial in an economy. We as researchers must bare this in mind and should work towards the goal of fair and equitable markets [2]. Requiring to submit forms providing information to regulators, customers and clients is part of the modern world of financial markets just as it is to find new markets for products and services. However, not processing the information in reports by not filling them out correctly is not an argument for not regulating parts of society that require regulation.

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