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“The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design.”

Friedrich August von Hayek
-Austrian Economist-



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With Halloween upon us, many of the scary stories swirling around focus on the upcoming U.S. election, and there have already been fountains of digital ink spilled on this topic. Part of the polarized narrative involves the economic aspect of the policies of the two parties and the ensuing impact on not only the U.S.A., but also many other countries. Much of the debate involves the role and degree of government in directing economic planning and industrial policy. Recently, the annual Nobel Prizes in economics were awarded, and it marked the 50th anniversary of Friedrich A. Hayek’s 1974 Nobel win. **The Financial Post** joins us with an opinion piece that discussed Hayek’s Nobel lecture on the *Use of Knowledge in Society*. At a time when central bankers talk about calibrating the economy with interest rates or politicians pledge huge tax dollar subsidies on the potential of nascent industries, his half century warning about what economists and experts don’t know is sobering. Often described as the opposite end of the policy making pole to economist John Maynard Keynes, Hayek was an opponent of the

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vigorous government intervention approach that was favoured by Keynes. The article explores Hayek's reasons for opposing a central planning strategy and why Hayek believed more in a free market solution. While the writer is apparently strongly in the Hayek economic philosophy camp, he does a good job of highlighting Hayek's position that the economy is far too complex to accurately be modelled and predicted with certainty. Hayek argued that unlike disciplines like physics and mathematics, microeconomics lacks the precision of those sciences and pleaded for the "humility within the economics profession and recognition that economists were not God." In fairness - his lecture was pre-personal computer, and with the advent of artificial intelligence, perhaps his caution will become stale-dated. Even with our evolution of data analysis, the writer suggests that a gardener metaphor is a better strategy for economic policy than a designer one as history is littered with errant forecasts by planning experts.

With the recent federal budget and proposal to increase capital gains tax, many long-time cottage owners felt a cold wind across the lake, especially if they have owned properties that have appreciated in value over many years. Often these seen as generational properties, and our **Raymond James Estate and Retirement Planning Group** has a useful primer on creating a succession plan for the family cottage. They outline several things to consider in the process and options that can be explored to make this happen. A family conversation is suggested as a starting point as beneficiaries may have different wishes about that cabin with a view. Do they wish to share usage with their siblings or even want to keep it at all? These are important issues to resolve before undertaking ownership changes. Passing the cottage to the next generation can be done in several ways, such as gifting individually or transferring to a family trust. Another topic to be answered is the timing of the transfer. Giving a cottage to children while parents are alive may present both advantages and disadvantages that need to be considered. Having a family cottage to pass on can be a nice problem to have, but planning is key to avoid opening an unexpected hornet's nest of issues for the heirs and the current owners.

With so much political and financial dialogue surrounding Canadian housing affordability at present, I find it interesting to zoom out and explore the topic from a global perspective. UBS regularly publishes their global housing bubble report, and **Visual Capitalist** summarizes their 2024 Real Estate index findings. Using metrics such as price to rent and price to own ratios amongst others, they find that Toronto has now moved ahead of Vancouver and rates 5th highest bubble city globally. Miami has the dubious award at the top of the chart after a 50 per

cent rise in prices in the last five years. Along with Tokyo and Zurich, these three popular cities carry the high-risk classification while Toronto, Geneva and Los Angeles are rated elevated bubble risk. For greater detail, the factoid provides a link to the full UBS report which is a fascinating read for those interested in the underlying causes and forecasts.

Financial Post: Fifty years on, a Nobel lecture everyone should read on why central planning always fails



On Monday, Daron Acemoglu, Simon Johnson and James Robinson were announced as winners of the 2024 Nobel Memorial Prize in Economic Sciences. More importantly to many free-marketers, this is the 50th anniversary of Friedrich A. Hayek’s 1974 Nobel. One thing that was so memorable about Hayek’s Nobel was his Nobel Prize lecture, *The Pretence of Knowledge*. Last year when Tyler Cowen wrote a book on the GOAT (Greatest of All Time) economist, he didn’t give that title to Hayek, but included Hayek in the top six and gave him the “GOAT article” award for his famous 1945 article *The Use of Knowledge in Society*. If there was a “GOAT Nobel lecture” award for economists, Hayek should win it, too.

Hayek’s 1974 Nobel lecture didn’t present a grand model of how the economy works or explain how experts could make better use of data or even the most sophisticated models to steer the economy. Instead, he argued that no one, no matter how expert and no matter how much data he had, would ever be able to model the economy — it is too complex. Which is also why no one would be able to steer the economy. Economists and experts simply don’t have the knowledge to successfully central-plan an economy — and they never will.

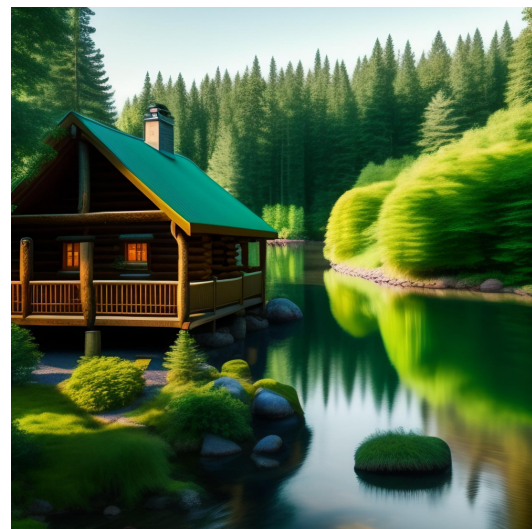
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Raymond James Estate and Retirement Planning Group: What to consider in your succession plan for the Family cottage

Retirement is likely the biggest decision people make, and most don’t get to try it out first.

Cottages often hold deep sentimental value for families, creating cherished memories across generations. Without a well-thought-out estate plan, family harmony could be jeopardized.

A comprehensive cottage succession strategy begins with a review of your wishes and an open family discussion. This ensures that everyone’s interest in the future use of the property is understood, and preferred arrangements are made. These arrangements may include setting aside funds, possibly



through a Will, for future maintenance and property taxes, as well as establishing a fair method for sharing the property.

Whether it's a new car, a new home, or even a new outfit, we usually have the chance to drive it, walk through it, or try it on before making the decision to buy.

However, there is one major purchase in life that's unlike any other: retirement. Yes, despite the language around planning for or preparing for retirement, you're actually buying retirement.

Retirement is arguably the single largest purchase people make, yet very few have an opportunity to sample it beforehand.

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Visual Capitalist: Global Real Estate Bubble Risk in 2024



Global Real Estate Bubble Risk in 2024

In many major cities, real home prices have declined as high interest rates are dampening demand.

Simultaneously, property markets are slowing due to tough financing conditions and rising construction costs. As a result, housing bubble risks have eased

in cities like Hong Kong, London, and New York. However, strong demand in the luxury market and a booming stock market are fueling bubble risks in cities like Miami and Los Angeles.

This graphic shows the cities with the highest real estate bubble risk, based on the UBS [Global Real Estate Bubble Index 2024](#).

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