5 Decades, Zero Fines: The Business Rules that ACTUALLY Work
Martin Mezei of Paired Recruiting's "Ops Talk" Interviews David Kotok, Interview released on September 13, 2025

MEZEI:
Hey everyone, what is up? Welcome to Ops Talk by Paired, where we talk everything operations, teams, scaling businesses. My name is Martin. I'm your host and today my guest is:

> Flashes to previous "Suncoast View" interviewer:
> "Chairman and Chief Investment Officer, David Kotok, here with us today."
> <Kotok is former Chairman and CIO of Cumberland Advisors.>
>
> Flashes to previous Bloomberg interviewer:
> "David, a lot of talk about trade and what it might do to the economy..."
>
> Flashes to another previous Bloomberg interview where David Kotok said:
> "Imagine if you were to sit here and say, "The interest rate on high-grade debt in the entire world is going to be 1% for years, what would you do?"

MEZEI:
David Kotok, co-founder and chief investment officer of Cumberland Advisors, author and public speaker. David, thank you so much for joining me today.

KOTOK:
Martin, it's a pleasure to be with you, and we've coordinated this with lots of effort, but we finally did it, and it's nice to be here.

MEZEI:
Absolutely. We made it, and that's all that matters.
David, I want to start out by acknowledging that you co-founded Cumberland Advisors in 1973. Correct?

KOTOK:
I admit it. I can't deny it.

MEZEI:
Amazing. What I want to start with is that in that time, I presume that you've seen work culture, team management, hiring change – right? – throughout the decades. And I'm really curious, what are the things that stand out to you the most when it comes to hiring a team back when you started and how you see it changing today?

KOTOK:
Oh my gosh! We need about seven hours to discuss that. My origins were in a grocery store in Vineland, New Jersey, where I learned in the grocery store some business applications from my father and from my grandfather – the store was founded by my great-grandfather – And they were my teachers. I have a few degrees from universities; they came second. The teaching was from my grandfather: Pay your employees even when things are so bad that you don't pay yourself – number one. Number two: Never cheat or lie to your employees because if you cheat them, you teach them to cheat. And if you lie to them, you teach them to lie. Some will cheat you. And if they do, there are processes to penalize or punish because

it's a crime. And if they lie to you, you only need to see that once to know that you have hired a liar. Therefore, act appropriately.

I learned that when I was 10 or 11 years old, sorting tomatoes in a grocery store, making change in a cash register. There was no internet, there was no AI. When I had to compute a customer's bill as a kid working at a grocery store, I had to use a pencil, I had to use a paper bag, and I would write the prices on the bag and add them up. And even today, at my advanced age, I can still add a column of numbers. That surprises people because today they don't do that. They use machines to do these things.

So the metrics of dealing with staff are to treat people fairly and with respect, and to have a set of very clear, crystal clear rules. At Cumberland, when I was Chairman and CEO and Chief Investment Officer, I would get new clients in to meet the firm, and I would take them around the office, and I would say, "Introduce yourself to so-and-so. Here's Martin. He's thinking of doing business with us and tell him how long you've been working with Cumberland." And the people who came in would hear 19 years and 17 years and 26 years and 8 years and say, "My gosh!" And I said, "Yes, well if you treat people fairly and take care of them honestly, they are very loyal and look out for you." And that is the biggest take-away lesson in my half-century of active company development to this day. Follow those rules.

MEZEI:
Absolutely. Yeah, that's profound, and I hope more and more people take on that philosophy. I completely agree.

David, what would you say were some of the outstanding accomplishments with Cumberland Advisors and different firms where you've worked when you look back at your career?

KOTOK:
There are two things about Cumberland Advisors that are unusual. I won't say unique. I don't know that anything is unique in financial services. Cumberland Advisors has never in 52 years had a citation or fine or penalty by a regulatory authority. How many financial service firms are half a century old and can make that statement? I can't think of any, but they may exist. That's number one. Because scrupulous adherence to rules, regulations, and transparency was something I learned in the very beginning and have maintained. Now there are other people; they are younger; they're now running the operation. I used to be chief investment officer. I call myself the "chief annoyance officer" now. So that's number one. Never a violation, a settlement with the SEC to pay something rather than admit guilt. Never, not one. 52 years.

The other thing is, Cumberland is an independent '40s Act registered investment advisory firm. It's been around for half a century. It is GIPS verified – global investment performance standards. We have an annual audit that is the "good housekeeping seal of approval," to use the old metaphor, of how you present your performance and your information. We are audited and verified every year. There is a difference between what you can represent legally and not qualify for GIPS verification. And what you can do to represent yourself under GIPS verification standards which require an annual audit to comply.

So I'm more proud of the historical ethical compliance of my firm. I tell my younger colleagues, I say, whether the interest rate goes up or down a quarter of a point or whether you outperform by 2% or underperform by 2% in this quarter or that quarter is all important in the investment advisory money management business. But the real history of the firm is

proven by audits and standards of transparency and integrity. And that's more important than anything else. In my opinion. I'm an old man. That's my opinion.

MEZEI:
Thank you so much for sharing. That's very insightful. And you mention now there are others, younger colleagues, running the firm's operations, correct?

KOTOK:
Yes.

MEZEI:
I'm curious: What sort of lessons have you learned in leadership that ensured that work gets done properly, even when you're not as involved?

KOTOK:
Over the years, I was involved in hiring the people, and they have replaced me. The portfolio management is done by a younger team. I watch what they do; but of course, I'm a minority shareholder. We have 18 owners of the company right now today as we speak, a transition of that ownership over a period of years. So I think transitions are very difficult when you're the old founder because you have to allow younger people to do things differently than you do. At the same time, that can present a frustration because you watch them, and you say, "Geez, I wouldn't do that," or "if you're going to do that, are you thinking about X or Y" or whatever the condition happens to be, Martin. And you say, "I've got to warn them." And when to warn and when to be a pest and warn too much is part of learning to make a transition.

I use a metaphor. There are times that you have to allow your younger partner to bump his or her head walking through a door to realize the door jamb is low and they need to stoop down. And no matter how many times you tell them, "Watch out," until they hit their head on the door, they don't learn. But once they hit their head on the door, they learn. And so I believe there is a fine line which is a nuance because the whole idea in growth, management, and relationships.

One of my degrees is in Organizational Dynamics of Business Cultures from the University of Pennsylvania, and we studied this. And in those studies, we had to draw on that nuance. How do you allow people to learn by their mistakes and then transition so that essentially what you're doing is taking away the lesson of the mistake and therefore getting set up to make a new mistake and learn from it? That is something that's taken years and is a very difficult thing to do. It's very hard. I see this among older colleagues in business. It's very hard to let go. But you've got to let go. You've got to let younger people do it and put up with the result, which is different in style, as long as they don't compromise the ethical standards of behavior. That's where I draw the line.

MEZEI:
Understood. Very interesting. So what I hear you sharing is that rather than intervening anytime you suspect somebody might be making a mistake, let them potentially make the mistake, let them learn from a painful lesson, and then that will help them avoid that mistake in the future. Right?

KOTOK:
Well, painful lessons are better teachers than kumbaya wonderful outcomes.

MEZEI:

Yeah.

KOTOK:
You learn from the mistakes and painful lessons. I did. When you have good outcomes, as a human, managing or operating in a business, you think you're very smart. Maybe you weren't smart; maybe you were lucky. You know the phrase, "It's better to be lucky than smart." So where you draw those lines is a style; it's a nuance. And how you assert the question as the elder who's departed. So I try to say to my younger colleagues these days (but not very often because this transition's been going on for years and they now run the show), if I come charging in, and I say, "Don't do that," right away you've started an adversarial conversation. But if you say to a younger colleague, "I see what you're doing. Have you thought about this?" or "Have you thought about what happens if you do it this way?" "Did you consider both ways?" you've planted an easier seed. Sometimes the answer is, "Yeah, we did, and this is why we didn't do it," and sometimes the answer is, "Gee, I hadn't 'thought about that." And sometimes there's no answer, but inside the head there's, "Maybe he's onto something, I'd better look."

So each is different. But that's my trajectory now.

MEZEI:
Understood. Very interesting. And so, David, when you were hiring a new team member, knowing that this is the type of person that you actually allow to make some mistakes, right, those things come with mistakes and risks, how do you ensure in the hiring process that you're getting the right person on board? What are the top qualities or things that you look out for?

KOTOK:
Oh my gosh. Well first of all, you can't ensure. You can only change the probabilities of a successful hire, and you go through all the usual routines and tests and background checks and everything else which everybody does. And then you have to have conversation. And then in the conversation you have to learn a few things about how people think. I always had two tests which were not part of Myers-Briggs or any of the other stuff.

MEZEI:
Mm hm.

KOTOK:
The first test I would do with younger people is interrupt them and say, "How much is 17 and 18?" Now, if I got an immediate answer and it was correct, it told me something about how they thought about mathematical things. If they couldn't or they had to think about it or they had to do it in their head and say, "Oh, 17 and 18..." and do the math, it told me something about their mathematical thinking in abstract terms without a big scientific test. So I learned that in the grocery store from my grandfather because he had to hire people to wait on customers. And if they didn't think about numbers and mathematical concepts, there would be errors. But if they had an abstract mathematical framework, there would be fewer errors. So that was the first thing I would do.

The second thing I would do would be a writing test. I would sit with a new or prospective employee. We'd be doing all the interview, and I'd say, "I'd like you to do something else. I'd like you to take this yellow legal pad with lines. I would like you to write at least two sentences, one paragraph – more if you'd like. But at least two sentences and one paragraph by hand with this ink pen and write it double-spaced. And describe any place you've visited."

That was the assignment. Then they would do this. It would take some minutes. Some people would describe a trip to a foreign country or other people would describe a trip to the bathroom. I gave them great latitude. I said any place you've ever visited which, one, showed me imagination and creation. But I also wanted to see how they viewed communication with the English language. So that was the test.

After they were finished, I would give them the pen, read the two sentences or six sentences or four paragraphs. I never knew, but I learned from verbosity a lot about how they viewed the assignment. And I would say, "Okay. Now what I'd like you to do is take this pen, proofread, and draw a single line through every error and above it put the correction. And I would allow them whatever time they took. And what I was looking for is how intensely they could examine themselves and how they could admit errors or not see them.

So I used those two things. That was my fancy math test. Quick interruption: "How much is 15 and 18" or whatever. And my fancy verbal writing test. And those two helped me decide if I wanted to offer a position to someone. And I did that for decades.

MEZEI:
That is actually a very fascinating approach. We might have to adopt that at Paired. I really love especially the writing exercise because I would agree, as someone who works in recruiting, I see time and time again the most valuable team members are ones that can look at their own work, recognize mistakes, not have a big ego about anything, and just look at it objectively and correct it because after all, most work that we do as humans is just that, right? It's reiterating and getting better each time.

KOTOK:
Well, if we learn from it. Some of us never learn. I used to have a third one, Martin, and I had to let go of it because if we had a short list, and we went through all this, and now it was two or three people. I would take people to lunch or dinner, and I would watch how they use utensils. What their eating habits were. And that's a function of what they learned when they were children. My rationale was not to discipline them. That's what parents are supposed to do. My rationale was to say my universe of clients are 50 years and older. They're the wealthy people that hire outside independent money managers. And so therefore, if a client sits with someone and they don't have classic manners, they convey an impression to that client or prospect, who never says a word but watches them and comes away. Some don't see it because they don't know it either. And others come away and say I'm not comfortable with that. And so there was a period of time when I tried to add social behavior in business settings – lunches, dinners, that sort of thing. Time has eroded that standard.

MEZEI:
Hmm

KOTOK:
Go out to a restaurant, watch people eat or drink, and watch how they behave. Now, it hasn't eroded it for me, but the world has changed. So that one I have to let go. I won't let it go; but for any business context, I no longer value it the way I used to. I used to have three standards, and the world has changed, and I still have two. But these days I don't hire anybody, so I don't have to use them.

MEZEI:

Well, still I think what you shared is really insightful. I understand that the table etiquette standard has gone away, I guess. Are there some other things you've observed in work culture that stand out to you that have dramatically changed in this time?

KOTOK:
We experienced the COVID shock; we experienced remote work; we changed how we do things; we're having this discussion, and we're thousands of miles apart.

MEZEI:
Correct.

KOTOK:
Are we losing the issue of human interaction and caring, politeness, concern? We can be nice to each other on videos. It's not the same as working together in Barcelona or Sarasota, FL, or someplace else and afterwards saying, "Hey, let's go have a beer." You and I will not be able to have a beer after this video. It would take a lot to do that.

MEZEI:
We're a long flight. Technically doable but…

KOTOK:
If it's two beers and you're buying, I may think about it.

MEZEI:
<laughs>

KOTOK:
So, we've lost that. It doesn't happen now, or it doesn't happen as much. And I'm sad to see that.

MEZEI:
I understand.

You know, David, I actually spent most of my career remotely working. I can say I think probably just this year it kind of tipped over from maybe the first half of my career being in person and the second half just being completely remote working from my laptop. And what I've observed that is very interesting is that there is a new etiquette of behavior for remote work and video calls and etcetera which is fascinating because back in the day maybe it was placing the serviette over your shirt or in your lap, and now it's do you give a heads up if you're two minutes late to the video meeting. Is two minutes still okay to not give a heads up about, or is it too much? Do you send a thank-you email after the meeting is done? That sort of thing. So it's interesting that certainly we cannot go out to have beers, but I think there's a still a human etiquette that can be used to show that we care.

KOTOK:
It's fascinating just to double down on what you've described. When I host a gathering every year in Maine, I have 50 people who are in financial services, economics, in business, plus a few from outside disciplines. I have people who have Zoomed with each other and Teamed with each other and done interviews and panels on television with each other and never met. They come to this remote fishing lodge in Maine, and they meet each other in person for the first time. In every single case, the relationship changed and got better. And they all come to me. "What you've done is... I met so-and-so, I've talked to him, and we've done all kinds of

stuff, but we never met in person." It's an interesting dynamic to see. It takes a lot of effort. I'm now an old observer. I keep stressing the fact that I'm an old observer of the world, and it's a fascinating place to this day.

MEZEI:
Yeah. That's why it's so amazing to have this conversation with you. It's like having a treasure chest with infinite insights. So I have to be careful with picking my questions right. But I completely agree with you that meeting in person is completely different. I also, if I develop a closer business relationship with someone, I try to visit them and meet them in person; and it is for that exact reason that you shared. It does change the relationship. Even our co-founders of this business, Paired. They have remote teams. They have businesses that have team members around the world. And for example, one of our co-founders, Charlie, has a lot of team members in Indonesia. And so he would fly to Indonesia to meet them in person and build a closer relationship and get to know them, and that definitely adds another dimension that's very important. That's certain.

KOTOK:
Yeah.

MEZEI:
Another thing I wanted to ask you, David. This may be one that you would need hours to discuss; but in a quick summary, I'm curious. If I may ask, who is the best hire you've made, or most impactful, most memorable? What comes up for you?

KOTOK:
Well, I've had several I would call successes. Success means they stayed with the company; they grew with the company; they rose in senior management in the company; and a number of them are currently running the company. So to pick one is a very difficult thing in a public interview because what am I going to do with the rest of them? And you're not going to give me two hours to give you an inventory.

MEZEI:
We can always come back for a second at the top.

KOTOK:
Ahh, yes, I know how it works.
I hired, and he became a senior colleague years ago, and his name was Peter Demirali. He died when an aneurysm burst suddenly. And so I lost a very senior partner, friend, advisor. I am reminded of that loss because he moved to Sarasota, and I have to drive past the apartment where he lived frequently. And every time I go by it, I think of Peter Demirali – fond memories and respectful ones. And he's not with us anymore. And I miss him. Had he continued and had he lived, he would certainly be in the most senior management positions right now in the company, along with others like Matt McAleer, John Mousseau, Mark Myers. I can name a bunch of names. But Peter Demirali is not there. And that's because we lost him at an early age for a medical crisis. That's the one that comes to mind, to answer your question.

MEZEI:
And what made him such a great person to work with?

KOTOK:

Well, he was friendly; he was a competent professional; he had experience; he was suitable for a private wealth management, money management enterprise; and he found a home with Cumberland and invested himself in its continuing growth, became a shareholder owner early when it was offered to him. All the things that would check all the boxes, and you look at that checklist, and he and a few others are in that category. The thing is, they're here, and I've lost him years ago. So that's why, when you asked the question, immediately my mind went right there.

MEZEI:
Yeah. So what sounds insightful to me about that is having someone in place that... He quite literally had a stake in the company, right? Which I understand as a financial firm, that's common. As you rise up to more senior positions, Right?

KOTOK:
Totally yes.

MEZEI:
Yeah. And I think that some of our listeners are maybe running businesses that are not in finance, but it could still be insightful to frame it like: I am always looking for team members that are really invested into the future of the company. Right? We want someone who is not only in it for a short-term paycheck, or something we want is someone who will genuinely contribute for long-term.

KOTOK:
You want incentives in place for them to do it; you want them to seize the incentives, and to do it. There has to be a process. It has to be an earnings process, acceleration process. And then the hardest part I think in the management scheme is when someone that you like doesn't rise but is satisfied with a level and doesn't want to do more. But you don't want to lose that person because you've developed legacy historical investment in their skills within the company. Don't be angry with them. If their limitation is frustrating you, you're the one with the problem of dealing with your frustration when you have a very good stable employee or manager who has reached a level, and anything more than that level is either too much or too stressful or interfering with their family life or whatever that happens to be.

MEZEI:
Yeah.

KOTOK:
So, a management skill includes recognition of those levels and limits. You don't want to stifle, but you don't want to force people to have to do things that are against their nature. And that's a tough one.

MEZEI:
It sounds like you can only incentivize as far as the person's character would go, right? There's no point in forcing them to going further than what they're naturally drawn to or where they draw their own limit.

KOTOK:
You can't expect someone to go beyond their capacity or capability. If you ask me to climb a ladder 100 feet, I can't do it. No matter how hard I would try, I couldn't do it today. If you asked me 40 years ago, I'd scamper up the ladder. So when you think about that mix, and that's a physical thing, but the same thing is true if it's mental or if it's an exercise, if it's a

creative issue. We're all different. We're different human beings. And let's not lose the respect for that as we deal with one another. But let each person in a business enterprise or an organizational structure do the best they can within their capacity and not be punished if they're being pressed outside of their capacity and they can't do it. And that's a fine line of management. It's a nuanced approach.

We talked about remote work. That's a very difficult thing to do with remote work. Because in remote work, we're on, we're in a mechanical setting. You and I are speaking to each other, but we're doing so by being on. We're prepared. We've done this kind of thing before, and we remember to look at each other. And before we turned the cameras on we combed our hair, except you and I don't have to worry about that. But you know what I'm saying. So in the personal relationship space, this is much more important. And in the remote work space, it doesn't happen as much. So that's the new world. It's not a question of whether you like it or not. It's here, so you've got to like it.

MEZEI:
Yeah, exactly. You've got to adapt to the different relationship that the digital world brings, along with the different incentives you've got to offer if you want to build a strong organization. I completely agree. Very insightful, David. Thanks for sharing that.

I have a last question for you. We can keep this one anonymous, but I always like to ask, the same way I ask about your best or most memorable hire. I always like to ask, do you have any fun stories about your worst hires or hires that just didn't work out and led to a funny sequence of events?

KOTOK:
Well, your qualifier of a hire that didn't work out was a humorous condition.

MEZEI:
I'm trying to put it in a positive light. But of course I'm sure in the moment, when hires don't work out and cause problems, it's probably not humorous whatsoever.

KOTOK:
The one that came to mind was one who deceived us and lied about his client visits, but that wasn't humorous. That was detective work to catch him. No humor there. I don't immediately recall hired folks where there was failure and it was humorous.

MEZEI:
I probably should have asked the question better. It's not about a funny sequence of events. It's more about the consequences of hiring the wrong person, I should say.

KOTOK:
I used to have a rule for important mid and upper level positions. New hires, entry level hires, interns, beginners is one category. But for mid-level positions, how do you develop expectations? Because you now have someone who's got some experience, been in the world, been in financial services, somewhere else first. And they're bringing in, how shall I say, different habits, maybe bad habits – maybe not bad habits but different habits, they learned them somewhere else. That's an acquisition that they made, and now they have to get into some new culture from some former culture which was different. How do you do that? How do you make that transition so that the employee can successfully let go of that old culture, adopt your new culture, do it to the satisfaction of your standards, not somebody else's standards?

MEZEI:
Yeah.

KOTOK:
That is a difficult thing. And my rule of thumb is I would have to go through three hires to get one success. So when I put together budgets for positions, I would budget several attempts to achieve a successful addition. Not just one. You know, budget a position — it's going to cost this much, here's the entry level, and here's what the pay level is in the marketplace, here's what I need to be attractive. But I would leave room in my budget for turnover of applicants.

I had a second rule. The second rule was my employees, my staff, will go to lunch with equivalent staff from another organization. And they're compare notes. "What's it like working for Kotok?" "What's it like working for Cumberland?" "What's it like working for XYZ?" "What's it like working for Martin?"

That conversation takes place all the time. Whether we like it or not is not relevant. It's human behavior. I always wanted my employee, after hearing the list from their counterpart, to come back and say, "Boy am I glad I work here." And I always wanted the other employee, that I didn't know, working for someone else, maybe a competitor, to go back to their office and say, "Boy, I wish I worked <u>there</u>." So the structure of operation, benefits, incentives, rules that I always tried to create in the businesses that I operated had that in mind. When they compare notes, I want both parties to be happy working at Cumberland instead of X, Y, or Z.

MEZEI:
Absolutely. That's actually quite brave, I think, because you do expose yourself to potentially them hearing that it's better to work in another place, right?

KOTOK:
Martin, in my opinion, every employee for every business is exposed, and the business is exposed, every single day. And to operate a business – and I've been on the boards of large businesses and small businesses and operated in various levels – that comparison is taking place all the time, whether you like it or not.

MEZEI:
That's true.

KOTOK:
It's happening.

MEZEI:
Absolutely. Amazing, David. Thanks so much for sharing that. Again, I have so many more questions, but I want to be mindful of our time, so I'm going to shift gears here a little bit, and I would love to talk quickly about this new book that you have out, *The Fed and the Flu*. Let's talk a little about what inspired you to write this particular book.

KOTOK:
It was very early in COVID. Christine and I were sitting in our apartment. We were wiping off cardboard boxes of dinner, delivered outside the front door. And that was 2020 in the beginning. My whole history about preventive medicine, which started in the Army when I was in the army in the '60s. It's in the front of the book, so there's a little personal history about

how we got to write this book. And the Federal Reserve research paper that was commissioned very early and published out of the San Francisco Fed described pandemic, epidemic, plague shocks and economic outcomes and studied 19 pandemics over 800 years using the Bank of England database, which is the finest database on Europe that you can find. And they found economic characteristics, interest rates, what happens is the same after every pandemic, epidemic, or plague.

I'm locked up in my apartment. I read their paper and studied the math, and then I ordered and had it shipped and read their entire bibliography. You can only do that when you're locked in a place in the middle of an epidemic which is raging around you. But the fact is that's what I did. And I said they're really onto something. They have a spark of genius here. Most research papers in my lifetime – Martin, I've read a thousand research papers. So 990 of them end with "more research is needed". Every once in a while, there's an aha moment, a spark of genius. This paper had it. I said this needs to be a book, number one, but it also should be able to be reconfirmed – if they're right – elsewhere in places where they didn't study. So I set about to do that.

I have three wonderful co-authors and together we spent four years confirming their findings. And their findings are confirmed throughout history. We studied the plague in Athens, and we were able to get interest rate changes and price changes and wages. To get wages, for example, in Greece and Rome, I had to go to the research papers on the pay rates of mercenaries. Why? Because in those days, you had slave labor. So I had to find job descriptions and what were the wages and what were the budgets? Well, in Greece, they had the record of that, and in Rome in Latin they had the record. I had to go find them and research it. So what we found is epidemics, pandemics, and plagues have the same characteristics throughout history. No exceptions. Zero. And that includes COVID. Time for unwinding and unfolding changes because of the tools of communication and migration. But the finding is the same.

The second thing is more alarming. Epidemics, pandemics, and plagues are disruptive. Governments are disrupted; things change dramatically – sometimes worse, sometimes better – and they get linked to wars. And that is a common theme. In Athens, the Peloponnesian War coincided with the plague in Athens and the outcomes. And we now see that today. COVID, post-COVID, look around the world. Look at the disruptions that are taking place in what preceded that era in monetary terms, inflation terms, in productivity terms, in terms of governance.

MEZEI:
Mm hmm.

KOTOK:
It's repeating history that we found in the book has been the same whether it was a plague in Rome and the behavior of an emperor and a war or today.

MEZEI:
Mm hmm.

KOTOK:
And that behavior is continuing. So looking at today with the reference in that lens has become helpful to some people who have read my book. They've told me that.

Other people say, “You know, all that antiquity with Rome and Greece is boring. I’m not interested.” So I say, “Look, this is really four books. Skip the first 200 pages. It’s a 500-page book. Go right to the Federal Reserve history. Go to Section 3. And look at the Federal Reserve, at the Spanish Flu and World War I. And what did the Fed do about COVID? What did it do about Spanish Flu or economic shocks from disease? Nothing. It was busy. It was new.

Look at the Asian Flu in 1957. What did the Federal Reserve do? Nothing. Why? It’s all explained in the book.

Look at the COVID response. Look at the Fed preparing to deal with an economic shock that didn’t happen with SARS, 20 years before COVID. But they started to say, “Wait a minute. This is as big an economic shock as some other type of shock. We need to have tools. Those tools were applied in COVID. Some succeeded, some failed. But there was a monetary central bank response based on preparation, and there was also a fiscal response. And we did not have a Great Depression while we had a pandemic. Previously, we did.

So I’m a defender of Jay Powell and the Federal Reserve and its activities. Did they do it perfectly? Certainly not. Did they have prior experience with something that killed over a million Americans and has between 6 and 20 million of them still suffering from long COVID disabilities in the United States? And has anybody considered the fact that this is going on all over the world? No! It’s over. You ask Americans, and they don’t think about this. But the aftershocks have been true from the plague in Athens to today.

So the book is two things: One, it’s a history book. But two, it has a bunch of lessons. And we’re human beings, so we forget to learn from the previous lesson, and we repeat it.

MEZEI:
Absolutely. Well, you certainly convinced me to grab a copy, David. It sounds fascinating and it’s true. It’s interesting how... I see both of these things: One, a lot of people that I talk to when they share their personal history, there is a “before COVID” and “after COVID.” So I’ll say, “Before COVID I was living this life, and after COVID I’m living this life.” Right? Like there’s this big shift in their personal lives or with their business, with their career, with everything, right? And at the same time, when let’s say me and friends are just hanging out, sometimes somebody just goes, “Hey, do you guys remember COVID?” And suddenly we all go, “Yeah, right. That happened. That was a thing. That’s correct.” It’s almost like it’s being erased from our collective memory or something.

KOTOK:
Martin, exactly the same thing happened at the time of the Spanish Flu a hundred years ago, and exactly the same thing happened with the Black Death in Europe 800 years ago, 900 years ago. Exactly the same thing happened in the plagues that went through what is now Italy from city-state to city-state for almost a century. The behaviors were exactly the same.

MEZEI:
Hmm, so fascinating. So almost as if we have a cultural or perhaps even a genetic way of just dealing with these pandemics, epidemics as a whole or something.

KOTOK:
I guess so. I guess if we had them every other year, we would do this differently. But we have gaps of time. And the gaps of time span a generation or two and therefore we repeat history. I am guided two things:

(1) Winston Churchill's words after the war when he was delivering a lecture. I don't remember if it's Oxford or Cambridge or what. He was asked what's the most important thing. And he said, "Study history, study history, study history. And when you're exhausted and tired, study more history." That was his advice to students.
(2) And then there's a famous Spanish poet, George Santayana. And if you translate his line, "Those who forget their history are condemned to repeat it." Profound words.

MEZEI:
Absolutely. I think that's a perfect note to wrap up this podcast. David, thank you so much for your time and wisdom. You've been very generous. And I encourage everyone to go check out David's book, *The Fed and the Flu*. I will link it in the description.
David, thank you so much once again, and I hope we get to speak again.

KOTOK:
I hope we have the beer together.

MEZEI:
Yeah, exactly. Two beers in Barcelona. That's the plan.

KOTOK:
There you go. Two beers in Barcelona. That could be the title of a new book. Thank you, Martin.

MEZEI:
My pleasure.