

The (not so) Wonderful Wizard of Was

A modern retelling of the fable starring the three little pigs and the big bad wolf

Once upon a time there was a happy community. In the community there lived a Wizard. Some called him the Maestro; others called him an Oracle. In any event, he was called on from time to time to make big decisions.



SUMMING IT UP

William Rutherford

These decisions involved the land in which he and the little people lived. The big decisions usually involved money; sometimes they involved how the money was priced, who got the money, and even how those who received the money used it. Because these decisions were so big, sooner or later they affected everyone in the land — not always for the better.

As it happened, the land fell on hard times because decisions made by the Wizard were wrong. Businesses failed, and people lost their jobs, savings and retirement accounts. The prices of companies fell along with the prices of just about everything else, except food and energy. (At an earlier time, the Wizard had said the food and energy didn't count, so people were not to pay attention to them.)

Worst of all, the Wizard's boss was on the brink of losing his job. If the boss did not keep his job, then the Wizard would not keep his job, and the very worst thing of all would happen: He would no longer be the Wizard. If he were not the Wizard, then no one would call him Oracle or Maestro, and he would have to join the two and a half million people who had already lost their jobs because of his decisions. Bold action was required.

The Wizard then decided that the right thing to do was to lower the price at which people could obtain money (it was called the Federal Reserve Interest Rate). The Wizard thought this was such a good idea that he decided to lower the price of money to a very low rate — so low in fact, that anyone who saved money would receive very little for it. And, because it was such a good idea, he also decided to leave the rates low for a very long time.

According to the Wizard, this big idea was a very good idea because it encouraged people to spend their money instead of saving it. Furthermore, this encouraged people to borrow money and spend that too. This meant that as more people spent more money and bought more things, eventually the price of things would go up. As a result, people would be rehired, and they would live happily ever after.

The Wizard liked his idea so much that he began to advocate his idea. He told people they should borrow money at the new low rates to take advantage of his big idea. He told Wise Men, called Congress, that this was a very good idea. Everybody should take advantage of the low interest rates to buy and build

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houses, borrow money on their existing homes through second mortgages, and borrow on credit cards and anywhere else they could get money.

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Some of the people who lived in the land were Pigs. Some of the Pigs borrowed the money as the Wizard recommended. Some Pigs lent money to the other Pigs. Still other Pigs facilitated all this lending.

Some Pigs originated loans and received fees. Because the fees made the Pigs happy, some of the loans were made to those who could not or would not pay them back. Still other Pigs had to say that the borrowers could repay the loans, but they had no problem approving the loans because the fees were big. Still others appraised the properties and charged fees. Still others packaged and repackaged the loans, and charged more fees. Some Pigs opined on the quality of the packaged loans, and they charged big fees too. Eventually the packages of loans were sold to other Pigs who resold them to other people in the land. Eventually anyone could be a Pig. And all the Pigs were happy.

A few people began to wonder if this BIG idea was all that good. Some even questioned the Wizard, but they were told that they were not Wizards and that they should mind their own business until they too became Wizards.

Some said, even if this BIG idea were a good idea, maybe there should be some limits to it. But the Wizard said that limits were not a good idea, and people believed him. He said that the Pigs who were doing these things were very wise Pigs and should not be troubled by a bunch of non-Pigs telling them how to be piggy.

So the Pigs kept doing what they were doing and built houses. Some Pigs built houses of straw, some built houses of sticks, and yet others built houses of boards.

Eventually, it came to pass that the loans became more expensive, and the borrowers were unable to repay their loans.

The Wizard had not discussed this possibility. Some of the people who had borrowed the money were unable to pay the

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loans, and the holders of the loans found they were unable to collect — indeed they did not even know what they owned or what the loans were worth. The value of the houses began to fall, and people no longer wanted to own them or pay for them. It began to appear that the loans would not be repaid.

Trust in the system vanished. The whole system collapsed. Pigs did not want to lend money at all. Lots of people lost lots and lots of money. Once again the Wizard caused people to lose their jobs, their savings and retirement plans. Times were worse than the time prior to the Wizard's big idea. There seemed to be no bottom in sight.

People became angry at the Wizard. They said he was not wise. They said he was not a Wizard, nor Oracle, nor Maestro. They said the Wizard misled them. They said he was really a Big Bad Wolf and that he had huffed and puffed until he blew all their houses down. And so he did.

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