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There was an immediate and dramatic reaction by stock market investors to President Obama's plan for addressing the financial stress from which our nation is now suffering. He seemed to be most concerned about things which he connected to banks, such as massive securities trades, activities of hedge funds that are somehow connected to banks and insider trading. Let me be clear that I consider these to be important topics. But, they seem to be missing the main point. What is it that bankrupted Iceland, caused BNP Paribas to freeze money market funds, scared English customers of Northern Rock bank into massive withdrawals and then took down Lehman Brothers? It wasn't stock trading by Citibank for its own account. It was, in fact, layer upon layer of stupidity.

In an earlier column I spoke of these layers. First were the homebuyers who decided they must own a house and had no qualms about financing it with an adjustable rate mortgage (ARM). These began with an interest rate like 1.5% and in a few years that rate had gone over 7%. Result – disaster! They could not make their loan payment and often the value of their house had declined to less than their mortgage balance.

And, why would any bank make such a loan? Because it could be packaged into a security and sold to an investor. This was possible because S&P and Moody's rated these mortgage securities AA, and, of course, if the originating bank sold these loans, their outcome was no longer the bank's worry.

This was all topped off when a large insurance company decided it could make a fortune by creating derivatives which effectively insured these mortgage securities. The company indeed made money for a few years, but then the mortgage securities began to fail. Someone finally noticed that there were no reserves for this "insurance." You and I gave this company about \$180 billion of federal money to get over this little hurdle.

You would think we had learned something from all this, but that sure looks like wistful thinking.

This past week I listened to a radio news piece about a gentleman who was struggling with a mortgage he could no longer afford. His bank, had offered to extend the loan from 30 to 40 years and to drop the interest rate to 2%; thereby halving his monthly payment. But he was wrestling with this because the value of his house is less than what he owes.

This is yet another example of the nature of the problem we face. Though many people refuse to acknowledge it, the value of real estate does not always rise. It can fluctuate, and if it drops you are still liable for your mortgage. In this case it seems to me that a bank has made a magnificent gesture and it's time for this borrower to display some honor.

President Obama's "plan" does not seem at all to address the major problem and cause of our crisis; that multi-layered stupidity which, appears to be still alive and kicking.

Perhaps some further regulation will help, but more than anything we need to wake up.

And I have a postscript to last month's column in which I had a list of points aimed at every child's education. A friend pointed out that I omitted something important. I did mention athletics but that friend urged the inclusion of music as part of any child's education. I am a trumpet player and I heartily agree that learning to play an instrument is absolutely great for any kid. Sure beats computer games.