# The Pogo Corollary

Henry's Pogo Corollary- The harder it is to understand a problem the more likely it is that we are the problem.

While the two parties blame each other for the financial crisis, and while they both blame greedy Wall Street executives, we the public are both confused and outraged- so confused and outraged that we refuse to see how much we are responsible.

We do not want to actually understand and work to check out the trustworthiness of our bank before we put our hard earned money there. We want the government to guarantee our money through FDIC insurance.

FDIC originated under FDR in response to the prevailing financial crisis. The $40,000 limit was raised under Carter to $100,000. These limits gave both a false sense of security to depositors and a sense of recklessness to the banks, leading in part to the savings and loan fiasco in the late 1980's.

The new rescue package now raises that limit to $250,000, again for the purpose of restoring confidence in a system with claims instead of caution and performance.

We want to believe that our home values will only rise and therefore take out loans that we can not afford. We want our municipal bonds to be secure so we buy only insured bonds, without asking," if these bonds were safe why do they need to be insured?"

We do not want to actually study the stock market so we hand our money to the mutual funds with the "hot managers" or diversify according to an allocation system you get free with a $59 version of Quicken.

We want to buy and sell stocks with a "Booyah" like it is a

Nascar race.

Congress encouraged Fannie Mae to ignore risk and let the perception of a government guarantee cause all of the insurers and other who normally perform some sense of due diligence skate recklessly. When we ask or accept these guarantees we relinquish our responsibility and participate in this charade.

Ultimately we learn that the even home prices can go down, that even the government can not buy help everyone buy a house they can not afford, and that risks do not disappear just because some shyster on Wall Street collects them under a sophisticated name.

When we refuse to accept responsibility for our own choices we encourage the government to “protect” us as if they can create something from nothing when we realize that Wall Street can not.