

# We Let the Fox Guard the Chicken Coop...

## Few regulations for Wall Street

Mike Prokosch

*Once upon a time*, there was a very poor farmer who raised chickens. He had no money, but at least he had food to eat. He had the eggs from his chickens. A crafty fox said to the farmer, "I will pay you \$5 if you let me guard the chicken coop."

*The story could go in this direction:*

The farmer thinks to himself, "What a great deal! I really need that money. And now I don't have to guard the chickens myself. I have a fox here who will pay me to guard the chickens!"

*Tell what happens next in this story.*

*Or it could go in this direction:*

The farmer thinks to himself, "That is a smart fox. He is spending \$5 but he is gaining control of my whole chicken coop. I really need that \$5, but I know what will happen if I let the fox guard my chickens."

*Tell what happens next in this story.*

### Some Background on the Fox and the Farmer

In the past 10 years, Wall Street bankers have acted like the fox. They have spent \$5 billion dollars on campaign contributions and lobbying. In return, politicians agreed that bankers should not have to follow too many regulations. Here are some of the things that the U.S. government did to make life easier for the bankers:

- It deregulated the financial industry so investors could make money faster.
- It ended laws that made banking safer.
- It let banks measure their own level of risk.
- The government even passed laws that made it illegal to regulate some risky new investments.

The result? Freed from regulation, Wall Street managers made incredible sums of money. In

### Ideas for Lessons

Visit <[www.nelrc.org/changeagent/extras](http://www.nelrc.org/changeagent/extras)> for pre-reading and extension activities, as well as suggestions for how to work with the metaphor of the fox and chicken coop.

2007, the top 50 private equity managers took home an average of \$588 million each. They did this by gambling with other people's money. Gambling is risky. But these people did not pay for the risks they took. When Wall Street crashed, the U.S. government spent taxpayers' money to bail out the big banks and investment firms. The Wall Street managers walked away with the profits and we are paying for the risks.

Predictably, the fox did not do a good job of guarding the chicken coop. Instead, he invited all his friends in for a big feast. They ate all the chickens and destroyed the chicken coop. When they saw what a mess they had made, they ran to the farmer and told him it was time to rebuild the chicken coop and buy a new bunch of chickens.

The farmer hesitated to take advice from the fox. "You're the one who destroyed everything," the farmer reminded the fox. The fox ignored him. "Hurry," he said. "You can't live without your chickens! This chicken coop is the most important thing in your life. It's too big to fail."

*Mike Prokosch works at Community Labor United in Boston, MA and he served on the editorial board of The Change Agent.*