

Lisanomics – The Nerve of Those Credit Rating Agencies!

☒ Over the past few months, I've seen a commercial on television from a credit repair company featuring a character named "Lisa". She's a young, attractive, visibly pregnant mother standing in front of a nice house with a nice yard. She confides in the viewing audience that she has a credit score of only 612. With her hands embracing her stomach, she explains her "need" for a loan to purchase a larger house for her expanding family. She complains that her low credit score makes creditors "think" she's "unreliable".

Now Lisa seems like a nice, reasonably intelligent lady. So I'm somewhat perplexed as to why she doesn't quite seem to comprehend what exactly a credit score is.

A credit score isn't some random number from a lottery drawing that is arbitrarily assigned to individuals. If you have a low credit score, it's because you did something to earn it.

A credit score is a measurement of your reliability as a borrower. Before creditors lend you their money, they understandably want to consider the risk that you won't be able to pay that money back. A low credit score is a signal to them that you are indeed... unreliable.

So if I could humbly offer a piece of advice to the lovely Lisa, I'd say she might want to consider staying in her old house for now and cutting back on the spending.

I'll cut Lisa some slack though. After all, she's a fictional character portrayed by an actress who was paid by the credit repair company.

It's much harder for me to cut slack to an American president who seems to share precisely Lisa's naivety and sense of

victimization in regard to the borrowing reliability of the United States of America.

Over the weekend, Standard & Poor's credit agency downgraded our country's credit rating from its historic Triple A rating. This news sent Monday's stock market session plummeting.

President Obama quickly addressed the downgrade in front of television cameras. As always, he blamed everyone but himself for our country's economic woes.

We learned from the president that S&P's downgrade was actually unwarranted and that there's no concern that we won't be able to pay off our massive debt. He cited confidence from the always ready-to-lend-a-hand Warren Buffett as proof. I feel MUCH better now.

The president also claimed that the prolonged debate over the debt ceiling was what actually prompted the S&P downgrade. Yes folks, it wasn't our runaway spending. It was those meddling terrorists from the Tea Party again! They're to blame!

Before he was done speaking, he reminded us once again (in case anyone forgot) that he inherited a recession from the Bush administration. I have to wonder if the president's campaign staff has considered changing his election tag-line from "Hope and Change" to "It Wasn't Me!"

Our debt has grown to catastrophic levels. Yet, until just a couple of months ago, there was absolutely no interest shown from this president in addressing this clear crisis. He proposed a 2012 budget with absolutely no spending cuts. In fact, it actually increased deficit spending. The budget was so ridiculous that the U.S. Senate unanimously voted it down. It took weeks of sharp pressure from Republicans to reach a last minute debt ceiling compromise with Democrats that gave us \$2 trillion in savings – the highest amount in savings the Democrats would agree to. This was \$2 trillion short of the \$4 trillion S&P said they required to prevent a downgrade, and \$4

million short of the \$6 trillion we would have saved with the House Republicans' plan. That's right... Had the Republicans' plan been signed into law, we wouldn't have been downgraded. Yet somehow, the president wants us to blame the Republicans for our new credit rating. Huh?

Let's be clear about this, Mr. President... We earned this downgrade. There was nothing random or unwarranted about it. We have become unreliable. In the midst of this crisis, why doesn't your side of the aisle get it yet?

Maybe Lisa can explain it to me.