Artistic License

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Abstract

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Introduction

We indulge in two brief attempts at artistic license. Each attempt is intended as follow-up to two recent papers [3, 4] on some structured investment products that have caused grief for many investors recently.

Our first attempt at artistic license, which is intended to provide cheer to any of my friends who may be dispirited by the current worldwide financial crisis, owes its genesis to Mad Magazine.

The second attempt, which was inspired by The Viking Answer Lady, has its roots in a conversation with Dale Brownawell about the history of the Viking raids on the English Isles, Normandy, and other parts of the European Continent.

A super-spectacular financial crisis

Fans of the 1980’s issues of Mad Magazine may recall “It’s a Super-Spectacular Day,” a wonderful song that made for a terrific, spirit-raising, sing-along when the future seemed bleak. The song was issued on a “flexi disc” containing a multiple-groove recording, and playable on a 33rpm turntable. The song opened with a piece about the beginning of a “super-spectacular day,” and then there were eight possible choruses to the song, each depending on where the turntable needle had touched the disc initially.

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In light of the current financial crisis I have composed a new chorus which I dedicate to fellow fans of the 1980’s Magazine, central bankers worldwide, currently-solvent hedge fund managers who are blissfully unaware of the Gambler’s Ruin Problem or the Central Limit Theorem, and all financial “engineers” (quants):

“It’s . . . a . . . great big, beautiful, wonderful, incredible, super-spectacular day,
And your heart is humming with good times coming,
And you got that happy feeling things are going your way.
All the bells are ringing, and a little bird’s singing, while he sits on your window sill,
Singing yessiree, I can surely see, it will plainly be, most definitely,
A super-spectacular day!
Untillllllll . . .”

[Chorus]
Your cereal looks great, so you raise spoon to lips,
As you open the ’paper to check the blue chips.
Stories of derivatives widen an eye,
As you read them, you sense your pension go ’bye!
You gag as the spoon slips sideways down your throat,
With red-hot oat-meal as e-pi-glotal moat,
There’s no doubt that for you its Cash-Out and Lights-Out!, and . . .
That it’s not such a super-spectacular day!

The prayers of a Pennsylvanian pensioner

The Viking raids on the English Isles began in the late 700’s C.E. and continued until about 1100 C.E. [1,2]. A devastating attack in 793 C.E. on the monastery of Lindisfarne on an island near the coast of northern England spread terror throughout England and parts of Western Europe. The Viking raids were so frightening that prayers were composed in an effort to ease the populace’s fears of the “Hammer of the North,” as the Norsemen came to be known.

In surveying the effects of financial derivatives over the past two decades, and the resulting worldwide wreckage to investors’ portfolios, central bank accounts, and corporate balance sheets, we cannot help but compose prayers similar to those prepared during the time of the Viking raids. We were inspired by The Viking Answer Lady in preparing the following prayers and commentary:
“A naïveté Quantitatorum libera nos, Domine!”

[From the naïvete of the Quants deliver us, O Lord!]

This phrase was a worldwide litany of despair raised up in homes, central bank boardrooms, pension- and mutual-fund shareholder meetings, and corporate headquarters starting in the second decade of the twenty-first century and continuing during the ensuing *Forty-Year Instability* when the Quants had become established at ratings agencies, investment banks, and central banks, with the tertiary purpose of laying siege to global financial stability. It has been shown, however, that the phrase is not apocryphal, although the primary and secondary purposes of the Quants have never been established.

Only one twenty-first century academic quasi-research publication will ever be discovered containing this phrase, although numerous newspapers and Internet sites will be found to contain prayers and general formulas for deliverance against unnamed Quants. The closest documentable phrase is a single sentence, to be taken from an antiphony-in-preparation for professors of Statistics utterly skeptical of Ayn Rand, Capital Asset Pricing Models, and Efficient Market Hypotheses:

> “Summa pia gratia nostra conservando corpora et cutodita, de gente naïve, Quantitatorum nos libera, quae nostra pensio, Deus, regna.”

[“Our supreme and holy Grace, protecting us and ours, deliver us, God, from the naïve race of Quants which lays waste our pensions.”]

References


