

# Case study assignment essay



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The Daily Show's Jon Stewart is usually informative, comical, and humorous. The late night satirical program is seemingly at the direction of Stewart, making his job one to be envied. The Daily Show draws its satire and comedy from a host of sources including politics, media, news stories, and often draws comedy from aspects of the show itself. Stewart has been the host of the show since 1999 and has had the opportunity to meet numerous famous actors, musicians, political figures, and even the occasional fellow talk show host.

The show usually opens with a long monologue from Stewart highlighting recent headlines. The second segment of the show typically showcases Stewart and his correspondents adopting a headline and taking exaggerated stances on opposite sides of the issue to better display an opinion, point, or fact. The last segment of Stewart's show is devoted to celebrity interviews in which he usually makes the crowd, televised audience, and his own celebrity guest weep in laughter. Only on select occasions is Stewart clear, precise, and non-satirical. One such occasion took place during the housing market collapse in 2009.

Stewart hosted Jim Cramer from CNBC's Mad Money to comment on a few remarks a fellow correspondent at CNBC had made recently with respect to the housing market. During this celebrity interview Stewart highlights an ethical issue, questions Jim Cramer's ethical responsibilities, and even shows anger toward Cramer for how he handled the situation. In order to fully comprehend the ethical situation that unfolded in 2009 with respect to the housing market collapse and the banking collapse, one must first understand the actions taken by each party prior to 2009.

Bankers backed by investors, started lending mountains of excess capital. This lowered interest rates (with the help of the Fed) to an all-time low. Interest rates were almost 0%. People who had never thought of borrowing money before were now entertaining the notion because of the low interest rate. Banks seeking to lend capital sent bankers into communities. The banks went (in some cases) door to door selling mortgages. Claiming that housing values had risen, the bank began letting people borrow on that “increase” in home value.

The banks in some cases lent money to people who they know could not pay it back. The bank would tell people that they should borrow now while interest rates are at 0%. What was not mentioned however was what would happen when the interest rates went back up. If this was brought up bankers would suggest a future refinance and settle that worry. Banks, knowing that most of the mortgages would default, packaged up mortgages and leveraged them 35-1 before selling to investors. The banks were lending capital, taking bad mortgages, and selling those mortgages to investors.

At days end, very few people walked away with more money than they could ever dream of, while most were left homeless (bank foreclosure) and in debt. The ethics in this situation can be seen in many ways. The banks were unethical when lending capital to those who they knew could not repay the loan. The banks were again unethical when they leveraged these loans 35-1 and sold them to investors. An argument can be made that the bank had expertise in the area of mortgages while the mass populous does not. The banks should not have lent money to people who hardly understood what they were signing up for.

That is not to say that all homeowners that took mortgages were victims however. While individuals may not have known nor had access to banking policy and codification, there is something to be said for taking money from a door-to-door banker who has just told you that your home value has appreciated and that he can lend you that difference on the spot. Some people must have realized that the housing market was inflated. During the interview with Stewart, Jim Cramer remarks that we are all to blame for what happened.

In the housing market and banking failures, Cramer's opinion that we are all at fault rings true as bankers, investors, homeowners, mortgagees, and the government share the blame for the dubious ethical activity. Cramer was invited on The Daily Show after one of Jim's correspondents, Rick Santelli, made some public remarks that were distasteful to say the least. Santelli, outraged that the government would even think of giving bailout money to homeowners who had recently lost their home, made public televised comments about how he and the CNBC newsroom did not want to pay for "loser" mortgage holders.

Instead Rick Santelli would have rather seen this bailout money go to the same banks that sold those "loser" mortgages. If Santelli had been speaking on behalf of CNBC then as a financial news broadcaster, Santelli was unethical in these statements. However Santelli was just offhandedly making comments on the CNBC newsroom floor. This seems to be more one man's opinion on the situation than CNBC's actual opinion. If Santelli was just speaking his own opinion then there is nothing unethical in that. As a financial news reporter these comments were ignorant and stupid.

CNBC probably did not agree with Santelli and as such Santelli was just being a fool on television. Santelli, like Jim Cramer, has certain ethical obligations as a part of being a financial news broadcaster for CNBC. Jim Cramer has some ethical responsibilities with respect to his television show Mad Money. Cramer has the ethical obligation to tell the truth as best as he can discern it. Cramer, as he states in the interview with Stewart is just a “guy trying to do an entertainment show about business for people to watch.” As such, Cramer’s ethical responsibilities are to report the truth and to not mislead the public.

Other than that, Cramer is a funny, comical news host who enjoys presenting his own opinion on the stock market. Making stock market picks on national television is not unethical. Finance as Stewart says “is not a game” but Cramer is an entertainer and as such is allowed to offer his opinion on the stock market. There are thousands of people who do what Cramer does, Cramer is the best at it and as such is the most famous “stock picker”. Listening to Cramer and acting on his tips is done by free will. No one is making you buy Jim Cramer’s stock picks.

He is a commentator trying to offer an opinion while being entertaining simultaneously. Stewart shows anger at Cramer for not representing what was happening with the housing and banking failures earlier than he did. I do not believe that this anger is justified as no one knew or could foretell that the housing market and banking system would collapse. Yes it was probably rumored, but there was no way to tell for certain that either of these things would happen. Stewart’s anger with Jim Cramer for not informing the public of the banking collapse is not justified.

No one else was reporting this ahead of time because no one knew that it would happen. Rather, no one believed it was going to happen. If Jim Cramer knew and believed that the housing market and banking system would collapse prior to their actual collapse, then not running this story would have been unethical and Stewart's anger would be justified. However, the fact of the matter is that no one really knew what was going to happen. Cramer is not an all knowing omnipotent financial wizard that can foresee the future; he is an intelligent talk show host who enjoys entertaining.

When reflecting on the events of 2009, the housing and banking collapses, the fourth chapter of the text titled "Invest Wisely" seems to have a meaningful correlation. The text speaks of investing in the time of Aristotle. Although Aristotle's advice on investing is thousands of years old the following belief of Aristotle may help to avoid another situation like in 2009. "For Aristotle, doing the right thing did not mean bulldozing ahead. In fact, he believed that too much courage was actually the vice of recklessness, and he advised people to seek the Golden Mean.

He advocated balance, judgment, and responsiveness to the full range of ethical and practical factors in a particular situation. In some situations, the right thing is clear and so is the right way to do it. But when things are more complicated, it becomes important to think prudently and act with moderation. In these situations, careful assessment of risk and reward is the essence of responsible action. " It seems almost as if Aristotle was speaking directly to the housing market collapse in this statement. In order to better equip ourselves economically and financially Aristotle's advice should be taken into consideration.