

Appendix 8.1

Hollywood's S&L Cautionary Tale: *It's a Wonderful Life*

The 1946 Christmas classic film *It's a Wonderful Life* is about a good-hearted manager of a thrift institution who nearly bankrupts it by making too many subprime loans. All-American hometown hero George Bailey (played by Jimmy Stewart) selflessly shelves his ambitions to see the world in favor of staying in his hometown, Bedford Falls, to run the family business, Bailey's Building & Loan Association. Ever ready to seize control of the bank is the town's nasty slumlord, Mr. Potter (Lionel Barrymore), hell-bent on stopping the "sentimental hogwash" of making home loans for the working poor.

On George's wedding day to Mary, his hometown honey (Donna Reed), there's a run on Bailey's. Potter offers the depositors 50 cents on the dollar. George and Mary quell the panic by allowing withdrawals at face value, using the \$2,000 intended for their honeymoon to do so. George's bank is financing an affordable housing project for the town's poor, Bailey Park, another strike against Potter, who vows to ruin George. When Potter's subterfuge causes \$8,000 of bank funds to go missing just before a bank examiner's review, George sinks into despair. He figures he'd be better off dead so that his wife could collect \$15,000 in life insurance.

George's suicide attempt is interrupted by an angel named "Clarence," who shows George what misery would have befallen his community had he not been born. Bedford Falls in this alternative universe has been renamed "Pottersville." It's mostly a slum, with Main Street dominated by pawn shops and sleazy bars. Bailey Park was never built. Everyone George knew was miserable, insane, or dead. Upon his return to "real life," George learns that his friends and depositors have raised the money to save George's bank from scandal and ruin. He realizes that despite his problems, he really has "a wonderful life." Virtuous George triumphs over evil Mr. Potter.

Wendell Jamieson in a December 18, 2008 *New York Times* article "[Wonderful? Sorry, George, It's a Pitiful, Dreadful Life](#)" wrote of the film: "It's a terrifying, asphyxiating story about growing up and relinquishing your dreams, of seeing your father driven to the grave before his time, of living among bitter, small-minded people. It is a story of being trapped, of compromising, of watching others move ahead and away, of becoming so filled with rage that you verbally abuse your children, their teacher and your oppressively perfect wife."

George Bailey was not cut out to be a banker, but he meant well. The same cannot be said of the many unscrupulous bankers running America's S&Ls during the 1980s.