Bill Gross



Investment Outlook

PIMCO

April 2010

Rocking-Horse Winner



There once was a family who lived in a fine house on Main Street USA sometime in the 1980s. It was a handsome house with a big yard and a white picket fence, but something always seemed to be missing. There was never enough of this or that – a fancier car, another TV, it didn't seem to matter – there was never enough. And so, the house came to be haunted by an unspoken phrase, "there must be more money, there must be more money." The walls seemed to whisper it in the middle of the night, and even during the day everyone heard it although no one dared say it aloud. The chair spoke, the bedroom armoire, and even five-year-old Billie's toy rocking horse would eerily demand almost in unison, "there must be more money, there must be more money."

One day, sensing the family's distress, little Billie asked his father, "What is it that causes you to have money?" "Well, you go to school, get a good job, and get raises," his Dad said, "but these days there just doesn't seem to be enough." But Billie, being just a little boy didn't understand and so he went off to ride his rocking horse, searching for the "clue" to "more money." The horse was a special toy because not only did it whisper like the walls and the living room chair, but it seemed to answer questions if you only rode it fast enough. And so Billie would sit on top of his horse when no one was looking, charging madly up and down, back and forth in a frenzied state to a place where only he and his pony could go. "Take me to where there is money," he would command his steed.

At first, Billie could not make the horse answer the way it had when he asked about Christmas presents or what kind of ice cream Mom would bring home from the store. Finding money seemed too hard of a question for a toy horse, but it made him try even harder. He would mount it again and again, whipping its head with the leather straps, forcing it faster and faster until it seemed its mouth would foam. "Where is the money, where is the money?" Billie would scream, and at last the horse in full gallop cried out, "borrow the money, borrow the money!"

At just that moment Billie's Mom came around the corner and into his room and his eyes blazed at her as he fell to the floor. She rushed to his side, but he was unconscious now, yet still whispering the horse's answer. He continued in that condition for the next 25 years, full grown, and confined comatose to his hospital bed. His family would visit, hoping for his revival, and then miraculously one day in 2008 he awoke with his father