# WHEN NUMBERS BECOME MASTERS

Human Behavior as Story




FERDINANDO FREGA

# WHEN NUMBERS BECOME MASTERS

*THE FED SAGA — 09*

Every number is born innocent.

At least in the beginning.

It is born to help someone understand the world better.

A farmer counts sacks of wheat.

A merchant counts coins.

A father counts the days until his son comes home.

A mother counts the nights spent beside a bed.

Counting is human.

The trouble comes later.

Much later.

It comes when numbers stop serving people.

And people begin serving numbers.

No one notices the exact moment.

It happens slowly.

Like all dangerous transformations.

At first the number is a tool.

Then it becomes a goal.

Then it becomes an obsession.

Finally it becomes a master.

During my working life I saw thousands of numbers.

Quotas.

Budgets.

Margins.

Profits.

Volumes.

Percentages.

Charts.

Indicators.

Dashboards.

Reports.

Every time the mechanism was similar.

The number was born to tell a story.

Then the story vanished.

And only the number remained.

That is when the problems began.

I remember the quota.

At Gillette there was the quota.

In other companies there is a target.

In schools there is a grade.

In sports there is a record.

At the Federal Reserve there is a rate.

Everywhere you look, you find someone chasing a number.

The interesting question is another one.

Is the number describing reality, or is it replacing reality?

Because these are two very different things.

A thermometer measures temperature.

It does not create temperature.

A clock measures time.

It does not create time.

But human beings have an extraordinary talent.

They end up falling in love with their tools.

And forgetting the purpose.

It happened with money.

It happened with power.

It happened with technology.

It happens all the time.

Look at any organization.

It is born to solve a problem.

Then it grows.

Then it creates procedures.

Then it creates indicators.

Then it creates goals.

Finally a curious day arrives.

The organization goes on hitting its goals.

But it has forgotten why it existed.

Numbers are perfect for this.

Because numbers have a great advantage.

They are precise.

People are not.

Numbers don't argue.

People do.

Numbers don't have mood swings.

People do.

Numbers seem objective.

People are inevitably complex.

So, little by little, the number acquires authority.

And no one notices the difference.

A hospital can begin to measure performance.

A school can begin to measure results.

A company can begin to measure productivity.

All legitimate.

All reasonable.

Until someone forgets that behind every number there is a person.

And that is where the number takes the throne.

The Federal Reserve lives constantly inside this paradox.

Inflation.

Employment.

Growth.

Productivity.

Percentages.

Indicators.

All necessary tools.

But none of those numbers is reality.

Reality is a family.

Reality is a utility bill.

Reality is a person looking for work.

Reality is someone trying to build his own future.

Numbers describe reality.

They do not replace it.

When we forget this difference, we begin to confuse the map with the territory.

And history shows that it is a costly mistake.

Very costly.

Sometimes I think the real conflict of modern times is not between right and left.

Not between market and state.

Not between capital and labor.

Maybe the conflict is another one.

Between what can be measured and what really counts.

Because the most important things in life have a strange trait.

They are hard to count.

Trust.

Love.

Reputation.

Character.

Loyalty.

Dignity.

Memory.

Meaning.

All fundamental things.

All things almost impossible to fit into an Excel spreadsheet.

And yet we keep on trying.

Because numbers give us a reassuring feeling.

They look like order.

They look like control.

They look like certainty.

Reality, on the other hand, rarely offers certainties.

It offers only approximations.

Maybe that is why I distrust people who speak only through numbers.

Numbers are useful.

Sometimes indispensable.

But they have never raised a child.

They have never built a marriage.

They have never comforted a person.

They have never given meaning to a life.

These things belong to another language.

Human language.

In the end, every number asks the same question.

A simple question.

A dangerous question.

A question that holds for Wall Street, for the Federal Reserve, and for each of us.

Are you using the number to understand reality?

Or are you using reality to serve the number?

Ferdinando
THE FED SAGA — 09
**Human Behavior as Story**

*We don't sell books. We build relationships.*