

# Who Needs a Financial Bailout?

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If someone would have told me at the beginning of this year that Bear Stearns, Fannie Mae, Freddie Mac and AIG would have to be bought out by the government, that Lehman Brothers and IndyMac would close its doors, that Merrill Lynch would be purchased by Bank of America and Citigroup would buy Wachovia's banking operations, I would not have believed them. If they went on to tell me that President Bush would ask taxpayers to support a \$700 billion financial bailout for the banking industry, I would surely think that they have gone mad. But today, these are the factors facing the U.S. economy.

Now some of you may ask, 'were all of these catastrophic conditions created overnight?' The short answer to this question would be, no. When did these 'perfect storm' conditions begin manifesting themselves? I would say up to two years ago when there were more than 1.2 million homes in foreclosure. In 2008, more than one million homes are currently in foreclosure, according to RealtyTrac. With such a rising tide of economic failure, it was just a matter of time before the domino effect would reach Wall Street. Thus, the current economic crisis that began on Main Street has now darkened Wall Street's door. The alarms, which got the attention of Federal Reserve Board Chairman Ben Bernanke, Treasury Secretary Henry Paulson and, ultimately, President Bush has been the astronomical failures of major financial institutions such as Bear Stearns, Fannie Mae, Freddie Mac and AIG. The government bailouts of these companies have already cost taxpayers an estimated \$314 billion this year. Consequently, Secretary Paulson approached Congress with a proposal to ask for an additional \$700 billion to bail out the entire banking industry that has been saddled with bad mortgage debt.

What would soon follow is a script that sounds like it has been taken out of a bad disaster movie. Pres. Bush informed the country that we are in the midst of a financial crisis that could rival the Great Depression. He called for the presidential candidates and key Congressional leaders to help negotiate a rescue package that would save Wall Street. Plummeting Dow Jones Industrial

Averages and daily reports have almost endorsed the President's claims that something needs to be done to resuscitate our country's economic system. Despite this, little has been included in this proposal to address the needs of the average working person. Initially, Democrats asked for provisions to be placed in the bill to protect those who have been hurt by predatory lenders and are now facing foreclosures. Somehow, these measures were left on the cutting room floor as most of the financial packages have been focused on infusing fresh cash into lending institutions. President Bush has warned that if Congress does not pass this bill, that average people will not be able to purchase homes or cars. My question to Pres. Bush would be, 'where are the provisions for working families who would be required to sacrifice their hard-earned tax dollars for free market capitalists to continue to make millions off of them?' Where are the remedies for individuals who are victims of predatory lending practices of the very companies that the Government is trying to bail out? It is my opinion that a financial bailout bill should be an all-inclusive legislation that focuses on the needs of the American people as a whole and not on the select few banks on Wall Street that have failed to effectively manage their portfolios. To date, more than \$314 billion of taxpayers' money have already been spent to alleviate the financial crisis to no avail. Throwing more money at Wall Street will not fix our economic woes. It will take an all-inclusive comprehensive financial stimulus package to truly jump-start the American economy and get us moving in the right direction.