

In The Mortgage Meltdown Everyone Has to Pay

The mortgage meltdown has forced a number of financial institutions to close their doors and are likely to follow in their footsteps. Smaller or weaker banks, investment banks and other financial institutions are scrambling to align themselves with larger financial institutions who are suppose to be financially stronger. What the word “stronger” means depends on who you talk to. Lets just say that the acquiring company is larger and therefore is more likely to be able to absorb the shock. It’s sort of like how a larger fighter is better able to absorb punishment than a smaller fighter. Whether the acquiring companies will survive in the long run is anyone’s guess.

When businesses go under, everyone has to pay in some form or another. It’s just that the costs or payments are more obvious when larger companies fold because there are more people directly affected. When companies go under, employees lose their jobs, insurance and health benefits. Shareholders lose the value of their investments. Other companies and businesses that provide goods and services directly or indirectly to these larger companies will lose sales and may not get paid for goods and services already rendered. The entire community is affected when a business goes under. If there is a government bailout, the taxpayers pay with their tax dollars. Even if there is no government bailout, the people and the taxpayers pay. When the expected tax revenues from these companies are lost, government programs are cut and taxes go up.

As the financial crisis deepens, the economy will stall and go into a recession or depression. With all the financial unrest, it is becoming more difficult to make a living. There is a loss of public confidence in the economy. Everything begins to cost more. The quality of life for the average American begins to deteriorates. The government may say otherwise, but the American people know the truth because they live it.

The financial crisis affects the mental, emotional and physical well-being of everyone in the community. The companies may be local, but their failure have larger impacts beyond the location of their corporate headquarters or manufacturing operations.

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