

America's Economy Has been Hijacked: Righting the Wrongs

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You don't have to be a financial genius or have a doctorate in philosophy to know when things are not right. As working stiffs nationwide tightrope on the strings of economic solvency, it is time for a change in mindset. We live in a country that has been hijacked by super rich greedy fiends that have profited from what can be called the Big Con. Bought and paid for politicians and mainstream pundits have done the 'water carrying' for their corporate masters, to the detriment of too many of us. Perhaps it is time to send the message to them: "Enough is enough!" Let's get to it....

Rebecca Burns has written a well researched and cogent piece on another Wall Street greed fest entitled **'Too Big Has Failed- and Wall Street is Teetering Once More Toward Collapse'**. The newest game in town by the Wall Street wizards of greed is called *Rent-backed securities* (the film ***The Big Short*** captures the original scam). Since the housing bubble crash in 2008, the corporate pigs have bought up tons of single family homes at bargain prices, due to either foreclosures or 'underwater' homeowners forced to give them up on the cheap. They then get local management companies to rent out the homes (sometimes to former owners who went bust) in a market that is more 'demand' than it is 'supply'. The rents then go higher and higher and what do these corporate sharks do: *They bundle them up and sell them as securities to investors*. This is just what was done with sub-prime mortgages helping to create the housing bubble fifteen years ago.

Ms. Burns, much more knowledgeable than this writer, lays it all out for you (the story can be found on the ***Nation of Change*** website) in great detail. Bottom line: In far too many instances tens of thousands of these rental units do not get the proper repairs and upkeep necessary for tenants. Plus, they may have contracts that contain room for *exorbitant rent increases of 37 to 53 %* for lease renewals! Sometimes this includes *delivery of eviction notices the same day rent was due!* Another fear that has been established is the fact that renters could face *mass evictions (even if they never missed a payment) in the event that a rent-secured bond blows up or Wall Street corporate landlords decide to sell the homes to meet obligations to bondholders*. Want to solve this mess?

What is needed in this country is a new mindset on housing. There should be a law passed by local governments that make it *illegal* for rental of housing by absentee landlords. Does anyone remember where the phrase *land lord* came from? It came from *feudalism* where the 'lord of the manor' rented out housing and use of his land to the serf, who then grew the crops for the lord of the manor, keeping some for himself and giving the majority back as 'RENT'. NO, the only type of landlord we should have is the old fashioned 'two family home'

landlord. The home owner lived in one apartment and rented out the other to help with the mortgage and upkeep. Anything else should be outlawed. Through the use of *eminent domain*, after such a new law would be passed, let local communities own and rent out the apartments and homes in as close to nonprofit as possible.

The renter is then given the option of being able to buy the place in the future, with a % of the rent held in escrow towards a down payment for the future purchase. In concert with this new idea, let's institute *Community owned and operated NON PROFIT mortgage banks*, charging only overhead. Imagine how many renters would be able to afford their own apartment or home if the rates were that low? An example of this would be mortgage rates becoming less than **50%** of the current private mortgage rates. Plus, the mortgage paper would *stay* right there in the community, like it used to be way back when, as reflected in the great film *It's a Wonderful Life* with the Bailey Savings and Loan. Just these two ideas together would give the greatest shot of *economic stimulus* one could imagine. With rates that low, and tenants saving so much of their hard earned incomes, we could see consumer spending rising, new housing construction affecting so many ancillary businesses (cabinet makers, kitchens, baths, doors etc), car sales expanding, restaurants busier... on and on. Get it?

One of the great *blights* to Mom and Pop businesses is the *commercial landlord*. As a former partner in a cafe business, I can attest to the *predatory nature* of commercial landlords. They can suck the air out of your lungs and make you pay as much as possible. Then, when things break or systems fail, they expect *you* to foot the bill in many cases! This is the *paramount reason* why so many Mom and Pop small businesses fail throughout America. The corporate chains and even the franchises have powerful advertising budgets that their Mom and Pop competitor cannot stand a chance against. Been there, know that folks! So, how to alleviate this situation:

Local communities should do with commercial property what they would do, under the aforementioned idea, to the residential housing market: Use eminent domain and take over private commercial property and run the leasing of space in a **non profit** manner. One must surmise, without even the need of financial accounting, that the rents would have to be at least 50% **less**. Imagine how many Mom and Pop businesses could prosper under those terms? And, what really should be done is to have the localities *develop* the land and create their own commercial space... again using eminent domain to obtain the land, if not already owned by them. Plus, if local communities did this, don't you think that the private commercial landlords would have no choice but to *lower their rental charges*?

Now, for these two bold ideas, many out there would shout "**Socialism**". Oh, heaven forbid if I am labeled what I am. So what? We have socialism doing very well in our nation. Our local first providers are run in a socialist manner. Our military ditto. Our great Social Security and Medicare are socialist, to name but a few. The real question is how do we pay for the aforementioned bold ideas? Well, we can start by *cutting our obscene military spending, from 50+% of our taxes to maybe 25%, pull back our overseas Military Empire and send the savings to our states and cities for programs like the ones mentioned*. How about a real Fair Tax system? Does anyone out there recall what the top federal tax bracket was in 1960? How about 90%? In 1980 it was 70%. Today it is at 39%. Now we know no one pays at that rate, rather it is the 'starting point'.

Mitt Romney, a multi millionaire, admitted that he paid *less* than 20% on his taxes. So, what

could and should be done to raise the revenues for many bold ideas like my two ones above is for a *50% FLAT SURTAX on all income over one million dollars annually*. The first million would remain taxed as is, but anything over would have half go to WETHE PEOPLE and half to the rich person. One must ask this philosophical question: How many of you out there could live really well on a couple of \$ million annually AFTER TAXES?

Well, food for thought indeed. When the day comes that many working stiff's realize socialism has *nothing* to do with small business, especially Mom and Pops, or with individuals being creative to better their lives... Change will finally come, as WE have the numbers, not the greedy super rich!

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