

BANKING_{AND}BUSINESS

One Man's Opinion

By **Gerry Chong**

When the economic tsunami hit last Fall, most political and financial leaders were in agreement that a massive but temporary infusion of capital would be required to save the economy. The Obama administration had available to it, two completely different ways to use that capital and in my opinion, chose the wrong route.

Consider, consumer spending accounts for 70 percent of the country's Gross Domestic Product (GDP). When consumer spending sinks, unemployment is the inevitable result, and a recession or worse will be the end product. If Obama had chosen, he could have proposed immediate tax relief to leave money in the hands of the public to spend and buoy the economy. Of course narrow tax reductions such as income tax rate reductions only benefit those that pay taxes, but more broadly based tax reductions such as a suspension of Federal taxes on gasoline sales would have helped everyone. Such an approach would have provided an immediate jolt to spending, and helped pull the economy out of recession. Since Obama did not choose this path, we still suffer from reduced consumer spending with unemployment growing at over 500,000 per month. Even Obama's economic advisors concur that job losses will continue into 2010, with a tepid economy to follow for years to come.

Instead, President Obama has chosen a different route. Namely, he passed the American Recovery and Reinvestment Act (ARRA)

focusing on spending \$787 Billion on social engineering, searching for villains among the auto industry, banking industry, insurance industry, investment banking industry, and now the medical insurance industry. Even if he is correct in believing that his changes will result in a long-term benefit, the thrust of his efforts is to restructure the economy, with immediate economic improvement being only a secondary by-product. I would suggest that we should put first things first and debate Obama's changes only after having stabilized the economy.

His approach is predicated on three assumptions: First that he can narrowly identify and lay blame on specific parties responsible for a very complex chain of catastrophic events. That is simplistic and demagogic. Second that the very same government that has given us the Postal Service and Defense Department purchasing systems, is more capable of operating efficiently than privately owned companies. Third, that the Federal government has the Constitutional authority to cross the line from governance to ownership of private businesses.

Financially, his spending has driven projections of a budget deficit this year to \$1.8 trillion - \$2 trillion, and a total national debt several times higher than our annual GDP. As Obama has preached that we should be personally financially responsible and live within our means, he has been the least responsible among us.

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Back-to-school bargain hunting

By **Jason Alderman**

As back-to-school shopping veterans, my wife and I have learned our share of money-saving tricks – plus methods to lessen meltdowns and frayed nerves that come with the territory. If you are new to this parental rite of passage or simply looking for a few new strategies, read on.

First, create a realistic budget. Calculate what you can afford to spend on school-related expenses without blowing your overall household budget. Scoring bargains won't help your bottom line if you end up having to pay interest on unpaid balances.

Make a comprehensive shopping list. Gearing up for a new school year involves much more than simply buying a new backpack and a few outfits. Consider these expenses and strategies:

Spread new clothing purchases throughout the year to foil sudden growth spurts.

Many schools issue lists of supplies parents are expected to purchase – from pencils to paper to calculators. Share your overstocked supplies with other families or go in together on volume discounts.

If your kids participate in athletics, band or other extracurricular activities, find out the financial commitment for uniforms, dues, field trips, etc. (Try renting that saxophone first until you know your kid will stick with it.)

Factor in public transportation or school bus charges, if any. If you're in a car pool, calculate your share of the gas.

Learn what your school charges for meals and weigh their convenience (and nutritional value) against the cost for home-prepared food.

Many schools require proof of childhood immunizations. Learn your school's policy and see what's covered by your insurance – or what you could access for free at health fairs or community clinics.

Prioritize. Once you've finalized an overall list, prioritize how to spend your budgeted amount. Get your kids involved in this process so they'll learn the difference between "must-haves" and "nice-to-haves" as well as the art of compromise: If they truly want those designer jeans, together figure out a way they can earn the price difference.

Bargain hunting. After prioritizing expenses, start your research. First, look through the kids' closets to see what's still serviceable. Then:

Compare notes with friends. They may be able to use your in-shape hand-me-downs, and vice versa.

Check garage sales, consignment or thrift shops and online sites. While you're at it, see what items you can sell or donate to make a few bucks and free-up space.

Clip newspaper and online coupons. Many stores will match competitors' prices even if their own items aren't on sale. Wait for fall clearance sales to buy some items.

Although comparison shopping online can save money, time and gas, before purchasing

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