

BUSINESS AND FINANCE

One Man's Opinion

By Gerry Chong

(An Open Letter to Mr. John Keady)

Dear Mr. Keady, I appreciate your response to my Op-Ed piece in the Herald, but feel compelled to respond in several ways. First I used the President's name as others have used "Bush," "Clinton," "Reagan" and other president's before Obama without use of the honorific title or first name. So don't be so defensive.

Second, I have never blamed Obama for the cause of the economic crisis. I have called this a "complex chain of catastrophic events" none of which Obama caused. You can blame Clinton for having reduced the regulatory requirements. You can blame Bush for 8 years of non-enforcement. You can blame the Federal Reserve for holding down interest rates. You can blame Congress for passing the Community Reinvestment Act, encouraging the making of loans to people who could not afford repayment. You could blame both Republican and Democratic Congresses for not requiring rigorous regulatory enforcement. You could blame Fannie Mae and Freddie Mac for poor leadership and questionable transactions. You can blame Wall Street investment banks. You can blame lenders and borrowers, but not Obama.

My challenge to Obama supporters is this: Since the world went into recession at about the same time, why is it that the governmental policies of Japan, France, Germany, China, and Australia have brought those countries out

of recession, while ours has not? The perils of our economy today rest in the shortcomings of Obama's response to the crisis. If we take all the emotion and politics out of the discussion and just list a series of facts, I hope we can agree on these:

Our unemployment rate is rising, not shrinking. It is listed at 9.4 percent, but the Atlantic District of the Federal Reserve stated that the truer number is now 16 percent when taking into account those that have given up looking for a job, those whose benefits have expired, and those who are forced to work part time because full time jobs are not available. By that criterion, the unemployment rate in California is 20 percent. Our neighbors in Oregon are even worse off at 23 percent.

Unemployment will grow or remain steady through most of 2010. Critically, without job growth, there will be no economic recovery until perhaps 2011 or beyond.

Rather than using Stimulus funds to address joblessness, Obama has spent trillions of dollars to nationalize major portions of our economy from autos to insurance, investment banking, to banks, and is now attempting to nationalize health care.

This course of action has driven our annual deficits and total national debt to levels that even Chairman Bernanke says are unsustainable.

Critically, Obama's projections relative

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'Saving' is the new 'Spending'

By Jason Alderman

One small silver lining from the recent economic downturn is that people have begun saving again. For decades personal savings rates hovered around 10 percent of after-tax income, but beginning in the late 1980s, rates steadily declined.

As the stock market soared, so did home values and 401(k) balances. Many people felt richer – at least on paper – and the lessons learned during the Great Depression about saving for hard times faded into distant memory.

But today, as usually happens during severe recessions, the average savings rate has begun rising again. Why this turnaround? Financial experts cite many reasons:

People fear losing their jobs and want a financial safety net.

Those approaching retirement need to boost their net worth slashed by plummeting home values and retirement accounts.

Costs for high-ticket items like medical expenses, college and retirement have far outpaced the rate of inflation.

Many fear future funding for government-provided benefits like Social Security and Medicare is at risk.

Lending standards have become much more stringent, so qualifying for loans and credit is more difficult.

Although increasing savings during tough times would seem to be much more difficult

than during prosperous times, clearly many people have figured out how. Here are a few strategies for building your savings:

Track spending. Write down every cent you spend for a month on food, gas, clothes, entertainment – everything. Review the list and see what you could live without or at least reduce. For example, brown-bagging once a week would save 20 percent on your lunch budget – hundreds of dollars a year.

Shop for better rates. Compare checking and savings account interest rates at www.bankrate.com/checking.aspx. Also, the Credit Union National Association can help you find credit unions you may be eligible to join (www.creditunion.coop/cu_locator).

Reduce fees. Banking and credit card fees for things like overdrafts and late payments can quickly erode interest earnings, so carefully monitor your balances and account activity. Bouncing one less check a month could save hundreds of dollars a year.

Pay down debt. Earning 2 percent on savings is quickly offset by interest paid on credit card balances carried forward, so always try to pay more than the minimum amount due.

Review insurance policies. Shop around for better car and homeowner's insurance rates; you can always ask your current carrier to match better rates found elsewhere. And consider raising deductibles, which can save hundreds of dollars.

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