

Re: Sally Ride Endorses Barack Obama

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 - *Date:* Mon, 03 Nov 2008 22:39:35 GMT
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On Mon, 3 Nov 2008 17:58:39 -0500, in a place far, far away, "Jeff Findley" <jeff.findley@xxxxxxxxxxxxxxxx> made the phosphor on my monitor glow in such a way as to indicate that:

"Rand Simberg" <simberg.interglobal@xxxxxxxxxx> wrote in message news:49bf0e5a.3486120186@xxxxxxxxxxxxxxxxxxxxxxxx

"Last time I checked, the unemployment rate was still quite low (maybe 6%, which is almost as low as it ever gets), inflation hotted up in the summer with gas, but will be crashing down this fall with gas going down, and, while wages may be flat for a while, there's no obvious sign they're plummeting.

I mean, seriously. Don't you have parents or grandparents who lived through the Great Depression? Don't you remember the recession of 1982, with 12% unemployment? Or the stagflation of the late 1970s, with the prime rate and hence mortgages up around 15%, inflation running near 20%?

So far what we've seen is that a lot of fools on Wall Street are going to lose their jobs and get their Porsches repossessed and have to sell the Matisse. Well, boo hoo. Live on wild speculation, die on wild speculation, huh? They knew the score when they took the job. Next time, become a plumber, for a nice steady (but not spectacular) income.

There are a lot of people who lost money in the markets. In fact, a lot of people lost money in their 401k's because it's invested in mutual funds which can be made up of stocks. This financial meltdown hurts jobs as companies tighten their belts due to tightening of the credit markets. It just goes on and on.

They didn't lose **all** their money, because the value of the stocks didn't go to zero (or even close). They just took a hit in the percentage.

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Then, there are all the people who are upside down on the mortgage and going to lose the house. Sucks, to be sure -- but whose fault is it? If you buy more house than you can realistically afford, and then the zooming price you'd counted on to flip the house doesn't materialize...? Well, again, I'm having a hard time sympathizing. Furthermore, while plummeting real estate prices sucks for homeowners and sellers, it's great for homebuyers. I thought we liked the idea of every man owning his own home? Lots more lower-income prudent people are going to be able to afford these newly-cheaper homes.

There was a housing bubble to be sure, but a lot of that had to do with the Fed holding down interest rates too low for too long making credit cheaper (and harder to make a profit on lending). Cheaper money meant people could afford more money for a house which drove home prices up. And I'll agree that banks were handing out loans and extending credit to people who shouldn't have gotten that much credit. They were also extending loans to people which were entirely inappropriate. Interest only loans are great if you're a builder or a small business who needs to buy raw materials to fill an order, but they're simply not appropriate for your average homeowner.

Maxed out home equity lines of credit are very similar to interest only loans. A lot of people with fixed rate loans still fell into that trap, now they too owe more than their home is worth.

You neglect the fact that the banks were being encouraged by the Congress to hand out risky loans, and when Bush and McCain wanted to rein in Fannie and Freddie, Barney Frank and Chris Dodd (Senator from Countrywide) blocked any effort to do so.

Hmm, well, you might say, all very true, but this uncertainty in the credit markets, whatever its source, is going to make companies pull their horns in, have people work overtime instead of hiring new people. So jobs might start to get a little scarce, and boy does that suck.

And you'd be right. So what's the solution? Jobs. The government should do whatever it is that makes new jobs more plentiful, whatever increases the salaries offered to new hires, whatever makes people running companies (or about to start companies) decide to take on more people and pay out more salaries.

And what do you suppose is the exact opposite of that policy? You guessed it, raising taxes, particularly raising taxes on higher income people (those with capital to invest in paying salaries) or on businesses (duh). We've known this since FDR fucked up the economy and prolonged the Depression by (modern economists estimate) nearly seven

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long years.

This is silly. You only pay taxes on the profit you make. If you dump what would have been profit into hiring new people, you don't pay taxes on their salaries anymore, since that's an expense, not profit.

You miss the point. He's describing the effect on those individuals as investors. I should note that you are not replying to me, you are replying to one of my commenters. If you want to argue with him, you'd be better off following the link and doing so at my blog.

<snip much remaining>

Obama and McCain seem pretty similar when it comes to energy policy (fund all sorts of energy at the same time), but the emphasis is clearly different. I'd like to see the emphasis there on renewable energy produced domestically. Palin likes to say "drill baby drill". Why prolong our dependence on foreign oil? Why make that an important goal of an energy policy? Why repeat our poor decision making after the 70's oil crisis was over and renewable energy resources fell out of favor?

We shouldn't prolong our dependence on foreign oil, but neither should we ruin our economy in an attempt to rush the transition beyond what is technologically feasible. Barack Obama wants to bankrupt new coal plants, and double electricity prices. What do you think the effect of that on the economy would be?

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