

MY EXPERIENCE IN THE OCCUPY WALL STREET PROTEST (and my response to a reporter) - The Money Marathon, November, 2011

Several weeks ago my wife and I took a vacation to Washington state. We flew into Seattle and spent an afternoon seeing the sites there. While walking to one of the sites, I mistakenly walked into and became part of an "Occupy Wall Street" movement. My wife tried to pull me from the crowd, but I was oblivious to my situation. After walking a block or so with the group and accidentally getting hit in the head by a paper mache elephant, I was finally able to disengage myself from the crowd. I watched protestors being interviewed from the crowd, and the next day I saw this specific protest on the national news as well as the headline picture and story in the Seattle paper. I was mildly disappointed that my picture was not in the photo used for the front page so I could show my friends back home I was an unlikely participant in this movement. As I thought about it further, I was disappointed that I didn't step forward to be interviewed by reporters as to why I was protesting. The rest of the article is what I might have said had I been interviewed.

REPORTER: Sir, what exactly are you protesting?

ME: My concern is that we need to balance the hatred for Wall Street with an understanding that the country is developing a pervasive sense of entitlement that believes that government owes people cradle to grave financial support whether a person works or not. Presently, nearly 50% of people in the country pay no federal income tax which means that this group doesn't have the income we wish it did and needs help with education and training and job placement, but it also means that the tax burden to support the country ends up being supplied by fewer and fewer workers. As we continue to provide more and more benefits and support than we can afford, we are creating a massive debt (\$4.5 additional trillion of deficits in the last three years alone). If this continues without being addressed it will likely lead our country into an inevitable bankruptcy situation, similar to what is happening in Greece.

REPORTER: Isn't the cause of our problem all those "fat cats" on Wall Street?

ME: It's true that Wall Street contributed to the problem, but again we need balance here also in that Wall Street was not the only cause, and in my opinion, substantiated by others, not at all the main cause. The biggest cause of the crisis was government policy, which mandated that FNMA and Freddie Mac make 40% of their home loans to people who could not afford these loans while requiring little or no down payment or documentation. This push to put everyone into a home created a housing bubble which ultimately led to a crash of massive proportions. Rather than take at least some of the

responsibility for the crisis, policy makers have instead created the story line that banks were the sole culprit, effectively shifting the blame from their own policy errors.

There is a story line that says Wall Street was "bailed out" at the expense of the taxpayer and that banks and Wall Street came out unscathed from the crash. In fact, all the big banks have paid back the TARP to the government plus interest which means taxpayers will end up making a profit. Additionally, it should be noted that several of the bigger banks lost nearly 90% of their stock price meaning that shareholders (owners) almost all of their money in the crisis, hardly what shareholders would consider a "bailout".

With the storyline of blaming everything on the banks, there has been a piling on by government officials with massive new rules and regulations and restricting what banks can charge on credit card interest, overdraft fees and debit cards in the name of penalizing banks further. In reality this undermines our basic free enterprise system which says supply and demand should control pricing, not government intervention. Finally the "piling on" bank has continued with the federal government and state attorney generals filing massive law suits against the banks. Government is basically extorting money from the banks, way out of proportion to any harm done to a consumer, in effect holding them responsible that home prices went down (as if they wanted them too and of course they have already suffered huge losses from the loan write downs and charge offs). All of this "bank bashing" serves to restrict credit further as banks are forced to pull in their horns for fear of additional losses to their capital from penalties and lawsuits, which slows down the financing of a recovery and job creation. "Bank bashing" needs to stop for the good of the economy.

REPORTER: What do you think is the solution?

ME: The solution begins with all of us and our leaders realizing the need to honestly face up to the issues; quit playing politics, and roll up their sleeves to find solutions.

Yes, there is growing income inequality. But this is not just Wall Street CEOs; it is movie stars and athletes etc. We don't need class warfare, but realistically a part of an overall solution could be that the extremely wealthy pay more than they are currently paying. However, for this to work it has to be done in a way that doesn't slow down growth in the economy and job creation which is essential to our budget success. We shouldn't "cut off our nose to spite our face." Also, we must remember that extra taxes from the wealthy is miniscule compared to the out of control spending. We can't afford to continue to be policemen for the rest of the world, and yet we need to be careful to not weaken our country's defense system. Most importantly, any serious discussion about expense reduction has to address entitlements which account for 70% of expenses. We have to recognize that addressing Medicare, Medicaid and Social Security is not about eliminating these programs; it is about protecting their solvency for the future. This could include slightly higher costs or slower growth of benefits or a higher age to qualify etc, but again serious issues require serious discussion and tough choices. Doing nothing makes it more difficult to solve the problem later.

Finally, we have to realize that government cannot create wealth that will grow the economy or create jobs. But government over regulation, business bashing, and excessive spending and debt creation,

which furthermore creates fear, uncertainty, and loss of confidence, all work together to create conditions that can slow the economy down by retarding the conditions necessary for growth.

REPORTER: Anything else you would like to mention?

ME: Yes, how do I get out of this crowd and to the monorail that travels to the Space Needle?

Remember every investor's situation is unique and it is important to review your specific situation with a financial professional.

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