

Crisis on Wall Street Trickles Down to Main Street

Impact on Taxpayers, Consumers, Homeowners & Businesses

With every passing day, it becomes more evident that the Bush financial crisis is having a very real impact on average Americans, homeowners, consumers and businesses. In working with the Bush Administration on its economic recovery plan, Democrats have fought to make substantial changes to ensure American taxpayers are protected and the interests of Main Street are addressed.

Please find below some examples of how the economic crisis is already impacting Main Street

"The average guy and gal is not seeing this yet but if you are a business, you are facing highly elevated costs to borrow money," [Robert] Dye said [senior economist for PNC Financial Services Group in Pittsburgh]. "And Main Street will definitely feel this eventually. We'll also see higher rates for credit cards and other consumer loans. The cost of credit will rise dramatically," Dye added. Dye also said that if more businesses start to feel a major cash pinch, they are very likely to cut back on hiring and may even start to layoff workers..."People don't want reward bad behavior. But we don't want to cut off our nose to spite our face here," Dye said. "This will hurt Main Street very quickly." [[CNN, 9/30/08](#)]

Dallas-area roofing contractor Bill Good has already felt the squeeze. Before times were tough, his bank offered him a \$100,000 credit line that he didn't need. Now, with high oil prices doubling the cost of roofing material, he's strapped. "Now I can't access this kind of money to facilitate my cash flow. The lines of credit ... have dried up," said Good. [[Reuters, 9/30/08](#)]

Auto salesman Ryan Thomas is watching the credit crisis hit Main Street America. On Monday, as Congress rejected a bailout plan and stock markets plummeted, Thomas had to turn away a customer with \$3,000 in his hand who wanted to buy a new vehicle. "He wanted to get into a bigger truck for his job, he was a union worker," Thomas said. But the man still owed money on the vehicle he was trading in, so his loan request was denied. "He didn't have enough money down. He would have needed about \$5,500 down and he had \$3,000. A year ago that was a piece of cake," Thomas said. [[Reuters, 9/30/08](#)]

"If that bill isn't passed it's going to have a domino effect," said [Steve] Stanford [community banking manager and assistant vice president of the Hoboken Sovereign Bank]. "Everything really hinges on borrowing -- you borrow to send your kids to college, borrow to buy a car or purchase a house. If you're not able to borrow you are not able to spend anything. That stream line of cash will no longer be flowing," he said. [[The Star-Ledger \(NJ\), 9/30/08](#)]

"We are on the brink of a financial abyss, and all everyone can do is complain about the rich on Wall Street and how no one is bailing us out while we are buried in debt," said Mike Miner of Honolulu. "The angry folks on Main Street got their wish." And now? "Better hang on... The bottomless pit of the economic and credit crisis awaits us all." [[MSNBC, 9/30/08](#)]

Jon Levin, owner of Orchard Street Associates, a retail sales group based in Burns Harbor, Indiana, said many independent retailers, including among his 4,000 customers, have postponed orders for the holiday season and are waiting to gauge customer demand because financing is just not like it used to be. "It's not a question of the high cost of credit, there's nothing available out there," said Levin, noting that he hears of sales agencies going out of business almost every week. [[Reuters, 9/30/08](#)]

Kansas City cabinet maker Anthony Gallo is in a similar bind. Eighteen months ago Gallo had no debt. Now he's being forced to borrow just to make payroll -- just as his chief lender has cut his credit line from \$400,000 to \$175,000. "My line of credit has been cut to nothing," said Gallo. "We're all hurting... and wondering what is going to happen." [[Reuters, 9/30/08](#)]

"Many of the folks writing their congressmen last week to say they were against the plan may have looked at their 401(k)s this morning and are rethinking their position," said Bill Knapp, investment strategist with MainStay Investments, an asset manager based in New York. [[CNN, 9/30/08](#)]

"I wanted the bailout to happen because this is going to affect everybody. You can't keep losing as much capital and money as our economy has," said [William] Campbell [president of Pamrapo Savings Bank, Hoboken]. [[The Star-Ledger \(NJ\), 9/30/08](#)]