

# **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**

Local business leaders in a wide range of enterprises, from travel to accounting to banking, are seeing different degrees of impact on their businesses from the national economic crisis, but one thing they are all noticing is that people are nervous. “There’s so much bad news that people aren’t going out to buy things they would normally buy when they’re worried about if they’re going to have a paycheck next week,” said David Cocks, president and CEO of Walden Savings Bank. [[Times Herald-Record, 9/27/08](#)]

The meltdown on Wall Street has made it tough for many Americans to get a loan to buy a home, purchase a car, start a business or even send a kid to college. And with all the talk of a credit crunch -- some are even calling it a credit freeze -- it may get even tougher. [[CNN Money, 9/25/08](#)]

Local businesses in particular remain wary, said Tom Baldrige, president of the Lancaster Chamber of Commerce & Industry. With the possible exception of the immediate aftermath of 9/11, he said, he’s never seen “the amount of uncertainty, anxiety and caution that is now evident in the local business community.” Lots of firms are delaying major decisions to see what happens next. Others, he said, are cutting back “as a defensive strategy for what may lie ahead.” [[Lancaster New Era, 9/28/08](#)]

There’s no question some companies are having credit cut off. In Ohio, banks are refusing to renew lines of credit and calling in loans made to decades-old family businesses that are current on payments, according to Dayton bankruptcy and workout attorney John Rieser. He says it’s the worst borrowing environment he has seen in 20 years. [[BusinessWeek, 9/26/08](#)]

Over the past two weeks, many banks have ceased lending money to one another – or to corporate clients that need loans to cover their cash flow. If the situation continues much longer, the outcome could be disastrous, touching off a chain reaction that could strangle businesses, push people out of work and lead to a severe recession, Federal Reserve Chairman Ben Bernanke said. [[San Diego Union-Tribune, 9/28/08](#)]

Kaniz Zafrin, 42, and her husband bought a home in Manassas in 2005 for more than \$600,000. It is now worth about half that. Zafrin has a five-year, adjustable-rate, interest-only mortgage. They have been making their payments on time, but with rising costs for their two children, rising gas prices, rising food prices, rising everything, they have had to make sacrifices. In two years, they will have to refinance their home and have no idea whether they will be able to because it has depreciated so much. Her neighbors vanished recently because they couldn’t keep up with their payments anymore, Zafrin said. [[Washington Post, 9/28/08](#)]

“I got a phone call from a small town, very small town in Utah—an auto dealer—happens to be the largest employer in the town. And he said, ‘I’m not going to be able to pay my employees next week. I can’t get the kind of credit line from the bank that I’ve had through my entire career unless you do something this weekend.’ This is not a bailout for big Wall Street firms. This is a lifeline to all of the small businesses that are dependent on credit to keep their doors open. [Senator Robert Bennett (R-UT), Interview on MSNBC’s David Shuster, 9/27/08]

*Prepared by the Office of Majority Leader Steny Hoyer, 9/28/08*