



Questions about the government bailout

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The government is sending the banking industry a much needed lifeline. The latest plan will allow the government to buy \$250 billion worth of equity in banks. In return the government will receive preferred stock in the selected companies. As a result, taxpayers will have a stake in banks. Hopefully this will provide liquidity to the banking industry so there will be more funds available to lend and invest; in turn stimulating several industries including real estate.

A lifeline is necessary, but many taxpayers are voicing concerns. Under the new plan the government will now be equity partners with banks and have more of a voice concerning lending regulations. Many are concerned that in some ways this could make it harder to borrow money, especially for smaller companies.

Another question taxpayers have is which companies will receive the most money from the government, and how the amount will be determined? Will it be based on market cap, the threat of failure, or the potential best run company? There will be a lot of lobbying for government dollars and not every bank, or every taxpayer will be happy.

Ideally the plan will reap the success that is expected, great companies will stop going bankrupt, individuals will keep their jobs and retirement funds, and small businesses will prosper.

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