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The whole USA is subprime.

- the case for a World Minimum Wage

Recently the world's financial markets woke up to a fraud the (mainly) US bankers had perpetrated on the world.

These Bankers gave out loans in USA carelessly and irresponsibly to people who were not capable of honouring their end of the repayment bargain. The borrowers were simply bad credit risks for the size of the loans given out. When all these loans inevitably turned bad, and this fraud was discovered these "bad loans irresponsibly, probably fraudulently given" were euphemistically re-named "sub-prime" loans.

In the old days a lender/ banker who lend irresponsibly, would quickly become bankrupt. He had irresponsibly encouraged his borrowers to take loans far beyond their means to repay him, and in a relatively short time most of them would not able to pay him back, and the consequences would quickly catch up with him, the lender.

How is it that in these modern days of fast communications and instantaneous news, the consequences took so long to catch up with these modern bankers?

These Bankers, desperate in their need to justify their million dollar monthly pay packets, and multi-million dollar year-end bonuses, started to give loans to people who were unable to repay. They went out to entrap these often innocent borrowers with a 2 pronged attack of what is called "predatory lending". First, they got the house buyers, including speculators, and "house flippers," - borrowers, to sign on the dotted line by charging them an "teaser rate" - a low interest rate for the first year; and, for subsequent years, the rates will be "reset annually to floating market rates". Many borrowers (eg. house-buyers) were duped into taking a much larger loan than they could afford. Then, when the borrowers started to default, the lenders were able to ask the borrower to re-mortgage their properties at a higher price (as the

market then was good) and use the extra amount loaned to them to pay the lenders their interests and temporarily postpone the day of reckoning.

These predatory lenders knew that their "below standard" borrowers were unable to get the same loans elsewhere, and as they were assessed as "poor risks", the lenders were able to charge them interests at a higher "poor risk" rate. These Bankers then packed thousands of these doubtful debts together, and foisted them off in large "tranches" on the International money market to other unwary Bankers at market rates, ie. after creaming off the higher interest rates as their profits. When the property market in USA cooled, and the borrowers could no longer get deeper into debt to pay the interests and repayments on their original debts, and even repossessing the collateral (the house for instance) could not repay the loans, the whole "sub-prime" cards castle collapsed.

Bankers in the other countries taken in by this ruse, would also not admit to carelessness, or poor judgement. They quickly renamed all these "bad loans" to dishonest US Bankers as CDOs, - again using a meaningless term, - "Collateralised Debt Obligations" to hide what are essentially junk grade bonds/ paper they were holding.

The lenders walked away from this pretty unscathed, while the world financial markets pay the price of this scam.

In the nature of world financial markets, it is just another bad day in business and hopefully some Governments will use public money to bail out the most gullible bankers in their own country.

The USA

Some economist believe that at its worst, if this fallout on these "Sub-prime loans" were to escalate, and the burden carried by the world's bankers was revealed to be a few times larger than it had been revealed to date, it will still be nothing, compared to what is to come.

Like the sub-prime borrowers living beyond their means with little prospects of ever meeting their debt repayment obligations, when the market is unable to make them larger loans for them to get into larger debts to repay their old debts, the whole USA have been spending well beyond their means for decades. Their current debt stands at more than 9 trillion that is - 9 followed by 12 zeros. This overspending, and getting deeper into debt, is estimated at about 1.4billion US dollars a day, every day of the year, and likely to remain so for many more years to come.

Due to this irresponsible encouragement of over-spending in the USA, the world's manufacturing capacity is larger than what it can currently consume. In other words, the whole world is working hard, saving, cutting costs, and making things for people who really cannot afford them, and who are borrowing money to buy them with little likelihood of them being able to pay back in the foreseeable future. In short, the

whole USA as a Nation is a “sub prime borrower” and the other countries in the world are the clueless lenders, who will be left holding the worthless paper claims when the day of reckoning eventually comes.

Surprisingly, many of the world’s economists are now recommending a “World minimum wage” as one of the solution to this. In the developing world, - China, India, Indonesia, Bangladesh, Guatemala, Honduras, etc. workers are working themselves to exhaustion producing things that they themselves cannot afford on their current wages, to supply to people who, pretending to be rich, are buying on credit, and living and spending beyond their means.

It is thus proposed that if the workers of the world are to be paid a “world minimum wage” so that they themselves can afford to buy the things they have made, and keep themselves employed. This, as opposed to working hard, yet cannot afford the things they made, but selling/giving them away to someone who will eventually not pay for it.

Some economists are even saying that those countries which steadfastly refused to legislate a minimum wage for their own workers, let alone participate in a “world minimum wage”, are actually employing economic advisers with outdated theories, - like having generals training their armed forces for “fighting the previous war”.

Americans (US citizens) are not entitled by birthright to a better life, to spend what they do not earn, to take a disproportionate share of world’s goods from the other peoples of the world, for a quality of life they cannot afford, by using the world’s monetary system to get loans as “sub-prime borrowers”, riding on the backs of the workers of the world.

Ah, if only the solutions to the world’s financial problems are so simple.

In practice, in the world’s delicate balance of supply and demand of money, exchanges, etc, there are many other aspects to consider. Slight changes in any one aspect of the system will produce substantial unintended results in many other areas.

However, the basic principle is correct. It is this. If more of those hardworking people in the world producing, are paid more so that they can afford a little more of what they produce, then the world will be a better place for more people.

Then perhaps the solution is to start paying the workers of the world, better wages, now. They will then be able to afford more of what they are producing and, at the same time take up the slack due to lowered US consumer demand that will inevitably come when the world decide that they would not to finance indefinitely the “sub prime consumers” of USA anymore

Perhaps some may even look at this as one interpretation of the Seventh Commandment – the “universal destination of goods”.

.....article by.... mark

“Even if it does not contradict the provisions of civil law, any form of unjustly taking and keeping the property of others is against the Seventh Commandment: thus, deliberate retention of good lent or of objects lost; business fraud; paying unjust wages; forcing up prices by taking advantage of ignorance or hardship of another.” - CCC 2409