

Peter Haralamos ©

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### **Moral Hazards**

The revisions to the bankruptcy laws should not have favored the creditors so much because the responsibility for America's debt problems should be shared between the credit companies and the individual debtors. I consider bankruptcy only to be a last ditch effort to save you from severe life altering harm. Individuals and corporations have repeatedly used bankruptcy to get out of situations that could have been avoided if they had just followed sound financial guidelines.

I would have favored the revisions if there had been stipulations on how much debt the credit companies were allowed to let individuals accumulate. I believe that they hand out extreme amounts of credit to individuals with questionable or no credit histories. Since both parties must accept responsibility for the debt problem the proper solution should have included revisions that limits the amount of credit people with bad or no credit can get and the current revisions that make it harder for individuals to claim bankruptcy. Financial responsibility is a subject that more people in America need to be taught about. Another revision that the government should consider is incorporating this subject more into the public school curriculum so that all students can grow up with the proper skills to handle their money sensibly.

Corporations that walk away from employee pension plans are also a tragedy because many people who have them did not set up any other type of retirement plans. Although any smart financial advisor will tell you not to totally rely on only a pension plan or any single investment for retirement many people do not have the necessary financial resources to properly diversify their retirement funds. The days where you could rely solely on a

pension for your retirement have sadly gone by the wayside, which has forced people to handle their money wiser, an unexpected good side effect of the whole situation. The laws that congress set up to regulate pensions are a good idea but they have just made more companies simply not offer pensions to their employees at all.

I see no problem with setting aside some federal programs in order to focus on one area that drastically needs financial aid. I disagree with the way the local and state government officials handled the situation. They acted as if they were unable to help their own citizens without the aid and direction from the federal government. There were many actions they could have taken to see that their citizens were safe, such as faster and a more organized evacuation of the known dangerous flood areas. There was a severe lack of leadership on the local level that contributed to many unnecessary deaths.

I totally agree that congressional acts that require the American consumer to pay more while reducing the costs of corporate business makes no sense in the terms of efficient government or benefit cost analysis. I have always been a firm believer that we should not allow the government to step in to situations where they are not needed because situations like this moral hazard arise. The government is always looking for an excuse to take control over a situation in the name of public good but it often just ends in a reduction of individual's freedom. There should be more individual responsibility in all aspects of life so that the temptation for the government to step in and take away our rights. If the individuals or corporations fail due to irresponsibility then they should face the consequences of their actions. The government should not step in to save the day in every situation as they currently do.