

Big “Million Dollar” Trade Show and Educational  
Conference a huge success!  
And Has Capitalism Failed?

### **Trade Show a Huge Success!**

Our “Million Dollar Trade Show” last month was a huge success! You should have been there! Our members were more educated, motivated and stimulated by some very knowledgeable speakers who helped give them that one idea that would help them make and keep more money than ever! Some even walked away with valuable prizes! WOW! Where else could you possibly spend a more profitable day? There was no place in the world like the Long Beach Convention Center on Thursday, May 28<sup>th</sup>! Thousands of our members really know how to take advantage each year of this incredible source of information and...it was all free! It's just one of the many services we provide our members in addition to the lowest membership dues and credit check fees as well as the best service in town!

*Many thanks go to our dynamic speakers* - Economist John Kamin, Attorney Dennis Block, Bruce Norris of the Norris Group, “Mr. Landlord” himself, Jeffrey Taylor, Attorney Leslie Born, Tim Payne, Don Conrad from “findthatqualitytenant.com” and Cherif Medawar! They provided the most powerful and contemporary information on wealth-building and apartment landlording that you'll ever be able to find.

Our thanks also go to our large variety of exhibitors and their commitment to our members in offering the best possible professional assortment of services. Be sure to watch for highlights of the show and photos of our Grand Prize winners (a Flat Screen TV and a Cruise for two to Mexico) which will appear in next month's issue.

*And...a very special thanks goes to you, our members*, who truly are the essence of our trade show success! Your generosity to our Union Rescue Mission Canned Goods Drive was greatly appreciated. Thank you! And your thirst for knowledge in your pursuit of excellence is a driving force in the betterment of our industry! A thousand thanks...and we'll see you at our next trade show at the Los Angeles Convention Center in October!

It pays and saves you big just to be an AOA member. BUT...it pays and saves even more for those owners who turn up every year to discover new ideas at the Big Show!

***Be sure to mark your calendar for our next big show at the Los Angeles Convention Center on October 27<sup>th</sup>!***

### **Has Capitalism Failed?**

Please know that AOA subscribes to a capitalistic free market system vs. the opposite philosophy which states: “To each according to his needs, from each according to his means”! The best example is tenant welfare (rent control) and the damage it has done to individual housing providers and society as a whole. There is a lack of any economic evidence of benefiting society other than creating jobs for little dictators to regulate the very people who are already solving the problem by providing housing for others. As

you know, if government would let the free market work, investors would provide even more housing to fill all the needs of society!

### **Government is Part of the Problem**

Another example of what government has done to damage the free market is something that the news media has almost totally ignored. That is the pressure the government applied to lenders through Freddie Mac and Fannie Mae to fund bad loans to “help the poor” acquire new homes. Of course these loans went into foreclosure – these poor people could not, at that time or at any time, afford the cost of living in housing worth \$250,000 to \$500,000 in the first place. That’s one economic reason why apartments are provided for these people!

Many of these borrowers were not creditworthy. They had not even learned how to save enough for a decent down payment. Then when the value of their house increased, they borrowed more to spend, spend and spend. They never knew how to handle money properly!

Nothing the politicians do after “encouraging” the banks to loan money to these unqualified home buyers is going to make them creditworthy! As S&A Digest wrote, “Auctioning the houses would at least make them affordable to anyone who has been careful with his savings and didn’t borrow more than he could afford during the bubble”. And did not obtain a loan by filling out a “liar’s loan” application! Yes, some of these borrowers deserve help, but not with your tax dollars that you are forced to pay! Many of the politicians claim they want “low-cost housing” and then pour money into the market to hold up prices. Why not let the prices fall and become affordable? They’re crazy!

Another small example: contrary to what most folks think, the AIG fiasco is totally the government’s responsibility! I do agree that some of these guys at AIG should have probably been fired instead of receiving a bonus. And yes, the banks and other lenders are also guilty of getting too greedy. And the politicians should be angry – angry that they were so dumb to give AIG the money in the first place. Who was responsible for that dastardly deed?? Ever wonder why it is never mentioned in the news? The politicians cunningly got the public to get angry at AIG employees instead of with whom they really should be angry – the politicians who gave AIG the money. How ridiculous!! The politicians are the ones who should be fired!

Ridiculous, yes, but also very clever. They used the AIG fiasco as a smoke screen and tricked the voters into focusing their anger at AIG. If you are going to get angry, please get angry with the politicians who are wasting trillions of dollars of your money on this and other give-away programs. Let the inefficient go bankrupt. It has been proven that they will be replaced by more efficient individuals and companies. That’s how our capitalistic system works...unless the government interferes!!

Now that we have an economic crisis that the government helped create, they come to our rescue with more bad economic solutions that have never worked! They are also using

the crisis as a “reason” to create a bunch of spending programs, laws and regulations that would never pass without this “perfect excuse”.

### **It Cost You, But They Get Elected!**

The politicians (Democrats and Republicans) get votes by promising the majority of us no taxes, a check in the mail, low-cost housing and all kinds of other goodies for everyone and then they borrow more money, pass more laws and regulations that also drive up taxes, the cost of real estate and all other consumer products. A very devious method of getting elected to their high paying jobs and then gaining more power over you and me with even more taxes and regulations. Most voters do not realize that they will pay the price via future inflation! And this coming inflation will be harder on U.S. citizens than if we would just pay the price now for our current economic crisis instead of borrowing to put it off for another day and letting our kids pay for it.

I submit for your consideration that the same process is being used with the climate control thing and all the other regulations that are being passed. Many of their laws and regulations will do more damage than good! BUT, it will give them more power and control over you and me and since the public is buying it, it will get them elected! You, I and our children will eventually pay the trillions of dollars that all these programs and regulations cost. Sorry – no benefits for you. You are already a rich landlord! BUT, your buildings will help protect you from the coming hyper-inflation that these programs will some day cause!

### **The Trillion Dollar Solution?**

Consider this: just about everyone agrees that our current economic situation has been caused by too much credit. We went into debt to consume more than what we produced as individuals and as a nation. Other nations, like China and Japan, loaned us the money as we went on a shopping spree.

Realize that most housing providers did not do this. If we had, we would not have been able to provide housing for others. (As you know, one of the keys to wealth is being able to understand that concept of consuming less than what one earns!)

As a nation, we didn't save, we went into debt and spent more than what we produced. What would be your logical solution to this problem? Would it be to borrow more and spend more? To go even deeper in debt? You would say, “How ridiculous. Of course not. We need either to produce more or cut back and start consuming less than what we produce. We need to pay our debt down! Let those inefficient companies and banks go under and be replaced by other successful managers and investors. The FDIC could still insure all the accounts of the bank customers.” And I would agree with you!

BUT, once again what are our all-knowing, young and inexperienced politicians going to do to solve the problem they helped to create? They are going to spend and borrow more than we have ever spent or borrowed before. And this is supposed to be the solution? Don't you believe it!! More of what caused the problem is not going to solve it. Our current problems are much less than the problems that will be caused by this, another big

spending spree. The inflation alone will wipe out the life savings of millions – especially those people who are retired on a fixed income. These politicians will be gone when the hyper-inflation hits and the bills have to be paid, so what do they care? They can now use the current crisis to get all their spending bills in place even though they know this spending will not “stimulate” the economy. BUT, just like tenant welfare (rent control), it buys votes!

### **The Best Solution**

Government interference and more government spending and regulations will not work as well as our good old American economic system of free enterprise has worked in the past and would work in the future if the politicians would just step aside and let it function. It is the best economic system the world has ever known and has produced the highest standard of living the world has ever known.

**Capitalism has not failed!** What has failed is the interference by politicians (both Republicans and Democrats) that has not allowed our good old American economic system of free enterprise to function as it was originally meant to function. This applies not only to our current economic problems, rent control, forced Gestapo-like inspections, and so called climate control, but much, much more.

Please don't let the news media and politicians get away with convincing the public that “capitalism has failed”. It is government interference with capitalism that has, is and will continue to fail if we allow it. It has been going on since the last depression in the 1930's.

It is the crazy attitude and idea that it is big brother government's responsibility to keep unsuccessful businesses running, to take care of everyone who needs help or is losing a house by giving away your and future generations' money that has failed. This is not only a bad political idea that history has proven to fail, it is morally wrong. It is as morally wrong as it is to force you to rent your apartment for less than the fair market price under the pretense of creating more affordable housing. It is as morally wrong as it is to rob Peter to pay Paul!

Capitalism rewards success and thereby encourages success. Subsidize failure and we get more failures. This stinking attitude that penalizing success (people earning over \$250,000) will make us more successful is plain stupid and wrong and is just another anti-capitalistic idea gone awry.

Capitalism is the best economic system the world has ever or will ever know. Let's do our part to keep it alive by standing firm and telling others that everybody eventually goes down under a socialistic welfare state. Capitalism will work if government will just get out of the way and let it function.

### **How Can You Help?**

By electing politicians who still believe in and will vote for our good old-fashioned American economic system of free enterprise. Statesmen who realize that the risk and

the price is worth the great rewards awaiting all those who are not a bunch of sissies crying for a “free lunch” from the government. Vote for people who will vote to lower your taxes and also get rid of programs like tenant welfare (rent control) which is another unjust tax on housing providers! Let them know that you think it is immoral for current voters to obtain instant economic gratification today at the expense of your kids and others in the future! That big spending and unbalanced budgets will just prolong and make our economic problems even bigger in the future! That history teaches us that the Marxist philosophy of “to each according to his needs from each according to his means” did not and never will work. That capitalism has and will produce the highest standard of living for the largest number of people in the world today.

Yell out to others that history has proven over and over again and again that re-distributing the wealth of others has never achieved the high standard of living that has been produced by a truly capitalistic system. Capitalism does indeed work best!!

As you know, capitalism has not and will not fail...it is government interference that has failed us!!

P.S. Please make copies of this article and send it to every politician and friend you know. Your letters agreeing or disagreeing on our thoughts about capitalism are welcomed.