



CELEBRATING  
55 YEARS

# nerej

## **Lets makes some resolutions for the present, next year and for the near future!**

December 31, 2008 - Northern New England

One thing the regional economy did not need was the worst ice storm in 50 years! We were fortunate to only lose power at work for a couple hours, but many clients and customers are going to be out for days and some for weeks. The electric companies will be working 24/7. Last summer PSNH sent crews to Western N.Y. to help restore service after the big wind storms, now the N.Y. crews will be coming here. It is a good cooperative system. But it reminds us that we take our infrastructures for granted and some are in need of investment and upgrades.

The Obama Administration is proposing a stimulus by investing in "ready to go" projects. These will create construction jobs, which will create spending, which will . . . The question is how much stimulus is needed? Where to apply it? And, if it will work, when?

In the real estate sector, we need to restore the capital markets and this may take a while. One cannot help but think that our regional banks with federal regulators sitting on their boards will be less nimble and responsive. Hopefully we do not "over fix" the problem with excessive regulation which dampens the good parts of the system (similar to Sarbanes-Oxley).

One column I read regularly is Digital Rules by Rich Karlgaard in Forbes. On Dec. 8th he outlined "12 steps to Economic Recovery." I will paraphrase them here as he has covered the bases very well. This is thought to have started with sub prime mortgages, but it is now much more complex. Here is some food for thought.

### **Immediate Steps**

1. Admit our mistakes. Retool market to market accounting rules. Eliminate naked short selling and reinstate the uptick rule.
2. Let distressed homeowners renegotiate their loans to 6% fixed rates. If they fall behind, extend the terms to 40 or 50 years.
3. Pressure banks to make loans to credit worthy customers. Punish banks that don't.
4. Eliminate capital gains taxes for equities bought this year and held beyond 2009.

### **Next Year**

5. Reduce corporate taxes to 20% (down from 35%).
6. Flatten income tax rates. Do we want a dependency culture in which 50% of eligible voters don't

pay taxes?

7. Lock in low taxes for savings and investments.

8. Clear the way for offshore drilling and nuclear certification.

#### The Near Future

9. Defuse the twin entitlement bombs, Social Security and Medicare, which are growing by the minute.

10. Reduce Farm Aid.

11. Crack down on illegal immigration, but raise quotas for skills-based immigration.

12. Pay teachers more, based on merit.

May we all have a Happy New Year, especially Rich Karlgaard! Or as happy as we can as the nation digs its way out of this mess. Remember, 2010 is only about 380 days away!

William Norton, CRE, FRICS, is president of Norton Asset Management, Manchester, NH.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540