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Debtor Nation

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"News Dissector" Danny Schechter edits MediaChannel.org, where this article first appeared. His film "In Debt We Trust," is now in release. Comments to Dissector@mediachannel.org

Well over a year ago, I wrote an article for Harvard's journalism journal *Nieman Reports* complaining about deeply flawed media coverage of credit and debt issues in America.

"There is a credit divide in America that fuels our economic divide," I wrote, warning of a potential economic implosion because so many Americans are trapped by a debt squeeze. I was not alone in projecting a crisis, although my focus was more on the failure of many media outlets to track the problem and ask deeper questions.

"Ours has become a nation in which the carrot of instant affluence is quickly menaced by the harsh stick of bill collectors, lawsuits, and foreclosures," I argued. "And yet, this bubble can burst and has: The slickest of our bankers and the savviest of our marketers have been able to undo the law of gravity, that what goes up must come down."

One didn't have to be an expert to see the warning signs which have since led to a massive market meltdown, a collapse of the sub-prime mortgage market, bankruptcies by leading financial lenders, billions of dollars in losses by top banks and financial lenders, and predictions of more pain to come for nearly two million Americas facing foreclosures.

When I started making a film on the subject, "In Debt We Trust," a colleagues warned me that the issue might be too obscure to rate media coverage. "No one likes to talk about money," said a producer friend. "This could be such a downer."

Now what are they saying?

It doesn't feel good to be right when so many people are being wronged. At the time I called on media outlets to take some steps to beef up their reporting. Most didn't, but it's never too late.

Here's what I proposed then, and repeat now:

- Report more regularly on these credit issues; billions of dollars are involved, not to mention millions of lives.
- Identify the key corporate institutions and contrast the compensation of their executives with the financial circumstances of their customers. Look into the process of "financialization" that is transferring more wealth from the people with the least at the bottom to the people with the most at the top of society.
- Shine a spotlight on how special interests and lobbyists for financial institutions contribute to members of Congress and other politicians, across party lines, to ensure their desired policies and curb effective regulations.
- Expose political influence driven by campaign contributions. Some reporting about this took place

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during the bankruptcy debate, but there has been little follow-up.

- Examine the influence credit card companies have on media coverage through their extensive and expensive advertising.
- Take a hard look at the predatory real estate practices in poor neighborhoods – and crimes committed against poor people, who are least able to defend themselves. Legal service lawyers tell me that they are overwhelmed by the scale of mortgage scams involving homes whose value have been artificially inflated.
- Focus attention on what consumers can do to fight back. Robert Manning, author of “Credit Card Nation,” explains: “If ten percent of American credit cardholders withheld their monthly payments, it would bring the financial services industry to a standstill. At a larger issue, what we have to do is to get people involved at the state level, get their state attorney generals involved, aggressively filing class action lawsuits and then putting pressure on key legislators to say, ‘This is unacceptable that they’re not representing and balancing the issues of commerce with consumers. The balance is tilted dramatically against the average American.’”
- Report on initiatives like [Americans For Debt Relief Now](#) that are setting up community, church and grass roots house party screenings of the film “In Debt We Trust.”

We need to educate the public about the deeper forces at work and the need for structural changes, urgent reforms and regulations and new consumer protections. We need to stop restating problems and start exploring solutions including debt relief.

The globalization of our economy is about more than the outsourcing of jobs. There is a deeper shift underway from a society based around production, with the factory as the symbol of American economic prowess, to a culture driven by consumption, with the mall as its new dominant icon.

Class struggle today is assuming a new form in the conflict between creditors and lenders that reaches into many Americans’ homes, where each month bills are juggled and rejuggled with today’s credit card bills paid by tomorrow’s new card. Meanwhile, with interest compounding at usurious rates, indebtedness grows and people sink even deeper into debts they cannot manage. No wonder we are becoming a nation of scammers with consumers using every trick they can think of against banks that then hide their own predatory practices in legalese.

In this conflict, financial institutions function as well-organized collection machines while individual borrowers are forced to react as individuals. Many are browbeaten with lectures about “personal responsibility” by corporations that only pay lip service to any form of social responsibility while compensation their own executives obscenely high salaries.

Centuries ago, we had debtors prisons. Today, many of our homes are similar kinds of prisons, where debtors struggle for survival with personal finance pressures.

Who is really responsible for this? Few of us seem to know.

And fewer appear to know what can be done about it. “They’re never going to be repaid,” says economic historian Michael Hudson who for many years worked at Chase Bank. “Adam Smith said that no government had ever repaid its debts and the same can be said of the private sector. The U. S. government does not intend to repay its trillion dollar debt to foreign central banks and, even if it did intend to, there’s no way in which it could. Most of the corporations now are avoiding paying their pension fund debts and their health care debts.”

Yes, these can be complicated issues that lead to tune-out, what TV producers call the ‘Mego Effect’ — “my eyes glaze over.” Yet because so many people are involved, it is urgent that our media push these issues from the business pages to the front pages and humanize them so we can try to wrestle our lives back from the ravages of a relentless debt machine.

