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## [The Credit Crisis Is Becoming A Political Battleground](#)

By [Danny Schechter](#).



So where is this credit crisis going? How will it end? What's the prognosis?

As a citizen of a country without an attention span, everyone wants someone else to play forecaster and tick off what must be done. And they want it quick and simple, even though there are no real quickie responses to a complicated problem. Almost any reassuring sound bite will do. The questions are predicable. What should I do to protect my money? Can't they fix this, after all our economy is supposed to be, oh so, "resilient?"

And yes your government is trying. George Bush doesn't want to leave office with two million families in the streets. He doesn't want a legacy worse than Herbert Hoovers. The loss of the incompletely managed war in Iraq is a tough enough burden to carry around.

Its probably truthful, but not helpful, to say that the mismanagement of our economy is an outgrowth of the very corporatist policies that will haunt this country for decades to come, including costly wars and obscenely high levels of corruption, and the list goes on.

This crisis, however, is a bit different because it has built up intensity for years without much visibility or attention. It speaks to structural problems in an economy, built on the quicksand of debt and delusion.

In order for the economy to function, in order for consumption to continue and profits to keep flowing, people have to believe that everything's all right. They want remedies modeled after *Alka Seltzer*. Put one tablet in water. It fizzes. You drink and feel better in minutes.

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The truth is that confidence is eroding, not because "the masses" hate capitalism but because our brand of unregulated capitalism is increasingly not working for them. They know that prices keep rising and good paying jobs are harder to find. They know that crime is going up in many cities and it's harder to make ends meet.

And some even know that the very concept of the masses has been replaced by highly stratified classes built on growing income inequality.

The credit card companies are now encouraging us to pay our rent by charging it. They have jacked up their fees and passed rules that somehow lead to more late fees and other charges, which have doubled and tripled by fiat. Some economic wise men believe that the credit card bubble is the next to go in a widely predicted severe recession.

Personally, I don't know what will happen with any certainty. It is possible that we will bounce back from the precipice somehow. The big chiefs of our economy have done it before. There are whole industries at risk if we don't. There are a large number of wealthy people and institutions who want to get back to the business of making money. They have a strong self-interest in "normalizing" the system.

What's "normal" for them is of course why we are in the trouble we are. At the same time, many of the free marketers argue that all that is needed is a correction of some undefined kind to put the "fundamentals" in line and bounce back. Capitalism has had history of boom and bust cycles and recoveries because there is no perceived alternative. And yes a depression is not out of the question.

Yet this time around, we are not talking about a small issue or some anomaly. As Business Week noted, "What we're observing, in all its bizarreness, is the ancient paradox of what happens when an irresistible force meets an immovable object. The irresistible force in this case is the U.S. economy... The immovable object is a wall of debt that now can't be paid back."

As I write in early December of 2007, we do know that the Federal Reserve Bank is likely to cut interest rates again and Treasury Secretary Hank Paulson, a former honcho at Goldman Sachs, is proposing a plan to freeze interest rates on adjustable rate mortgages as one way to keep some homeowners from losing their homes.

Are these measures likely to work? Not based on their track record so far. The Fed has injected billions into the system to create more liquidity, but the crisis is worse than ever. Paulson convinced big banks to start a super fund but that hasn't had much impact yet.

Many of the reports about the initiative were positive - there were 282 listed on Google. But one of them actually did offer some analysis by a conservative who, this is rich, compares the super-capitalist Paulson to a communist. Seth Jayson, writing on the financial website Motley Fool, called it "a plan to punish the public," and a reminder that there are unintended and unspoken consequences of governmental intervention in the affairs of the holy sanctum of the market:

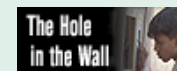
"If the mortgage crisis and housing bubble have taught us one thing, it should be to watch out for the unintended consequences of greed. Unfortunately, our nation's legislators and political appointees haven't learned that lesson. Recent plans for housing and mortgage bailouts generally run from dumb to dumber."

While an intense debate rages, lay-offs continue on Wall Street with top female executives getting the blame and the axe at some investment banks. Meanwhile, credit has tightened for everyone, including businesses that live on loans, and the rich are blaming the poor while downward economic mobility becomes a pervasive new fact of life.

There is a conflict coming, as this problem turns into an issue. It could lead to an economic civil war.

### Weapons of Mass

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Its won't be just a working class led class war either. Says credit expert Robert Manning:

"What we've seen with this kind of financialization of the American economy, where the democratic system and so many democratic institutions have been co-opted and literally bought by the financial service industry, is that we're seeing a big backlash from the American people."

One opening salvo in this fight back will be a "[March on Wall Street](#)," led by Jesse Jackson on December 10. [See [video here](#).] Already other protests against predatory lenders are breaking out like acne across the country.

The squeeze is on, and to quote the 60's poet, Mr. Zimmerman, "There's a hard rain that's gonna fall." The economy we save may be our own.

– *News Dissector Danny Schechter directed In Debt We Trust and wrote "SQUEEZED: America As The Bubble Bursts" (Coldtype.net). Comments to Dissector@mediachannel.org*



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### 3 Responses to "The Credit Crisis Is Becoming A Political Battleground"

*Posted on 03 Dec 2007 at 4:48 pm by Michael Shaw*

I am one of those people who believe there is a simple answer. First ask yourself who is benefiting the most today and who for the most part always benefits while everyone else suffers? Also ask yourself why we're spending 400 billion dollars per year on defense when our biggest rivals, the Russians and the Chinese are only spending respectively 50 and 40 billion dollars per year? Then look at all these unnecessary wars. Then look at the environment. First and foremost we need to end these stupid wars, next to tax the rich and I mean really tax them. Secondly we need to cut defense spending in half, still leaving us as the most outrageous defense spender on the planet by several fold. Lastly we need to solarize the nation and build new transit infrastructures to prepare us for the day there is no more fossil fuel. This will give jobs to anyone who loses them in the defense sector and practically everybody else. It will also help save the environment which is more important than anything else. Lastly we need to find someone with the courage and wisdom to carry it out.

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*Posted on 03 Dec 2007 at 5:37 pm by Bill Murray*

I appear to many of my acquaintances as a kvetch when I discuss the Bush administration and I agree with their assessment. After seven years of "leadership" just what has been accomplished? The credit crisis is only one element of the Bush administration's multiple failures. When I review the outcome or results of the decisions made during the Bush administration tenure, most all have had negative impact, not only on our country but the world as a whole. To address just a few...

The attack of Afghanistan: The majority of the country is now controlled by the Taliban and we are on the verge of losing the whole country. The man we went after, Osama Bin Laden, is still alive and

apparently still very effective.

The invasion of Iraq: Civil war is ongoing. There are over two million Iraqi refugees, the country's infrastructure was destroyed, and there was a loss of tens of thousands of lives.

Pakistan and the support of a dictator: The administration befriended and supported a man (Musharraf) who obviated his country's Constitution and took over the country by force; yet we continue to financially support him.

Middle east foreign policy: Our foreign policy in the middle east and the attack of Iraq has not only exacerbated terrorism but has created a hatred for the US throughout the area.

Turkey: It has deteriorated our relationship with Turkey because we gave the Kurds in eastern Turkey the opportunity to strive for their independence .

Impact on Europe and most of the world: Our policies have turned most of Europe and the world against us because of our unjustified attack of Iraq.

Russia: It has turned an amicable relationship to one of conflict by its plans for missile sites in eastern Europe.

Its impact on the US: It failed to take timely action to support the people of New Orleans after the disaster. It has created a major budget deficit. It has taken away many of our civil rights. It has created a more inequitable distribution of our nations wealth by its tax policy. It has let our infrastructure deteriorate while we spend billions on foreign wars with no return on investment. It has done more in an attempt to integrate church and state than any other administration.

I agree with my critics; I am a kvetch, but in the case of a strong dislike for this administration, a justifiable one.

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*Posted on 04 Dec 2007 at 7:12 am by davy*

On the money :- ) Danny AND both comments.

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