

As the Job Losses Mount, the Government's Bailout Fails

By [Danny Schechter](#)

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DONALD TRUMP BLAMES CRISIS ON DIVINE INTERVENTION

It has taken a while for the stars to align and the truth to come dripping down. Now we know who caused the financial crisis:

GOD DID IT.

Just as Jerry Falwell saw a divine hand behind 9/11, our golden boy icon of Capitalism By My Rules, Mr. "You're fired" Donald Trump, has now unearthed the secret, blaming the recession on the ONE above.

The Donald came up with this conspiracy—along with the not totally unreasonable assertion that the banks engineered the disaster—in a lawsuit filing offering a reason for not paying on a big construction loan from a German Bank for a skyscraper he was building in Chicago. He cites an Act of God — “unlikely events,” clause in his contract to justify not paying.

A New York Times columnist also recycles a Trumpian fairy tale in which this master publicity seeker reveals that in some cases he told banks NOT to finance his projects because they were a “bad deal.” The banks, he claimed, went ahead anyway. This could be true, given what we have learned about banking practices. (He will no doubt sell them the Brooklyn Bridge in the future.)

So now the proverbial S is hitting the fan on every front. Xmas shipping will not save us this year. We are being warned about the likely onset of stag deflation. Sounds bad.

The brilliant young economist Max Wolfe—soon to star in my film in the making based on my PLUNDER book in the selling—says the latest jobs report is a recipe for more pain on the way

“We have lost 533k jobs in November and over 2.5 million for the year 2008. Thus, we see the worst jobs report in 34 years ...We have seen the Fed and Treasury swallow toxic assets as the markets turn more and more assets toxic. Today's job losses assure many more delinquent and default experiences for creditors...This is a sad day for the world economy.”

(Note: These figures don't count people who have stopped looking for work,

an estimated 637,000.)

And our government's response? If there is a plan, it is this: Open the sluice, get the money

printing press working overtime, and try to bail the sinking ship. (Is that where the term bailout came from?) The costs are stratospheric and going up. In fact, we have just learned that the stock the bailout boys bought to supposedly make money for the American people dropped over \$8 Billion in value just last week.

Nicholas Jones writes on the Seeking Alpha finance website:

“The \$3.2 trillion spent thus far is a massive figure, but dwarfs the \$8.5 trillion that is all but committed. Unfortunately, I don’t expect it to stop there. I would be fully shocked if we don’t see that \$8.5 AT LEAST DOUBLE from here.

The problem is that nobody really understands the true size of these figures. It’s shocking how quickly America just accepted whatever -illion it was whether it started with a M, B, or T. I mean, what the hell... what’s \$30 billion for Detroit when [Citi](#) just got \$300 billion and the Fed has doled out some \$2 trillion in other lending programs.”

Clearly, we need a new TV show: Who wants to be an ILLIONAIRE?

... Slum dogs, are you listening?

We still need a full investigation into how Wall Street firms, asleep at the switch regulators and a passive media drove this crisis. We can’t ignore compromised politicians either. A Joint Economic Committee study says: “Government Policy Blunders Largely Caused the Global Financial Crisis.”

Missing in all of this is what our goal is. Is it to just rebuild the financial architecture that already failed, to go back to status quo ante, to put the same bankers and institutions that betrayed their customers and investors back in business? The goal should not be to revive financial markets as they have been but to remake them. As Nobel-winning economist Joe Stiglitz explains, “The failure of our financial system to do what it is supposed to do matches in destructive grandeur the macro-economic failures of the Great Depression.”

Has going backwards now been redefined as going forward?

The resolution of this crisis is too serious to be left in the hands of the people who created it. Yet they have the power and the purse. Ben Bernanke has finally come around to the notion that we have to do something about housing. This most obvious crisis is being considered last.

May I remind you that this distinguished Chairman took a while to “get it.” (Maybe it is something in the water in Princeton.) A New York Times columnist reminded us of a hearing back in 2005

“It came in November 2005, toward the end of his all-day Senate confirmation hearing, when Senator Paul Sarbanes brought up the mortgage business. Mr. Sarbanes, the ranking Democrat on the Banking Committee then, pointed out that the number of people taking out adjustable-rate mortgages soared in 2004. “Are you concerned about the potential for a bubble in the housing market?” the senator asked Mr. Bernanke. “And specifically, does the drastic increase in the use of risky financing schemes, including interest-only and even negative amortization mortgages, concern you?”

Mr. Bernanke replied that the Fed was reviewing its guidelines for these loans and planned to issue new ones soon. The guidelines, he added, “would have on the margin some beneficial effects in reducing speculative activity in some local markets.” At no point, though, did Mr. Bernanke suggest that he was concerned.”

Gag me with a spoon.

And now dear fellow recessionaires, let us think about what to do.

First, we need to suspend all trust in these wannabe saviors. Next, we need to organize a massive people’s campaign for economic fairness. After that we need to use media campaigns, protests and lobbying to demand that an economic state of emergency be declared.

We need

1. TO STOP FORECLOSURES: An immediate Moratorium On All Foreclosures

2. TO PROVIDE DEBT RELIEF: A rollback of Credit Card interest and write downs of what’s owed. 110 million Americans are said to be in arrears on loans.

3. FORGE AN ECONOMIC PLAN FOR THE MIDDLE CLASS, not this current leave no banker behind approach.

Idea: Create a powerful Economic Czar to whom Treasury and the Fed must report. I would suggest someone with compassion and insight take the helm, someone like former Labor Secretary Robert Reich, the one progressive in Clintonland. We may need a small man for this big job.

We need also need people’s council to advise him including economists like Nouriel Roubini, Max Wolf, Jamie Galbraith, and Paul Krugman, leaders from NACA and ACORN, Union and church people, folks from food banks etc.....

Oversight and accountability are essential—as Elizabeth Warren of Harvard, who is on a Senate panel, said earlier in the week, the government has no plan and is floundering with Hank Paulson’s ping-pong approach.

Even Donald Trump knows, or he should know that the Good Lord helps those who help themselves. Top-down imposed solutions are NOT working.

We need a bottom-up and far more democratic approach.

Barack Obama was elected with the support of an activated public. If he is to make a dent in this crisis, he needs continuing active and critical support. As I have said many times; ‘It’s not the ship that makes the waves, it’s the motion on the Ocean.’

Motion, people. Motion.

*News Dissector **Danny Schechter** is making a film based on his book **PLUNDER: investigating Our Economic Calamity** (Cosimo, at Amazon.com) Comments to dissector@mediachannel.org*

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Articles by: [Danny
Schechter](#)

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