

## Before the Economic Collapse, A Call to Action

By [Kevin Zeese](#) and [Margaret Flowers](#)

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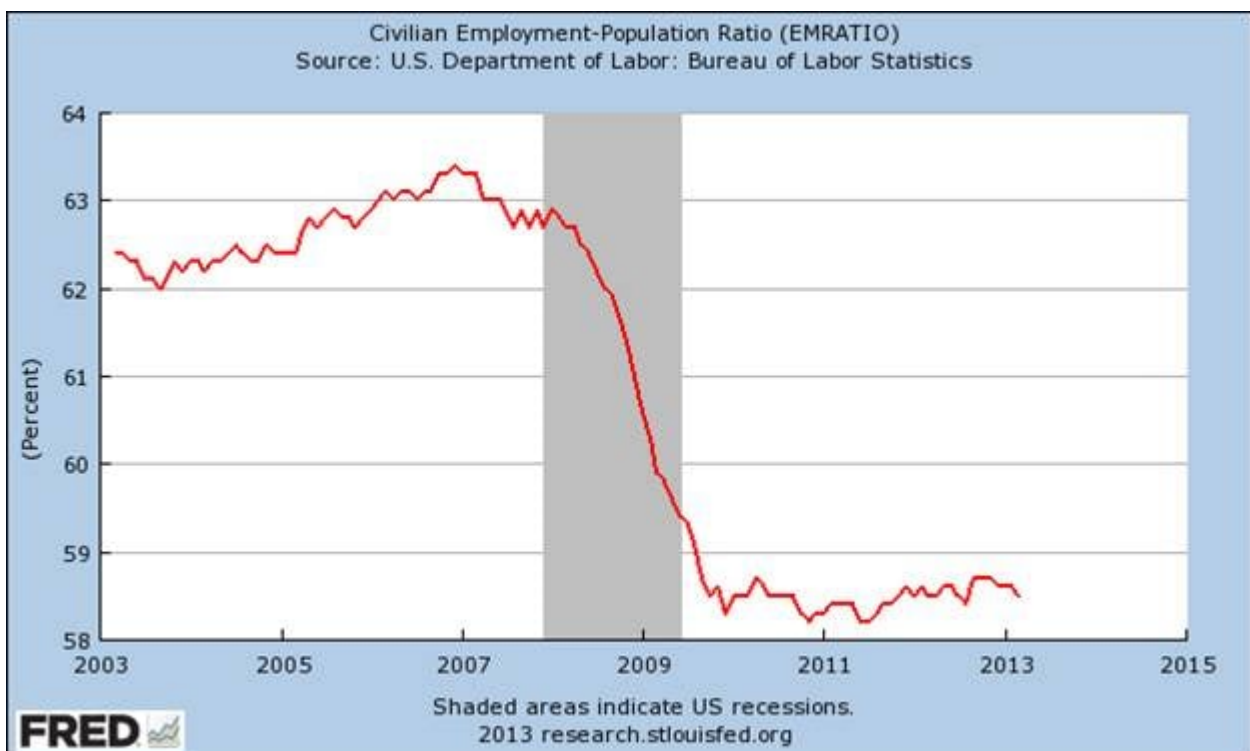
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*The economic news in the last two weeks points to bad news for the economy and a reason for people to mobilize and demand change. We want to emphasize that as bad as the situation looks, there are solutions and ways to protect ourselves. The time to act is now.*

Before we get to the impact of the Obama budget, let's explode a critical myth: there is no recovery (at least for the 99%). Last month's unemployment numbers revealed the fraud of the unemployment rate. Even though the country produced less than 90,000 new jobs, when over 120,000 are needed to keep up with growth, the unemployment rate declined. Why? Because [hundreds of thousands are giving up on work each month](#) and they don't get counted.

At present, [over 100 million working age Americans do not have a job](#) that is 41.5%. And, for some groups, African Americans and youth in particular, this is [a persistent jobs crisis](#) that ensures low incomes and little wealth for the future. And, [workers who do have jobs are paid way too little](#), about half of the value of what they actually produce. *There will be no recovery until these fundamentals change.*



The combination of poor federal economic policy - which is getting more off-track -

and a corrupt economy is bringing on the next crash. In an [article in Truthout](#) last week, we point out the deep corruption of the finance system, which dominates the economy. Security fraud expert Bill Black told us that the evidence shows that fraud is “pervasive” among the “most elite financial institutions,” yet the Obama government policy was no prosecution. The [Economic Collapse Blog points out there are 11 crashes going on right now](#): gold, silver, bitcoins, consumer confidence, 401(k) retirement accounts, casino gambling, Greek employment, European financial stocks, Spanish bankruptcies and energy demand; and predicts the bloated US stock market is next.

As we approach the next crash, the government’s across the board sequester is [beginning to have big impacts on people’s lives](#) and will lead to further shrinking of the economy. Here are [100 cutbacks that are affecting people](#) as of early April and the pace is picking up. These impacts are very real, [thousands of Medicare patients with cancer are being turned away at health clinics](#) because of sequester cut-backs. And, at a time of increasing poverty, [Greg Kaufman writes the sequester means](#): “up to 140,000 fewer low-income families receiving housing vouchers, more children exposed to lead paint, higher rent for people who can’t afford it and a rise in homelessness.”

If either President Obama’s or Paul Ryan’s budget, or some of each, is enacted, and they will since these are what DC is considering, the economy will get even worse. The bipartisans have fully embraced austerity and are being cheered on by [the corporate media](#) and wealth-funded think tanks, as Margaret Flowers found when she debated two on the [Marc Steiner Show](#), one from a “liberal” Democrat think tank, the other a conservative Republican – they agreed while Margaret had to correct their false statements.

The president has shown his [embrace of austerity by proposing unilateral budget cuts to Social Security and Medicare](#) that will shrink benefits and increase the cost of health care. After [four years of seeking to cut these programs](#), the “[Grand Obama Betrayal](#)” has arrived. Economist [Jack Rasmus describes this as a “grand collusion”](#) between the bipartisan corporatists and big business interests. The president did not put forward any plans to solve the jobs crisis, shrink the wealth divide, build a new economy – instead he [embraced a mistaken mission of austerity](#).

The embrace of austerity does not [apply to the military](#), whose sequester cuts were restored with the [administration even funding a missile defense program that Congress de-funded as the military continues to be well-funded](#). When it comes to people’s needs, Obama put forward an approach that [intentionally ignores the real living costs of the elderly](#) and instead relied on a fake inflation rate that economist Michael Hudson calls “[catfood reform](#).” Obama and the bipartisans want Americans to think these cuts are necessary, [but in fact, they aren’t](#).

Obama is not only hurting the middle class, poor, elderly and veterans with these cuts, but his budget continues to give gifts to big business. Obama’s budget is proposing to [sell the Tennessee Valley Authority to big energy interests](#). This will ensure consumers pay the highest rates possible. As food safety gets worse, Obama’s budget will [cut chicken inspectors and let the industry inspect itself](#). And, Obama, who has always been well-funded by the nuclear industry, [revised rules to](#)

[dramatically raise permissible radioactive levels in drinking water and soil](#) following “radiological incidents,” such as nuclear power-plant accidents and dirty bombs.

These wins for industry are losses to the health and welfare of Americans. Congress does its job for big business well; [research shows big payoffs for members](#) who vote to deregulate the deeply corrupt finance industry. And, agribusiness food giant Monsanto was able to get the [Monsanto Protection Act](#) passed, which prevents regulation of GMO’s and even prevents courts from intervening.

The corruption of Congress and the president were on display this week when they [repealed the STOCK Act, designed to prevent insider trading by high government officials by requiring them to disclose their financial investments](#) in a searchable format. The Senate passed the repeal in 10 seconds, the House in 14, both by unanimous consent - not one member spoke up to oppose the repeal. President Obama quickly and quietly signed the law. His repeal was accomplished more quietly than when Obama signed the STOCK Act a year ago, saying how important it was for elected officials to live within transparent rule of law. Speaking of corrupt secrecy, [the Federal Reserve argues that the widespread corrupt mortgage practices are trade secrets](#) and should not be disclosed. Is this mafia capitalism at work?

It is now clear that Americans who deposited money in big banks could suffer the same result as the people of Cyprus, [remember the lessons of the Depression](#), and have their deposits seized and turned into bank stock. [Ellen Brown reports](#) this is part of the “too big to fail” banks plan to withstand the next collapse. In fact, massive and risky derivatives investments, almost as large as the US economy, would receive [more protection than depositors](#). It could happen here in a collapse, and it would be fast and furious, with the banks or the [FDIC writing down deposits](#) to save the banks at the expense of consumers. And, if you [can’t pay your bills, be wary of debtor’s prison](#).

Every tax year, we are reminded [how unfair the tax system is](#) and how the big banks and wealthy avoid taxes by hiding money off-shore, [claiming loses in the US](#) and profits abroad. One report indicates that these [off-shore havens cost the average taxpayer \\$1,000 annually](#). This year, a cache of 2.5 million files containing the secrets of more than 120,000 offshore companies and trusts that were [analyzed by the International Consortium of Investigative Journalists](#) exposed hidden dealings of politicians, criminals, business people and the mega-rich the world over totaling up to \$32 trillion hidden off-shore.

As we get closer to the full implementation of ObamaCare the legislation is looking more expensive and less beneficial to consumer. [Obama met with the insurance industry at the White House](#) to discuss their partnership in implementing the law. The law is getting more costly to implement so [Obama is pulling back](#) on its promises. Already rising health care costs are resulting in [people cutting back on their prescription drugs](#) to save money - this will not be good for health or for the cost of healthcare. And, Obama is moving to quietly ruin Medicare with cuts while at the same time [increasing funding for the more expensive and less efficient private insurance for seniors](#), Medicare Advantage. This is part of the privatization of the most successful part of US healthcare, Medicare, made worse by the [nomination of a former executive for Hospital Corporation of America to run Medicare](#). Marilyn Tavenner promises to run Medicare as a business, just the opposite of what it should be, a necessary public service.

The political and economic mess of Washington and Wall Street, the foundering economy and threat of another collapse, are leading more and more people to question the viability of big finance capitalism; with [criticism ranging beyond its traditional critics](#). [More and more call for](#) breaking up the big banks and tougher enforcement against banksters. But, others are calling for more structural changes. In an article that will be published in Truthout tomorrow, [we discuss](#) how to transform the Federal Reserve to make it transparent, democratic and responsive to the economy; the creation of public banks in every state and major cities as well ways to opt-out of the Wall Street economy.

The crisis of the US economy and government are upon us. The only way we will stop the cuts to necessary social services, the continued privatization of public services and government gifts to big business is to mobilize to stop business as usual in Washington, DC. Beyond that, it is important for all of us to envision and begin to create the new economy as the old one collapses. There is more information about the new economy and links to resources at [ItsOurEconomy.us](#).

The future is ours to define. Now is the time to for action!

*This article is based on our [weekly newsletter](#) for [ItsOurEconomy.us](#). To subscribe to this free publication, [click here](#).*

Kevin Zeese JD and Margaret Flowers MD co-host [ClearingtheFOGRadio.org](#) on We Act Radio 1480 AM Washington, DC and on [Economic Democracy Media](#), co-direct [It's Our Economy](#) and are organizers of the [Occupation of Washington, DC](#). Their twitters are @KBZeese and @MFlowers8.

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