

Gloom Versus Optimism: Is the Global Economic Recession Over?

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Few would consider the opinions of the world's central bankers to be unbiased or even accurate. These self-proclaimed wise men of international finance didn't see the recession coming until it blew up in their faces — a blast that destroyed their credibility.

Nevertheless, it is interesting to hear them talk, not because they're fun to listen to, but because of "the messaging" that rich investors use religiously in placing their stock market bets, while the rest of us are given a calming sermon, so that the bankers' lackeys — the politicians — may continue ruining the country uncontested.

Recently the wise bankers jointly announced that the world economy was "on the verge" of a recovery. The language was purposely vague: they can't afford to be utterly wrong again and destroy their last shreds of authority. So they're hedging their bets. The President of the European Central Bank was extra cautious, saying that the economy was in for a "very bumpy road ahead."

The truth is they have absolutely no idea what will happen or when. Other mainstream economists are presenting a gloomier picture of the situation. For example, the flagship publication of corporate America, the Wall Street Journal, recently announced that the accelerating number of bank failures in the U.S. amounted to a "new phase" in the crisis, where built-up junk-debt was beginning to tear down banks at a faster tempo (August, 21, 2009).

Meanwhile, the elitist Economist magazine concluded recently that, instead of a "V shaped recovery" —meaning a quick bounce back — we should prepare ourselves for "a gloomy U [shape] with a long, flat bottom of weak growth... [for] the next few years." (August 20, 2009).

This type of analysis is now what passes for optimism in mainstream economics. A "gloomy U" is much better than a "terrifying w" — meaning another potential crash. Thus, we are told that bailing out the banks averted "utter disaster" and that we should be content if the economy produces a slow, "jobless recovery." Of course, the economy has not recovered if millions of people remain unemployed. Terms like "jobless recovery" were invented to accustom people to suffering, while the mega-profits of Goldman Sachs are presented as "promising signs." Indeed, the suffering of millions of people and the profits of corporations have a direct relationship that the media is not discussing.

Big recessions destroy wages and benefits. The huge reserve of unemployed workers helps employers threaten workers with joblessness if they do not accept lower wages, while other

companies force lower wages for “the survival of the company.” Free market economists rationalize this by calling it a “market adjustment”: the labor market supposedly produced too high of wages for profits to be maintained.

This period is likely to continue for some time. One reason is that retirement will not be a reality for millions of people who either were unable to save enough or had their savings in 401(k) accounts destroyed by the recession.

An infamous Career Builders poll reported that 73 percent of those planning to retire would delay their retirement for at least six years. Many older workers, because of the nosedive their 401(k) took, were forced out of retirement to accept low paying jobs, meaning more competition for younger workers.

According to a New York Times Op Ed:

“...only 28 of every 100 males were employed in the 16-through 19-year-old age group. For minority teenagers, forget about it. The numbers are beyond scary; they’re catastrophic.” (August 10, 2009).

Many other workers have chosen to ride out the recession by going back to school. While in school — or after graduation — these students become “interns,” a way that many employers are using to replace paid workers.

The New York Times Notes:

“With paying jobs so hard to get in this weak market, a lot of college graduates would gladly settle for a nonpaying internship. But even then, they are competing with laid-off employees with far more experience.” (August 10, 2009).

In addition to internships, many other unemployed workers are simply doing volunteer work to build their resumes. All of these good intentions are used by employers to drive down wages or eliminate paid positions entirely.

The mass joblessness is creating a tense, dog-eat-dog situation for millions. Rather than blame the crisis on the bankers and others profiting from the recession, society’s most vulnerable people — immigrants — are likely to be the continued targets.

But targeting immigrants will not improve the lives of workers. This can be done only by collectively confronting their employers and demanding higher wages and benefits. If necessary, workers must demand and organize to keep their jobs from being shipped off-shore to prevent companies from searching for literal slave wages.

For unemployed workers, organizing with demands on local and federal governments for a real stimulus program to create jobs is an absolute necessity. Obama’s first stimulus has been an obvious failure: not only was it too small, but much of it was dedicated to tax breaks and not job creation.

The economy is not going to correct itself. Powerful interests are bailing out banks while pushing down wages and will continue to do so until they are pushed back.

A job-creating stimulus that pays living wages will help ease tremendous suffering. But such a program is unlikely to be given to us by the corporate-owned Democrats. It must be taken.

Throughout this economic crisis the Democratic Party has eagerly served the interests of the rich: It refused to pass serious legislation that would have greatly helped working people avoid foreclosures on their homes; it is abandoning the option of a government-run health care program; it refused to pass EFCA, the Employee Free Choice Act, which would have removed barriers to forming unions; it has given billions of bailout dollars to reckless bankers; it refused to nationalize the banks, so they could begin to operate in everyone's interests, and not just the rich; it has continued to fight foreign wars that benefit giant corporations only, while not restoring civil liberties at home; and it has failed to promote a massive job creation program that would have the potential to alleviate the suffering of millions of U.S. workers.

The lesson of this economic crisis is becoming starkly clear: working people will have to create their own political party dedicated to fighting for their own interests. Such a party will not come into existence on its own. Rank and file union members, community organizations, and the unemployed must begin organizing now to promote policies that the Democrats have refused to touch. A giant coalition of progressive forces working towards these goals can easily transform itself into a political party capable of brushing aside the two parties of big business.

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