

Obama Mania

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On November 4, the world exhaled. The age of George Bush ended, and a new one under Barack Obama began. With high hopes he'll reverse the toxic legacy of the past eight years. Adopt socially progressive policies. End foreign wars. Govern the nation responsibly, democratically for all its people. Show his supporters that their faith in him was justified.

"Let us congratulate ourselves on being alive at such a promising moment," wrote The Nation magazine's William Greider. His victory is "a monumental rebuke to tragic history — the ultimate defeat of 'white supremacy.' Barack Obama has already changed this nation profoundly. Like King before him, the man is a great and brave teacher. (He) redefined the country for us."

The Nation endorsed Obama early on and called his candidacy "historic (for) a new generation (with) new possibilities....a sea-change of course (for) progressive-driven reform....(the) end of the Reagan era....an end of the occupation of Iraq....empowering labor (and) challenging our trade policies." A socially liberal new beginning.

A "transformational presidency," according to its editor Katrina Vanden Heuvel. A "new era of possibility opened up by Barack Obama's victory. (His) team's respect for the core decency, dignity and intelligence of the American people was reflected in the campaign's" rhetoric. He represents "a historic opportunity for a progressive governing agenda and a mandate for bold action....Tonight we celebrate."

Early on, The Nation shamelessly endorsed Obama with over-hyped expectations for him. They're unfounded, and based on early indications, hold the cheers. Obama's transition team is the first sign of the type people he'll choose for cabinet and other top posts. Insiders all, including former Clinton administration figures. The usual cast of characters in Democrat or Republican administrations. The parts nearly interchangeable for their common agenda. Progressive? A new beginning? A "mandate for bold action?" A reason to "celebrate?" Indeed so for insiders, who engineered what's now apparent.

Earlier this writer imagined it, but who then could have known. In a July article titled A Possible September Surprise," it was suggested that "Republicans may stick with a likely loser, someone many insiders dislike, go for a 1976 repeat, turn things over to a Democrat, let him deal with their mess, then retake the presidency next time around."

In the 1970s, the Rockefellers (America's most powerful family) chose Jimmy Carter for president after the turbulent Nixon years. Gerald Ford went along as window dressing. The same process repeated in 2008 to decompress after eight toxic Bush years. A needed respite for the country, the world, and humanity. A new party and face to appear different from the old one. Who better chosen than the first black president (a stroke of genius some

believe) to deflect attention from the past and focus it all on him and the task he faces.

McCain-Palin was the vehicle. A perfect foil. A caricature-like ticket. An embarrassment. Supremely unqualified on both ends. By a man with a distinct “passion gap” for conservatives. Known mostly for his unpredictable temperament, unimpressive intellect, instability, and genius for making enemies in his own party. And a woman more knowledgeable about fishing than affairs of state. Pulled from obscurity. Noted only for having been chosen. Now consigned to a footnote in history. One conservatives plan to forget, then erase.

Now a new beginning under Obama. With hoped for change that he promised. A “bold mandate (for) progressive governing.” A “transformational presidency.” The end of neoliberalism and new era for his faithful. With legions lining up to cheer. Unmindful of how American politics works. The way it is most everywhere. The same old, same old that The New York Times ignored in saying that “Obama began moving (swiftly) to build his administration and make good on his ambitious promises to point the US in a different direction....”

Without a whiff of progressivism in any high-level appointees so far named, suggested, or in his transition team co-chairmen:

John Podesta

From 1998 – 2001, he was Clinton’s chief of staff, and in the 1980s, served as legal counsel for various congressional committees. He’s the founder and current president of the Center for American Progress, a Democrat party front group claiming progressive credentials that got seed money from investor and Obama advisor Warren Buffett. He’s also a visiting law professor at Georgetown University Law Center, and since 1988 the head of the Podesta Group, a Washington-based lobbying firm representing corporations like Lockheed Martin, BP, and Walmart as well as trade associations among its other clients. The Washingtonian magazine ranked him the third most powerful city lobbyist.

Valerie Jarrett

A Chicagoan who worked for Mayor Harold Washington in the 1980s as Deputy Corporation Counsel for Finance and Development. She then moved on to the Daley administration in the 1990s as deputy chief of staff and in other positions. She’s currently CEO of the Habitat Company, a real estate development and management firm with a dubious record. She works closely with city officials on public housing and helped the Chicago Housing Authority get public subsidies for its notoriously substandard work.

Habitat managed Grove Parc Plaza from 2001 – 2008 and an even larger complex that the federal government seized in 2006 because of its dilapidated and uninhabitable state. Nonetheless, she’s rumored to become the new housing secretary where she may do for the country what she did to Chicago.

Jarrett is also a Board member of the Chicago Stock Exchange where she served as chairman from 2004 – 2007. She’s one of Obama’s most trusted and longest serving advisors and campaign aides.

Pete Rouse

He's a long-time Capitol Hill insider for over 30 years. Once served as Senate majority leader Tom Daschle's chief of staff and was known as "the 101st senator" because of his knowledge, skill and contacts. He's been allied to Obama since 2004. Wrote his "Strategic Plan" for his first year in the Senate and also served as his chief of staff.

All three individuals are expected to have key roles in the new administration once it takes over in January as well as others on the Transition Project. It's been around for months as a fund-raising front. The Chicago Sun Times said it was to raise money from individual donors up to a maximum \$5000 and do no internet or direct mail solicitations. It helped Obama raise \$600 million for his campaign, and though he claimed transparency as one of his principles, he made no "voluntary early disclosures." Money raised is also being used for his transition period with no mention of how he'll use any residual amounts.

Other Transition Project Members

Carol Browner

She served as Administrator of the Environmental Protection Agency for eight years under Bill Clinton. The longest of anyone in that position. Earlier she worked for Citizen Action in Washington. As general counsel for the Florida House of Representatives Government Operations Committee and for Senator Lawton Chiles. In addition, as Senator Al Gore's Legislative Director. In 2001, she joined the Albright Group, a global strategy firm headed by former secretary of state Madeleine Albright.

William Daley

Brother of Chicago mayor Richard M. Daley. He's a lawyer and was Clinton's secretary of commerce from 1997 - 2000. He's a well-connected insider and member of numerous high-powered organizations like the Council on Foreign Relations, Friends of Hillary, Friends of Joe Lieberman, Obama for America, and a number of corporate boards. Companies like Boeing, Abbott Labs, Merck and Boston Properties. He's also vice-chairman of Evercore Partners, a 1996-founded investment banking "boutique providing advisory services to prominent multinational corporations on significant mergers, acquisitions, divestitures, restructuring, and other strategic corporate transactions."

In the Clinton administration, Daley was instrumental in getting NAFTA passed. He's also a past president of SBC Communications and was later Midwest chairman of JP Morgan Bank among other positions, including the practice of law.

Michael Froman

He's president and CEO of Citilnsurance, a branch of banking giant Citigroup. Also a senior fellow at the Council on Foreign Relations and a Resident Fellow at the German Marshall Fund of the United States. Earlier and in the Clinton administration, he served as treasury department chief of staff from 1977 to 1999. From 1993 - 1995, he was director for International Affairs on the National Economic Council and the National Security Council at the White House.

Federico Pena

He held two cabinet posts under Bill Clinton - from 1993 - 1997 as transportation secretary and from 1997 - 1998 as energy secretary. In 1992, he advised then governor Clinton on

transportation issues. Since 1998, he's been affiliated with the investment firm, Vestar Capital Partners, as senior advisor and is now one of its managing directors.

Suggested Obama Administration Members

The first already chosen as Obama's chief of staff – Rahm Emanuel, but hold the cheers. He's an influential insider and Democrat member of the House since 2003. In 1991, he joined the Clinton campaign as a fundraiser. Then later was political director and senior advisor.

From 1999 – 2002, he was a managing director for investment bank Dresdner, Kleinwort, Wasserstein in Chicago and also served as mayor Richard Daley's chief fundraiser.

In 2006, he chaired the Democratic Congressional Campaign Committee for the midterm elections. He's the fourth ranking House Democrat. A hawk, neoliberal and pro-Israeli hardliner. Now deceased long-time Chicago activist, investigative reporter, and founder and chairman of the Citizens Committee to Clean up the Courts, Sherman Skolnick, called him the "acting deputy chief for North America of the (Israeli intelligence) Mossad."

He's the son of Benjamin Emanuel (changed from Auerbach in 1936 by his grandfather Ezekiel), a Chicago pediatrician involved pre-1948 with smuggling weapons to the Irgun. The Israeli group former prime minister Menachem Begin headed that in 1946 bombed the King David Hotel and conducted numerous other terrorist attacks.

Emanuel is hard line like his father in his one-sided support for Israel. He's dismissive of pro-Palestinian sympathies, and supports a failed peace process that guarantees no chance for one. In 1991, he served as a civilian volunteer in the Israeli Defense Forces (IDF) during the Gulf war and is believed to hold dual citizenships.

The Nation magazine's David Corn praised his appointment and called Emanuel "an intelligent, fierce, competent, and sharp Washington partisan....an agent of change....and guy who gets things done." Corn also hailed Obama's victory and called him "one of the most progressive (or liberal) nominees in the Democratic Party's recent history." Looking ahead to his presidency, he represents "hope and change. He opposed the Iraq war....Bush's tax cuts for the rich. He was no advocate of let-'er-rip, free market capitalism or American unilateralism. In policy terms, Obama represents a serious course correction....And more."

In fact, Obama is mostly opposite of what Corn suggests. On financial and economic matters alone, his Transitional Economic Advisory Board reveals it. All its 17 members are high-level corporate and financial types plus Democrat party insiders. CEOs like Warren Buffet, Robert Rubin and head of four major corporations Penny Pritzker with more about her below regarding her dubious business dealings and influential role in an Obama administration. His other Brain Trust members (as the Wall Street Journal calls them) are:

— Roel Campos – former SEC commissioner;

— Daniel Tarullo – Georgetown University professor and former deputy director for international affairs of the National Economic Council (NEC) from 1993 – 1998;

— Eric Schmidt – CEO of Google;

- Antonio Villaraigosa - mayor of Los Angeles;
- William Donaldson - former SEC chairman, under secretary of state, chairman and CEO of the New York Stock Exchange, CEO of Aetna, and founder and head of the investment firm Donaldson, Lufkin & Jenrette;
- Laura Tyson - former chairman of the National Economic Council (NEC);
- David Bonier - former congressman;
- vice president-elect Joe Biden;
- Jennifer Granholm - governor of Michigan;
- Paul Volker - former Fed chairman with more on him below;
- Rahm Emanuel - congressman and incoming White House chief of staff; it's the most important administration post after the president and a Dick Cheney type vice-presidency;
- Richard Parsons - chairman of Time Warner;
- Anne Mulcahy - CEO of Xerox;
- Lawrence Summers - former Treasury secretary with more on him below;
- Roger Ferguson - CEO of TIAA-CREF financial services;
- John Podesta - transition team head;
- Robert Reich - former labor secretary; and
- William Daley - former commerce secretary.

Noticeably absent - anyone representing ordinary people. Workers, homeowners, the unemployed, the disadvantaged, the poor who've been hurt the most by Wall Street's-caused financial crisis now morphed into the worst economic downturn since the Great Depression. Their omission is clear evidence where Obama's administration is headed, where his allegiance lies, and what his policy directives will look like. A rigid class society, white supremacy, and neoliberalism are safe in his hands.

- he's for permanent occupation of Iraq;
- America's imperial agenda;
- militarism and foreign wars;
- new ones against Pakistan; possibly Iran as well;
- an enlarged military;
- more troops to Afghanistan;
- a new Cold War with Russia;

- in 2006, campaigned for Joe Lieberman against anti-war candidate Ned Lemont;
- opposes impeaching Bush and Cheney;
- in July 2005, backed reauthorizing the Patriot Act with its police state provisions;
- supports Homeland Security funding to enforce them;
- supports the death penalty;
- privatized in lieu of public education;
- is one-sidedly pro-Israel;
- opposes universal single-payer national health care;
- supports medical providers in wrongful injury cases;
- backs “free trade” and initiatives like NAFTA;
- the right of mining companies to strip mine everything;
- is unresponsive to labor;
- supports biofuels production, big agribusiness subsidies, and the industry’s rage to make all foods GMO;
- supports the Bush administration’s energy policy; its huge subsidies and other generous handouts;
- backs nuclear power, loose industry regulation, and multi-billions in subsidies;
- supports the Paulson bailout plan and the fraudsters that get it;
- backs repressive immigration legislation affecting people of color;
- is beholden to his corporate backers; and
- is committed to a pro-business agenda overall.

He steered clear of criticizing Wall Street, and appears ready to back down on his campaign pledge to cut taxes for earners under \$200,000 and raise them on incomes over \$250,000. When asked point blank, he waffled and said this policy may be reconsidered, which is clear evidence it’s been scrubbed.

He’s reputed not to be a member of the far-to-the-right-of-center Democratic Leadership Council (DLC), but according to its founder, Al From, he’s on board for “a good part of the strategy we have articulated over the years.” He added that Obama has an “intellectual” and “tactical” connection to the DLC. It was clear in his first appointment - Rahm Emanuel.

He’s a key DLC member in good standing. The organization Ralph Nader calls “corporatist (and) soulless.” Governing from the far right no different than Republicans. Founded in 1985, it grew dominant in the party under then governor Clinton and Senators Gore,

Lieberman and John Breaux.

Its ideology is anti-labor, anti-populist, anti-welfare, pro-business, and very amenable to imperialism, militarism, and foreign wars. Again Ralph Nader: "To the DLC mind, Democrats are catering to 'special interests' when they stand up for trade unions, regulatory consumer-investor protections, a pre-emptive peace policy overseas, pruning the bloated military budget now devouring (the federal budget), defending Social Security from Wall Street schemes, and pressing for universal health care coverage. So right-wing is the DLC....that even opposing Bush's tax cuts for the wealthy....is considered ultra-liberal and contrary to winning campaigns."

DLC "special interests" include the rights of blacks, Hispanics, Latino immigrants, Muslims, labor, the poor, consumer justice groups, populism, progressivism, environmental protection, anti-war activists, peace supporters, groups demanding corporate and war criminals be prosecuted, and anyone believing that America should have honest elections and be governed democratically.

Based on early indications, these "interests" appear sidelined in a new Obama administration. But not according to New York Times columnist Bob Herbert in his "Take a Bow, America" article. "The nation deserves to take (one). This is not the same place it used to be."

In his latest Times commentary, our newest economics Nobel laureate, Paul Krugman, agreed in calling November 4 "a date that will live in fame. If the election of our first African-American president didn't stir you, if it didn't leave you teary-eyed and proud of your country, there's something wrong with you. But will the election also mark a turning point in the actual substance of policy? Can Barak Obama really usher in a new era of progressive policies? Yes he can."

Times writer Frank Rich agreed as well in his article titled "It Still Felt Good the Morning After (as) America's tears of catharsis gave way to unadulterated joy....millions of....Americans were....waiting for a leader. This was the week that they reclaimed their country."

It will await a future one before they realize they were fooled again. The nation will remain in safe elitist hands. It won't get "a new New Deal" Krugman advocates given the names being floated to serve in it who seem to have passed under the radar screens of the above commentators.

Tom Daschle

The former Senate majority leader. Now a special policy advisor at the Alston & Bird law firm and visiting professor at Georgetown University's Public Policy Institute. He's also a senior fellow at John Podesta's Center for American Progress. Possible posts mentioned include secretary of state, health and human resources for his work on health care, and agriculture for the same reason.

Richard Holbrooke

Another long-time insider. He twice served as assistant secretary of state. From 1977 - 1981 under Jimmy Carter for Asia and from 1994 - 1996 for Europe under Bill Clinton. From 1993 - 1994, he was ambassador to Germany, and from 1999 - 2001 served as UN ambassador.

It's rumored he's being considered for secretary of state, a position he failed to get to replace Warren Christopher when Madeleine Albright got the job as the first ever woman in it.

Richard Lugar

A senior Republican senator and man, who as mayor of Indianapolis in 1975, gave an impressive welcoming address to a group assembled by this writer for an event unrelated to world or national affairs. He's now served 30 years in the Senate where he's been chairman of the Senate Committee on Foreign Relations from 1987 - 1995 and again from 2003 - 2007. He's been mentioned as a possible secretary of state.

Lawrence Summers

From 1982 - 1983, he served on the Reagan administration's Council of Economic Advisors. Then in 1993 in the Clinton administration as under-Treasury secretary for international affairs and as Treasury secretary from 1999 - 2001. Earlier from 1991 - 1993, he was chief economist for the World Bank where he authored a controversial memo stating that "the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable and we should face up to that."

Summers was later president of Harvard University from 2001 - 2006 where controversy again dogged him. For his contentious relations with faculty members and for suggesting that the presence of few women in upper-level science and math positions was because of innate differences between men and women. The combination led to his 2006 resignation.

He now teaches at Harvard's Kennedy School of Government, is a consultant to Goldman Sachs, and is a managing director of the DE Shaw & Company hedge fund. His name is being floated as the leading candidate for Treasury secretary, and as Michel Chossudovsky states: "Putting a Hedge Fund manager (with links to the Wall Street financial establishment) in charge of the Treasury is tantamount to putting the fox in charge of the chicken coup," and more evidence that Obama plans the kind of business as usual that he pledged to get rid of.

Jon Corzine

Former CEO of Goldman Sachs who was forced out by the current Treasury secretary, Henry Paulson, in a palace coup. He's now New Jersey governor and according to the New Jersey Star-Ledger "is being actively vetted by the Obama transition team as a possible candidate for Treasury secretary in the new administration, two New Jersey Democrats familiar with the process said (on November 5)....Neither Corzine nor his aides would respond to a request for comment."

Paul Volker

The former Fed chairman from 1979 under Jimmy Carter and under Ronald Reagan until Alan Greenspan replaced him in 1987. He's a key Obama economic advisor and another possible Treasury secretary. Timothy Geithner, the New York Fed chairman, is also being mentioned. He's allied with Henry Paulson and worked closely with him on his bailout plan.

James Steinberg

An academic and political advisor, he served as deputy National Security Advisor to Bill Clinton in his second term. He's currently dean of the Lyndon Johnson School of Public Affairs at the University of Texas. He's reported most likely to become National Security Advisor.

Senators John Kerry and Republican Chuck Hagel are mentioned as possible secretary of state choices, and the AP reports that Kerry wants the job. New Mexico governor Bill Richardson also who under Clinton was energy secretary and UN ambassador but then broke with the Clintons to support Obama.

Dennis Ross

The former State department director for policy planning and special Middle East coordinator under Clinton. Under Republicans and Democrats he's been instrumental in shaping Middle East policy with an extreme pro-Israeli bias. He may do it again under Obama or serve in another key role.

Susan Rice

A National Security Council member and assistant secretary of State under Clinton. Rumored to become UN ambassador.

Some observers think the current defense secretary Robert Gates may stay on, but an anonymous source close to Obama discounts it. Others mentioned include John Hamre, a former deputy defense secretary from 1997 - 2000 and current president of the far right Center for Strategic and International Studies (CSIS) that specializes in crisis management and "advancing (US) global interests." Senator Jack Reed's name is also mentioned as well as Marine general and former NATO commander Jim Jones and general Anthony Zinni when he's available in 2010.

Penny Pritzker

According to some, she's the most powerful woman in America. At the least one of them and one of the richest as heiress to a portion of the Pritzker family fortune (believed in excess of \$40 billion) and its grandfathered in (free from taxation) offshore trusts. Hundreds of them for secrecy that were set up in the Caribbean by her grandfather Abram.

Forbes magazine did a feature 2005 story on her saying she "was chosen by her late uncle (and family patriarch) Jay (Pritzker) to help oversee the family's vast portfolio of investments" that includes Hyatt hotels, other real estate investments, and 40% of the Marmon Group after 60% was sold to Warren Buffett for \$4.5 billion.

In its "Power of Penny Pritzker" article, Bloomberg called her the "billionaire head of Barack Obama's fundraising machine (and) the person to call when you want to 'get the job done,' says Warren Buffett," who's had a long-standing business relationship with the family going back decades. Today, it's with Penny, the multi-billion dollar fortune she controls, and the enormous influence she wields in Washington as a Democrat party insider and fund-raiser extraordinaire.

According to Bloomberg, Penny gets much of the credit for getting Obama elected. For "organizing the best-financed campaign in US history." For tapping wealthy and first-time contributors through her influence, contacts, and "no-nonsense" style.

Her controversial one also, according to Fran Sweet, a retired Ameritech manager, who lost \$100,000 in the failed (suburban Chicago) Hinsdale-based Superior Bank that collapsed in 2001 with some \$2.3 billion in assets. The result of poor lending practices, sloppy bookkeeping, and likely fraud at a time Pritzker was on its Board and in charge.

Superior was a predatory lender very heavily into subprime mortgages in the late 1990s. Pritzker was one of its originators, and some call her the “subprime queen.” The doyenne of predatory lending that cost the FDIC \$700 million and depositors \$65 million.

Fran Sweet for one. She calls the Pritzkers “crooks. They don’t care anything about people who spent their whole lives trying to save.” Many lost everything in Superior accounts in amounts over the FDIC \$100,000 limit.

Bloomberg reported controversy about another Pritzker company – the credit reporting firm TransUnion. “It controls the \$3.3 billion market in equal shares with Atlanta-based Equifax and Dublin-based Experian Group Ltd. After widespread consumer complaints about shoddy service in the credit checking industry, the US Congress passed legislation in 2003 that allowed people to get free copies of credit reports so they could check for mistakes and block information obtained from identity theft.”

“That same year, a jury awarded Judy Thomas of Klamath Falls, Oregon, \$5.3 million after she claimed TransUnion took six years to correct a mistake in her credit report.” On appeal, it was reduced to \$1.3 million.

Pritzker will have a seat at the table in the new Obama administration. Not an appointed one but powerfully behind the scenes. The accustomed role she prefers in business and politics.

More on the Obama Administration Taking Shape

Many other prominent current or former Democrats will be chosen for the new administration. Possibly some Republicans as well. In the coming days, names will be announced and things will begin taking shape. But hold the cheers. They’ll all be insiders on the same page, committed to the same agenda. Tackling the current financial/economic crisis as top priority plus continued imperialism, militarism, corporatism, neoliberalism, and no more for the public than urgencies and expediency dictate.

The same failed fundamentalism that’s been around for decades with maybe some (temporary) softening around the edges given the severity of the current crisis. So dire it’s impossible to avoid providing something in the form of aid. Enough to constrain growing anger and maintain the fiction of a progressive new era. Its arrival has been postponed for a date to be named later under a leader who’s yet to be chosen.

Obama’s First Order of Business

The “urgent priority” of the severe financial crisis. What economist Nouriel Roubini calls “The Economic Mess and Financial Disaster that Obama Will Inherit.” A sign progressivism will have to wait until it’s arrested and cleared up. But no short-term fix will do it. Perhaps not even a longer-term one given the extent of the damage and no assurance new policy choices will improve on current dubious ones.

Roubini believes that the nation is in more dire straits than anything seen in decades. He calls it:

“the most severe recession in 50 years; the worst financial and banking crisis since the Great Depression; a ballooning fiscal deficit that may be as high as a trillion dollars in 2009 and 2010.”

Given \$2 trillion in announced borrowing; around another \$1.8 trillion in loans, investments and commitments; and whatever fiscal stimulus is added this year and next, the total looks to be much higher.

On top of a “huge current account deficit; a financial system that is in a severe crisis and where deleveraging is still occurring at a very rapid pace, thus causing a worsening of the credit crunch; a household sector where millions of (them) are insolvent, into negative equity territory and on the verge of losing their homes; a serious risk of deflation as the slack in goods, labor and commodity markets becomes deeper; the risk that we will end in a deflationary liquidity trap as the Fed is fast approaching the zero-bound constraint for the Fed Funds rate; the risk of a severe debt deflation as the real value of nominal liabilities will rise given price deflation while the value of financial assets is still plunging. This is the bitter gift that the Bush administration has bequeathed to Obama and the Democrats.”

New macro data supports the dire state of things. It’s been “worse than awful: collapsing retail sales and consumption, free fall in capex spending, sharply falling production,” employment as well, “housing still in free fall and home prices bound to fall 40% from the peak, collapsing auto sales, forward looking business and consumer confidence indicators dropping to multi-decade lows, sharp surge in corporate defaults, a wrecked banking and financial system that will have to be partially nationalized.”

Overall the most daunting economic and financial challenges since FDR in the Great Depression, and adding to it, the rest of the world as bad off. Severe recession is hitting Europe, Japan and other advanced countries. China risks a hard landing. So do many emerging economies. A severe global recession and financial crisis are certain. We’re already in it despite some observers still in denial. Especially on its severity and likely duration.

According to Roubini, “the US and global recession train has left the station.” The financial and banking one as well. It will be long and severe for at least two years regardless of the best of policy actions going forward. Stock market rallies are deceptive. They’re classic bear market ones. At a time when 2009 earnings projections are “delusional.” Projected to rise 15% from 2008 when, in fact, they’ll fall off sharply. Roubini thinks the S & P 500 could drop as low as 600 or over one-third lower than its 931 valuation on November 7. And if things are worse than expected, 500 may be a bottoming low. It’s no exaggeration to say the downside risks are significant at a time of severe economic contraction.

“The worst is ahead of us rather than behind us.” Beware of excessive optimism that each time has been wrong. A severe meltdown possibility may have passed but it’s not out of the question if poor future policy choices are made. That’s for the new Obama team to avoid plus having to deal with whatever else the Bush administration does in its final weeks. It’s botched things so badly up to now so there’s no telling how much more piling on they’ll do into January. Whatever happens until then, they’ll be no joy in 2009, and no simple task for the ablest of appointees or assurance that their best efforts will work.

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