

The Edge of the Abyss: As Economic War Threatens

It's Time to Fight Back. Let's Start With National Teach-ins

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The other day as I was out promoting my book *Plunder* with a talk at a New York bookstore on the day the market dropped precipitously. It was a day that I led my blog with a quote from financial analyst fearing we are on the edge of the abyss.

I was introduced by Steve Fraser, a scholar, who wrote a major study on Wall Street and the American dream. As we chatted, I asked if he had expected the intensity of the crisis we are now experiencing.

"Yes," he said, "I always knew this was possible, even likely but I am in a state of shock by the severity and seriousness of the crash. Honestly, I thought they would avoid it."

We all want to believe everything will turn out ok. We all tend to believe that the folks in charge at Wall Street are too smart to let their own world go down, along with ours, and that they somehow will fix it because it is in their interest to do so. Most of us don't have much of a sense of how systems and institutions and economic laws and cycles operate.

We expect rationality in a marketplace driven by panicky irrationality.

A night earlier, on CNN, a poll reported that 6 out of ten Americans expect things will get worse and turn into a depression. I am not sure most know what a depression means but that expectation shows diminishing confidence in the public at large. Of course, CNN's financial analyst, an editor of *Fortune* was soon waxing more optimistically about the need to solve the problem, not go after wrong doers.

Financial writer Mike Whitney disagrees:

"The United States is headed into another Great Depression and has probably dragged the rest of the world along with it. The global financial system will look very different by the time we reach the other end of the tunnel."

Somehow the lessons of history were forgotten as we watched a Congressional committee grill a banker about the greed that led to his downfall. As I stared at the screen, watching his shifty, uncomfortable dazed look, and at the feigned condemnations by our elected representatives who hadn't been paying attention when they should have, I realized that we were watching a rerun without knowing it.

I thought of the great Harvard-based economist John Kenneth Galbraith who I knew in his last years and had wanted to make a film about. He had written about this moment before

we started living it, only it was in 1929, as London's Telegraph reminded us by quoting his words.

"As the ghosts of numerous tyrants, from Julius Caesar to Benito Mussolini will testify, people are very hard on those who, having had power, lose it or are destroyed. Then anger at past arrogance is joined with contempt for present weakness.

"The victim or his corpse is made to suffer all available indignities. Such was the fate of the bankers. They were fair game for Congressional committees, courts, the press and comedians."

These are the observations of economist J K Galbraith in *The Great Crash, 1929*. First published in 1954, his analysis of the greed and self-delusion that led to the unraveling of America's stock market and the subsequent Depression is undimmed by time."

Now it's our turn, in our time, to watch as 'undimmed' as possible.

"He added: "Cause and effect run from the economy to the stock market, never the reverse. In 1929, the economy was headed for trouble," wrote Galbraith.

As now, too few understood this. Many who foresaw disaster kept quiet. There was a conspiracy of silence. "The foolish thus [had] the field to themselves."

Look at our "real economy." Inequality has deepened over decades. Wages have not risen. Unemployment is growing. A social safety net has been largely shredded. Free market ideologues have dominated the discourse.

As the economy seems to be collapsing with central banks pumping in still more billions, as the markets gyrate, as investors in Hong Kong rally outside a bank demanding their government act because Americans had defrauded them, there is an overall sense of fatalism, if not futility. Anger is building. We can see a conspiracy of silence about the causes, maybe even about the conspiracy, or at least, the cabal behind the calamity.

There will be some kind of a rebound. No one knows when or how much damage will be done before it occurs. There still seems to be denial in many quarters as if this is something happening to others. The Presidential candidates were perfunctory about it, acknowledging the problem but then reverting to message points and symbolic superficial steps. The media records the crisis but offers little by way of proposals.

We seem to be confronting a trifecta of failure: a financial failure, a political failure and a media failure all reinforcing each other. It's the perfect storm.

What to do as an economic war against most Americans is unleashed? We need to fight back. We need an economic justice movement because the Democratic Party is vacillating. One way to start might be the way the movement against the Vietnam War started—with a national teach-in movement on campuses and communities to educate the change-oriented community to put this issue and some real solutions on the agenda.

Who will fund it? Who will join me? If not now, when?

News Dissector Danny Schechter's latest book is Plunder: Investigating Our Economic Calamity (Cosimo Books—at online book stores) and the director of the film In Debt We Trust

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