

April 14, 2008  
Progressive Ponderings  
"Assisting" Recession – Part 1

Six weeks ago I attended a seminar at which an economist and a demographer spoke. Their message: an aging population – more retirees – with ever smaller numbers of people entering the work force is going to have a strong negative effect on economic growth. It was well presented, convincing, and enlightening. Since the economy isn't exactly prosperous for the majority of Americans right now, the economist explained this dip as the "normal business cycle." This cycle moves regularly from economic slowdown to recession to recovery to prosperity. "Market wisdom" embraces this as "truth" because it immunizes economists, free-market proponents, political overseers, and capitalists from all responsibility and accountability for the business cycle.

I had to ask, "Has anything occurred in the recent past that stimulated and augmented the depth and breadth of the current contraction/recession?" After some hedging and vagueness he admitted that certain actions may have "assisted" in bringing about our current economic dilemma.

The following are human "assists" to the depth and breadth of the current recession/depression.

The increased wealth and income gap--One hundred years ago Henry Ford understood that if mass production was going to succeed in a market economy it would have to be in concert with mass consumption. For this mass consumption to happen, people would need to make a "living" wage. Pres. Bush has told us to shop after 9/11 and to use the coming tax rebate to do the same. But in the intervening years he and his market ideologues have done everything possible to keep wages low, and the profits, dividends and capital gains to the capitalists high.

Tax Laws--The tax code was distorted to favor wealth over labor which also expands the wealth/income gap. Business was given special "incentives" in the tax code, but no incentives were considered necessary for the workers.

Free trade-- These agreements were all about favoring the corporate world as it exploits workers and resources.

New financial products-- Nearly all unregulated and mostly incomprehensible to the general public, new financial products were

schemes/scams to entice unsuspecting laborers from their hard-earned dollars. Sub-prime loans (high-interest loans mainly for people with bad credit ratings) combined with adjustable rate mortgages (ARMs), then "bundled" and resold as AAA (safe and reliable) investments, were practically designed to cause foreclosures.

History is overrun with nations and economies crumbling from unbalanced hierarchical economic structures.

On Jan 20, 1981, Ronald Reagan said in his First Inaugural Address: "Government is not the solution to our problem. Government is the problem." Reagan's ideology causes "we the people" to be against ourselves. If government is the problem then all taxes are injurious, government programs are socialistic and harmful and should therefore be privatized. When government is considered the problem a vacuum is created in governance. Today, wealth and the corporate sum and substance has filled this vacuum and used its authority to dismantle the New Deal, government regulation of business, our treaties of cooperation including the UN, our infrastructure for the common good, and the whole concept of commonweal.

Treasury Secretary Paulson announced early in the discussion of solutions to our current economic crisis that government regulation would not be part of the solution since non-regulation did not cause the problem. His claim, echoed by the right-wing and those who profited enormously from lack of regulation, means that tax payers will bail out the profiteers and again be set up to bail them out in a future economic crunch just as taxpayers bailed out the "Savings and Loan" industry in the 1980s after deregulation.

Government now has "deregulators" heading each agency charged by law to protect the consumer and the laborer and the environment. Yes, "we-the-people" are the real "problem" for those advocates of plutocracy and aristocracy. In another era it was called Fascism. (To be continued)  
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