

Meltdown! [manufacturing poverty]



by Bill Krampe, Vendor & Editorial Contributor

The news cameracrew pulled up to the foreclosed home with the Sheriff who had Court papers detailing the eviction proceedings. As soon as he announced his presence at the front door, a single gunshot rang out from inside the house. The Sheriff turned to the crew and said "That's the sound of the homeowner committing suicide. Unfortunately, this happens more often than people want to acknowledge

...the homeowner can't handle getting all their belongings moved out to the sidewalk, and then joining them, sitting on the street, homeless. All their dreams--suddenly gone!"

The current subprime financial meltdown has become a poverty and homelessness manufacturing machine. Especially for poor and low income people, both in the USA and also to a lesser degree, Canada. And in the USA it has mostly hit the black community very hard indeed.

According to Professor Walden Bello, a world class sociology authority at the University of the Philippines, the current

financial crisis began during what he calls the capitalist Golden Age, from 1945-1975. This was a period of Keynesian strong state controls over unfettered marketplace activities. It witnessed the use of powerfully effective fiscal and monetary policies to control inflation and recession and a plan to encourage high wages among workers and the middle class to stimulate demand, thus making the cycle of commerce and the economy go round and round. Thus the Golden Age.

But then, things changed. From 1975-1980, stagflation took hold of the markets, which is defined as low or slow economic growth with high inflation. This stagnant growth and high inflation was aggravated by an aggressive level of overproduction from various places in North America, and beginning also from Brazil, Taiwan, South Korea, India, China, and the postwar reconstructed Germany and Japan. The consequences, among other problems created by this phenomenon included creeping social inequality which limited purchasing by wage earners and salaried workers thus eroding corporate profitability.

So to respond, a North-South strategy was launched. In the North, the U.K.'s Thatcher, the USA's Reagan, and ultimately Canada's Mulroney jumped on the cowboy capitalism horse big time. No regulations,

and the environment was to be the big boys' and big girls' playground for exploitation and megabucks; also, no state control which allowed wild capitalism free reign in an unfettered market world. Yippee, kiyipee, kiyeahhhhh!

In the South the much hated and feared Structural Adjustment Policies (SAPs) of the International Monetary Fund were introduced. A real favourite of Mulroney's. Giant construction projects in the South were paid for on the backs of the poor populations of these African countries, for example. Many of these projects were unnecessary. The funds to pay for these extravagant endeavours according to IMF directives, were taken out of a given country's health, education and welfare budgets.

So what happened, among other consequences, is that these cowboy types found that investing in industry and agriculture increased overproduction and resulted in low profits. Or, ROI (return on investment). To deal with this, these scammers began to introduce financial investments into the marketplace to answer this problem of stagflation. So the fantasy creation machine got going.

Investing in financial instruments took the place of investing in real things, not fantasies. Like trade in goods and services, industry and agriculture. And this fantasy activity created bubbles. Like when speculation encouraged the false value high price of stocks, way beyond their worth, and also the bizarre birth of the derivative. False, overvalued, overpriced collapses of these bubbles are legendary on Bay Street and also Wall Street, and elsewhere around the world. For example, the tech stock bubble collapse of the 90's caused seven trillion dollars (US) of prices loss and resulted in the 2001-2002 recession. And then the real estate bubble happened.

The actual start of the real estate bubble started in 2002, according to Professor Bello. The collapse came in 2007, and the rest is history. What makes this story particularly grim was the Bay Street and Wall Street types and other banking predators began hunting for eventually mostly poor, black individuals and families, especially in the USA, as well as other vulnerable and low middle class people and families, in the States and beyond. This subprime scam was all about developers and financial predators suckering people into signing mortgage contracts, which offered low interest "teaser" rates to start off with, and conspiring to hide in the fine print the big leap in mortgage payments down the road, in order for these cowboys to rope these folks in. Thus heralded the nightmarish history of the poverty manufacturing machine.

As we all know now, many of these subprime loans defaulted and are still defaulting, and for how long, nobody knows. So there are millions of homeowners who have faced or are yet to face foreclosure by the time the dust settles. These soon to be worthless mortgage loans were bundled and sold to banks, investment houses, which included institutional investors and businesses throughout Canada and the world with various groups of loans and credit paper, some called ABCP (asset backed commercial paper). Like having a rotten carrot in a bundle of good carrots, the rot spreads. And so it was with the bundles that in some cases were bundled and rebundled and then bought and sold and resold all over the world, over and over. So the rot was spreading everywhere.

The nightly news has highlighted this disaster

for months and months now. What it does not mention is that these trillions in cash bailouts hijacks all the attention and cash that's needed, in the USA and in Canada, and elsewhere, for truly critical issues like global warming responses, healthcare requirements, social welfare and education needs, etc. So all the focus and cash resources are going to bail out the greedy scammers. Shame!

Now for the flip side of this article. From some notes I have garnered from Dolores LaChapelle's book, *Sacred Land Sacred Sex Rapture Of The Deep* I have noticed various patterns that I have observed from several conferences beginning with the earliest date of the Golden Age of Capitalism. One can perceive that there is and always has been another path. Another strategy to construct a positive and more equal socioeconomic structure in society. At the same time as the start of the Golden Age, something else was going on: the Macy Conferences series, 1947-1953, also the 1966 Man The Hunter Conference. These gatherings were all about cybernetics brought to the fore, and a vision of social as well as scientific cybernetics; and later, a discussion of whether or not there had ever been examples of societies that experienced more humane living?

Among other findings at these conferences was that for thousands of years people lived in primitive and what is called traditional societies in an environment of reciprocal relationship, at all levels and between and among all entities, like human and also ecology. One of the conclusions that came out of these discussions was that humans, plants, animals, soils, rocks,

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Poverty has a negative impact on so many day-to-day issues such as the cost of health care, education, social services and so on. No child should go to school hungry or require medical treatment due to poverty. In this very rich nation, our number one goal should be the eradication of poverty.



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