

Protecting the public interest in any economic "bailout"

Tuesday, 23 September 2008

The U.S. government has been turned into an engine that accelerates the wealth upwards into the hands of a few. The Wall Street bailout, the Iraq War, military spending, tax cuts to the rich, and a for-profit health care system are all about the acceleration of wealth upwards. And now, the American people are about to pay the price of the collapse of the \$513 trillion Ponzi scheme of derivatives. Yes, that's half a quadrillion dollars. Our first trillion dollar compression bandage will hardly stem the hemorrhaging of an unsustainable Ponzi scheme built on debt "de-leverages."

Does anyone seriously think that our public and private debts of some \$45 trillion will be paid? That the administration's growth of the federal debt from \$5.6 trillion to \$9.8 trillion while borrowing another trillion dollars from Social Security has nothing to do with this? Does anyone not see that when we spend nearly \$16,000 for every family of four in our society for the military each year that we are heading over the cliff?

This is a debt crisis, not a credit crisis. Just as FDR had to save capitalism after Wall Street excesses, we have to re-invigorate our economy with real - not imaginary - growth. It does not address the never-ending war on the middle class.

The same corporate interests that profited from the closing of U.S. factories, the movement of millions of jobs out of America, the off-shoring of profits, the out-sourcing of workers, the crushing of pension funds, the knocking down of wages, the cancellation of health care benefits, the sub-prime lending are now rushing to Washington to get money to protect themselves.

The double standard is stunning: their profits are their profits, but their losses are our losses.

This bailout will not bring real jobs back to America. It will not bring back jobs that make things. It does not rebuild our schools, streets, neighborhoods, parks or bridges. The major product of this financial economy is now debt. Industrial capitalism has been destroyed.

In the next few days I will push for a plan that includes equity for every American in any taxpayer investment in this so-called bail-out plan. Since the bailout will cost each and every American about \$2,300, I have proposed the creation of a United States Mutual Trust Fund, which will take control of \$700 billion in stock assets, convert those assets to shares, and distribute \$2,300 worth of shares to new individual savings accounts in the name of each and every American.

I will also insist that all of the following issues be considered in whatever Congress passes:

- Reinstatement of the provisions of Glass-Steagall, which forbade speculation
- Re-regulation of the finance, insurance, and real estate industries
- Accountability on the part of those who took the companies down:
 - a) resignations of management
 - b) givebacks of executive compensation packages
 - c) limitations on executive compensation
 - d) admission by CEO's of what went wrong and how, prior to any government bailout
- Demands for transparency
 - a) with respect to analyzing the transactions which took the companies down
 - b) with respect to Treasury's dealings with the companies pre and post-bailout
- An equity position for the taxpayers
 - a) some form of ownership of assets

- Some credible formula for evaluating the price of the assets that the government is buying.
- A sunset clause on the legislation
- Full public disclosure by members of Congress of assets held, with possible conflicts put in blind trust.
- A ban on political campaign contributions from officers of corporations receiving bailouts
- A requirement that 2008 cycle candidates return political contributions to officers and representatives of corporations receiving bailouts

And, most importantly, some mechanism for direct assistance to homeowners saddled with unreasonable or unmanageable mortgages, as well as protection for renters who have lived up to their obligation but fall victim to financial tragedy when the property they live in undergoes foreclosure.

These are just some thoughts on the run. You will hear more from me tomorrow.

Dennis Kucinich