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**Avoiding the Bleedin' Obvious
Left Margin
By Carl Bloice
BlackCommentator.com Editorial Board**

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The opening line of Kevin Phillip's new [book](#) says the "most worrisome thing" about the present economic situation in the U.S. is "the extent of official understatement and misstatements – the preference for minimizing how many problems there are and how interconnected they are."

In the preface to "[Bad Money: Reckless Finance, Failed Politics, and the Global Crisis of American Capitalism](#)," titled, "The Political Economy of Deception," he writes, "Whether the U.S. government and the Republican and Democratic parties can remedy the debt and oil-related transformations of the last two or three decades is dubious enough. Far more worrisome is the possibility that neither Washington nor Wall Street is willing to confront the deeper problem – ascendancy of finance in national policymaking (as well as the gross domestic product), and the complicity of politicians who really don't want to talk about it."

Anyone tuning into the 2008 Presidential nominating conventions – all of them – would have had a good dose of the political economy of deception. Each, including the minor

party's confabs, has this is common: a stubborn refusal to even seriously hint at the scope of the economic precariousness of the present moment, or the forces that have given rise to it.

The Republicans, of course, once again demonstrated that they are clueless – or unconcerned – about the fate of working class individuals and families as they went blithely ahead and nominated someone who supports the Bush Administration tax cuts for the well-to-do and votes consistently against raising the minimum wage. The adopted platform makes no mention of the crisis in bank credit.

Presidential candidate, Barack Obama, probably produced the “populist” economic projections some of us have been calling for since the campaign began. No doubt he reassured a lot of people on Main Street and in the countryside that he is aware of what they are facing and proposes serious measures to deal with their economic insecurity. And it wasn't rhetoric. His proposals are weighty; if enacted, they will improve our lives, and realizing them will require tough fights against powerful interests. However, with the exception of mention of housing foreclosures, the same worthy proposals could have been made four years ago.

Obama didn't even spell out the full extent of the housing crisis, the fact that a couple of million people could still face losing their homes – and thus their accumulated assets – before this is over, or the net collective wealth loss being visited upon African American communities. This, aside from the fact that it is the entire economy that is tottering, and across the country, working people are watching their retirement accounts steadily losing market value.

The political economy of deception is not restricted to this country. Elsewhere, people are feeling the effects of the economic mess into which we have been led by the academic and financial wizards of capitalism. In Japan, Great Britain and Canada, the debate today is whether those countries have gone into economic recession or how soon they might. In each case what the political leadership does or does not admit to the public is producing dramatic political repercussions.

Last Monday, the Prime Minister of Japan, Yasuo Fukuda, suddenly resigned, “throwing the world's second-largest economy into political confusion,” as the *Associated Press* put it. The country's economic growth has ground to a near halt while food and fuel prices have soared. Fukuda's public approval rating is said to have fallen precipitously over the summer to 29 percent.

Meanwhile in Canada, Prime Minister Stephen Harper said he doesn't see any indication of “real recession” in his country despite two straight quarterly declines in gross domestic product. The Canadian Government said recently that its composite of leading indicators, fell four-tenths of a percent in May. It was the fourth consecutive monthly decline. Such declines “typically are consistent with the onset of a recession, although this is still not yet a certainty,” said a government agency. As in the U.S., jobs in Canada are disappearing, housing starts slowing, house prices declining, with the value of the country's currency in decline.

“The economy's troubles come at a difficult time for Canadian Prime Minister Stephen Harper,” reported the *Financial Times*. “Many expect him to be on the verge of calling an election and an underperforming economy will be a difficult campaign issue.”

(Harper made his reassuring remarks in Inuvik – pop. 3,500 – where he had gone in an apparent attempt to lay Canada's claim to possible oil producing areas of the Arctic Ocean. But that's another story).

Then there's the United Kingdom, where something really big hit the fan last week.

As of this writing, Chancellor of the Exchequer (finance minister) Alistair Darling looked like he might be on the way out for having told an interviewer that Britain's economic circumstances were "arguably the worst they've been in 60 years ... And I think it's going to be more profound and long-lasting than people thought."

Darling's in trouble not because of what he said but for having said it.

Opposition leader, David Cameron of the Conservative Party, commented, "I think it's extraordinary that the chancellor said it, because – remember – a chancellor of the exchequer has got to think not only 'I must tell the truth at all times' but also 'I must use my words carefully, so that I don't actually create a situation that's even worse, that creates a crisis of confidence'."

"Most people believe that things are probably deteriorating faster in the UK than the government was admitting, but the fact that we've seen the chancellor come out and admit that things are far worse have put sterling under pressure," said Ian Stannard, a senior currency strategist at BNP Paribas.

As the *Guardian* newspaper put it, "Darling's comments were seen to be at odds with (Prime Minister Gordon) Brown's claims that Britain is well-placed to face the economic downturn."

Brown was in Brussels conferring about the situation in Georgia when Darling's comments appeared. He demurred from Darling's assessment, stressing that the current economic difficulties stemmed from "unique circumstances" brought on by rising oil prices and the international credit crunch. "I think that you will find that the actions that we have taken and the actions that we are taking are actions that are designed to help the British people get through what is a difficult world economic downturn," Brown said.

After Darling's interview appeared, it was reported that since July 2007 the number of new mortgages being issued in the country was down 71 percent. This week the Organization for Economic Cooperation and Development (OECD) said Britain could be expected to fall into recession over the second half of 2008, with the economy contracting by 0.3 percent in the third quarter and 0.4 percent in the fourth.

Brown, too, is in political trouble. His approval ratings have also fallen precipitously largely as a consequence of his government's handling of the economy. Some Labor Party leaders believe the stimulus measures Brown was to introduce this week represented Brown's "last chance", and that if they don't help to lift the party's standing in the polls he should be replaced as prime minister, reported the *Guardian*.

"Shock horror. Politician tells it the way it is. Sterling tumbles to 12-year low against the euro after Chancellor of the Exchequer says that life is tough out there," wrote *Guardian* economic editor Larry Elliott Monday. "Share prices fall because Alistair Darling says that voters are 'pissed off' with the government. To paraphrase Basil Fawlty [the major character in the British sitcom *Fawlty Towers*], all this is surely a statement of the bleedin' obvious."

"The problem here is not Darling said, it's that our political culture militates against honesty," continued Elliot. "The cardinal sin for any politician is to commit a gaffe and it is considered a major gaffe for the chancellor to say that the difficulties for the economy are going to be more profound and last longer than people thought. Yet, this

is hardly earth-shattering stuff. The International Monetary Fund has said the financial crisis is the worst since the 1930s. The deputy governor of the Bank of England, Charles Bean, told a conference in America last week that Britain was facing conditions just as challenging as those in the 1970s. House prices are falling, food bills are rising and it costs more to fill the car up with petrol than it did a year ago. So, self-evidently, the economy is not doing well. And, just as obviously, the downturn in the economy is taking its toll of support for the government.

"Darling has been pilloried for his candor. Chancellors, according to the rules of the political game, are not supposed to say anything that might disturb the voters or scare the markets. They are supposed to answer questions with bland reassurance even if it means swearing blind that white is black and black is white. Yet, if things are so wonderful, why is the government planning to unveil a plan tomorrow to help prevent families from being thrown out of their home as a result of the credit crunch and the housing crash? Darling's words are at least consistent with Labor's actions. What's more, he has the decency to treat voters as grown-ups rather than as total idiots who can be gulled with a bit of political spin into believing that things are not as bad as they are."

Japan, Canada, Britain, all three have parliamentary systems. One down. And if things get much worse economically the governments of the other two could go. In our country things don't work that way. The President can only be removed through the process of impeachment for high crimes and misdemeanors. He or she can't simply be removed because he or she is leading the country toward economic ruin. Too bad.

However, it seems what Kevin Phillips terms the political economy of deception is at work in all four major capitalist countries. The government, the opposition parties, and the major media all agree: don't be too candid with the public. This sad reality was all on display these past two weeks in Denver and Minneapolis - St. Paul.


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