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**The Collapse Of The American Economy:  
Treating The People's Pneumonia Instead of Wall Street's Cold  
Between The Lines  
By Dr. Anthony Asadullah Samad, PhD  
BlackCommentator.com Columnist**

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By all nearly all accounts (except for the fervent Republican ideologues), the American economy is on the verge of collapse. Both Congress and Wall Street are moving very quickly to shift the burdens of greed and decadence from the insolvent banks to the backs of the taxpayers through a \$700 billion bailout. This expenditure is equivalent to what has been expended on the war in the past five years, and on top of a record \$10.6 trillion dollar deficit.

The slight of hand that has been passed off as fiscal conservatism is now being evidence in the side game that deregulation produced. Lehman Brothers and AIG filed for bankruptcy protection, Bank of America acquired Merrill Lynch and Washington Mutual put itself up for auction (at \$2.00 a share) to avoid the collapse. Once dominos that big start toppling, it's difficult to stop them. And everybody's trying to pretend they don't know how we got there.

A little refresher, if you don't mind.

In fact, it can be summed up in two words, DISCRIMINATION and GREED. The redlining of poor communities and communities of color, which exploited class even beyond race, created payday loans and sub-prime mortgages. The wealth and wage gaps got larger as the "American Dream" floated further out of reach. Too many people were left out of the consumer equation as credit stiffened. People with good credit but

high debt, or people with marginal (even bad) credit with low debt, even people with no credit with no income, were put into capital and credit squeezes that slowed the economy.

To make sure some of the money stayed in circulation, "alternative" lenders emerged and with "starters rates" that offered easy-in loans (and higher yields, producing higher profits) opened up the market. These deregulated lenders made so much money, the regulated lenders couldn't resist sticking their toes in the water with sub-prime products of their own. Their toe became their waist, and their waist became their neck. Before they knew it, they were underwater.

Now the economy has a cold. I don't know who said it first - I first heard it from Malcolm X and last heard it from Congressman Charlie Rangel - that when white people catch a cold in a bad economy, black people catch pneumonia. Only this time, it's not exclusive to just black people. Middle class whites and well to do professionals of all colors and creeds are feeling - not watching - their financial health go into a tailspin. It's pretty ugly out there when white folk start moving like this. So, the first thing they do is to bail out themselves, the ones that created the problem. But what about the American people?

None of this \$700 billion will help homeowners who have lost their home or are losing their home. None of this \$700 billion will help the millions of homeowners whose sub-prime loans have yet to adjust. The bottom is still waiting to fall out of this homeowner's market. It hasn't hit the bottom yet, and with money drying up, it will drop the market as fast as the 1929 crash.

People are tired of the market abuses that go around every ten years or so, usually capital deprivation. However, in the midst of a watershed election, people appear to be smarter this time around. Several financial analysts, President Clinton and even Whoopi Goldberg (on *the View* this week) suggested that if Congress is going to bail out investors and market raiders, it should bail out homeowners with mortgage write-downs to help them keep (or regain) their homes. It would be the first government refund of its type since the Great Depression.

Keeping the market alive will be best served by keeping homeowners in their homes. Give taxpayers back some of the money extracted from them. The bailout is a tax, pure and simple because it will be passed down to the taxpayers, and higher taxes to pay for the bailout will result. It's not the way to bring those suffering in this economy out from the cold hard realities of greed gone awry. They are not the cause of the market's collapse. But they are ones that will end up on the floor of this depressed economy.

In fact, they will most likely be the ones to catch economic pneumonia and lose everything they have while the big bonuses will still get paid out. Let's hope Congress is smarter than that.

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