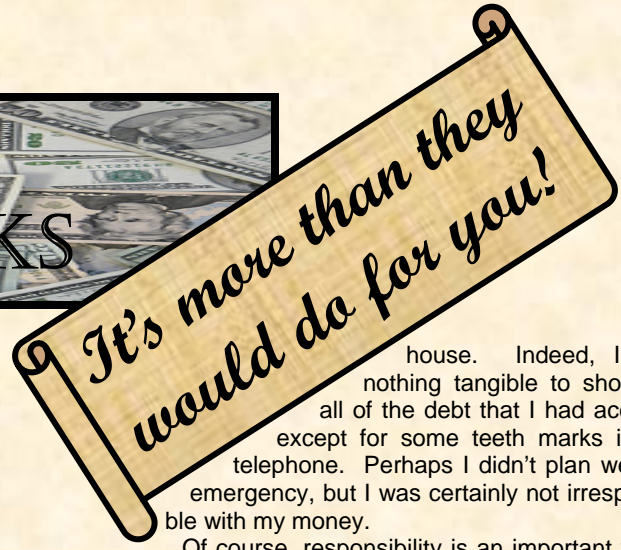


Agitate

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Written & Edited by Michael Andoscia

BAILING OUT THE IRRESPONSIBLE BANKS



A few years ago I ran into some financial trouble. No, I did not overspend; I was always very responsible with my credit. But there was a confluence of issues, business investments that went awry, change of job with lower pay and higher benefit expenses, the birth of my son and a number of other variables that became a perfect storm for financial chaos. For a long time I endeavored to keep myself afloat, but I soon got into trouble from my creditors...and they wanted their money.

I tried to juggle payments, I tried to move money around, but I always tried to pay my bills. The result? Usurious interest piled onto my accounts compounded by penalties and fees that made it virtually impossible to pay my debt. On top of that, immoral banking practices such as banks rearranging my daily debit/credit balances to maximize late fees and overdrafts, cost me (and my children) literally thousands of dollars. Then there were the harassing phone calls to my home and to my place of employment (which is illegal in the state of Florida, but so long as the bank was calling from out of state, there was no stopping it). For many years banks ran and ruined my life, and their actions, no matter how despicable, were perfectly legal.

I tried to get help. I called the banks and tried to explain that I had every intention of paying my debts, that I had a history of paying my debts, but I was in trouble and needed help. One bank I called informed me that I was not in enough trouble to qualify for the programs that they had available. Apparently, I had to be buried much deeper than I was before they would throw me a spoon to dig myself out! One creditor had a program that would eliminate my interest so long as I allowed them to draw money directly from my account. The money would go toward the interest already accrued, and despite having been on that program for over a year I never so much as dented my principle. Everywhere I turned I was being rooked by banks. Consequently I've developed a profound antipathy for banks, bankers and the entire banking profession.

During this time I had many not so friendly interactions with debt collectors. One collector went on a rant excoriating me on my irresponsibility. When I asked for help he informed me that it is up to me to be responsible with my finances. He elaborated that it was not the bank's job to...and I remember his words as if said only yesterday... "bail you out just because you were irresponsible."

Let me re-type that again just for effect...

His exact words were...

"...it is not the bank's job to **bail you out** just because you were irresponsible."

Wow!

I looked around my home. I didn't have a great entertainment system or an expensive sports car, or a huge wardrobe, or a big

house. Indeed, I had nothing tangible to show for all of the debt that I had accrued except for some teeth marks in my telephone. Perhaps I didn't plan well for emergency, but I was certainly not irresponsible with my money.

Of course, responsibility is an important virtue in our culture. When President Bush signed the Bankruptcy Abuse Prevention Act in 2005 he stated, "America is a nation of personal responsibility where people are expected to meet their obligations." Isn't that profound? America is a nation of "personal" responsibility. So the Republican Congress and the President guaranteed that personal responsibility by creating a law making it more difficult for people to file for Chapter 7 bankruptcy. It did not become more difficult for corporations to file for Chapter 11, which allows irresponsible corporations to "re-organize" their debt and still stay in business. No, people were expected to be responsible, corporations could do what they wanted.

People are not irresponsible. People are often victimized by social and economic contingencies beyond their control. The leading causes of bankruptcy are unemployment, illness and divorce. Banks, however, are irresponsible when they knowingly take risks with their customer's money by investing in speculation, purchasing loan packages and shilling bad loan programs. Yet "personal" responsibility is mandated by law, whereas corporate capriciousness is not only ignored, but encouraged by politicians with a wink and nudge free market agenda.

It turns out that while I was being preached to about responsibility, told that I would be harassed until I had caught up on my debts and being financially flailed by every means possible, the banks were committing irresponsible acts on such an epic scale that not even our nation's top economists can piece together an adequate description. And while I was holding my new born son, and later my new born daughter, engulfed in debt for which I was "personally" responsible with nothing to show but bags under my eyes, bankers were driving around in Bentleys, wearing Versace and toasting their new mansions with fine crystal.

But now the chickens are coming home to poop on the roof. Now the banks are going belly up and what do they want? They want me, the American taxpayer, and all of the millions of American taxpayers whom they put under their collective thumb, to bail them out!

I'm afraid, Mr. Banker, that it is not my job to bail you out just because you have been irresponsible.

Yes! That felt good!

Let the free market have its way with you. Collapse and

disappear, or work three jobs and dig yourselves out of debt like working people have for the last seven years. You will find no sympathy among the American public. You should find no help from those whom you have destroyed.

Yet the argument can be made that these banks are "too big to fail." That if the banks collapse it can wreck the economy and cost millions of Americans their jobs. It could result in worldwide catastrophe and spark another depression.

Yeah, that sucks. So let's take the \$700 billion (of course it will be much more than that) and put it toward shoring up our infrastructure, jobs programs, re-education and health care so that those people who lose their jobs

don't have to worry about their survival. Let's make the transition easier for people to move their money into banks that were not irresponsible, maybe small local banks. These responsible, small banks can then become the backbone of our economy. Indeed, this would be a difficult transition, but it's going to be difficult anyway.

But if we use the \$700 billion wisely we'll have something to show for our hardship once the dust settles. We'll have renewed infrastructure, a retrained workforce for the twenty-first century, maybe universal health care. Most importantly, we'll have a banking system that has been culled from the debris of the corrupt, irresponsible and inept. This new, chastened banking system will (at least for a while) be less likely to take risks with other people's money to maximize short term profits. They will understand that if they fail there will be no safety net to pull them back from the brink. Isn't this the logic that justified the Bankruptcy Act of 2005?

Mike, You're Just Bitter

Yes, I am bitter. In the course of the last few years I've learned that there is no profession more insidious than that of banker, and no institution more prone to corruption than banking. So let me take a step back and say OK, let's bail these banks out and at least try to keep the economy of the entire world from collapsing. That's the responsible thing to do. Let's not recommend policy based on blind retribution.

OK. OK. Let's bail out your stupid banks ...but make them pay. Make the banks go through the corporate equivalent of what every single one of us who suffered economic hardship during the Bush recovery endured.

First: All CEO's and board members must go. And they should sacrifice all assets that are or may have been the benefit of reckless banking policy. Houses, cars, accounts, stocks, bonds, every penny of ill-gained profit should now belong to the taxpayers. The bankers should walk away with nothing but the tattered remains of the Versace suits they wore while walking a gauntlet of irate taxpayers! What will the CEO's do once they've been stripped of all of their wealth and income? Well, they can do the same things that we've all had to do. They can get jobs (jobs that they actually have to do well or they'll be fired without a golden parachute), work dou-



Secretary of the Treasury Paulson and Fed Chairmen Bernanke...why do these guys still have their jobs again?

ble shifts, scrimp and save and maybe make themselves solvent again. Regardless, it's not our responsibility.

Second: Every bank that is bailed out should belong to the public with at least 51% of the bank's shares going into the public coffer.

Third: Rules for banking must be re-written by progressives. Immoral banking practices such as high interest, exorbitant penalties and questionable accounting practices should be eliminated. Schemes for stealing our money that were once perfectly legal, like sub-prime lending for instance, should now be illegal. And under no circumstances should a bank be allowed to make anyone homeless for the sake of their profit.

Fourth: Regulate the hell out of the banks. You bankers had your chance to "regulate" yourselves for quite a while. You blew it. You blew it in the 1920's and you blew it this year. There's no reason to believe, at this point, that the pseudo-free market rhetoric that has been the gospel of the last generation works. It has not resulted in increased wages, increased benefits, or prosperity for all. It has certainly never assured economic stability, which is so important to working families. The only folks who benefit from this myth are its purveyors, the bankers, major investors, conglomerates, corporate elite and the politicians they birth. Government must assure that the market is a fair and honest place for everyone.

No institution, no organization and no individual should be considered too big to fail while others in our society are allowed to languish. When such enormous power discrepancies exist, as is the case between banks and citizens, this is an abusive relationship. As a bank, I can make catastrophic decisions without consequence. I can cripple the global economy and the worst case scenario for me is that I land on my feet under the canopy of a giant, federally guaranteed, golden parachute. And everyone has to swallow it because I hold the economy in my hand; while at the same time my wealth insulates me from economic downfall. No institution, no sector of our society should have the power to blackmail the very same people whom they abuse and exploit.



Take Action!

Should we be bailing out major money grubbers like the institutions above? Of course not. What can you do to effect change in the banking industry? Try to do business with small, local banks that have fairer banking practices. Write your congressperson and demand banking reform. Most importantly, get out of debt and stop using your credit cards if you can. It's time to tighten our belts in America or we could be facing a crisis of epochal proportions. See the Activism page for banking reform websites.

