

Financial Crisis. Obama: Learn from Lincoln and do the Right Thing

As The Economic Situation Declines, He Has To Stop Centrist Diddling

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Last week, television was filled with programs marking Abraham Lincoln's birthday. (The official holiday is February 16.) We watched reports on how the civil war erupted and was almost lost by the Union side. We were reminded of how many died and were wounded in that great, national tragedy.

We were also told how Lincoln was often despondent and forced over time to take stronger measures including the Emancipation Proclamation and the abolition of Slavery, even though, at first, he waffled, compromised, and proposed less definitive measures. Somehow, events end up driving policy and as the war got worse, the president found himself doing things he initially opposed or deflected.

Ultimately, he did move against slavery, justifying freeing the slaves at first as an economic and military blow at the Confederacy. Later he called it a moral issue. His last speech calling for voting rights for some freed slaves was the trigger that sparked racist actor, John Wilkes Booth, to become an assassin.

Today, we seem to be at the beginning of a new civil war, a great economic war with fresh details trickling out every day about how bad it is, and how bad it may get. Many banks are insolvent and companies bankrupt. Millions are out of work. No one knows what will happen. Even as the Stimulus bill was passed, no one is confident it will stem the tide of economic decline. No one.

Today, there are modern Confederates called Republicans even though, in his day, that was Lincoln's party. Like the obstructionists of the old South, they have closed the door on compromise and are, in effect, seceding from the change agenda that the majority of the voters supported in the 2008 election. Rush Limbaugh's statement, "[I want him to fail](#)," speaks to and for these defenders of policies responsible for this disaster.

It's been suggested that the GOP's solidarity front was not so much about the stimulus bill as sending a message to the Obamacrats not to pursue any prosecutions connected to the Bush era. But even if Obama himself, who keeps stressing his desire to look forward not backwards, doesn't have the gumption to go after his predecessors, he may have to consider taking bolder steps on the economy to stave off the financial Armageddon many fear.

Obama knew he didn't win by a landslide or fully control Congress. He thought he could legitimize his Administration by ingratiating the center of the deal-making culture of the

Washington consensus. Tarnished on the campaign as a radical and worse, he felt he had to signal to the media and his adversaries that he would play the game by its rules, “responsibly.” His adversaries sneered and the media amplified their slogans.

To get up and running, he picked a Cabinet built around managers and filled key posts with political operatives. The GOP jumped on tax errors by nominees but as [David Michael Green](#) explained in the blog, ‘[The Regressive Antidote](#),’ that was not the problem:

“Much more disconcerting, with respect to those appointments, is just how small these figures are, and what records of nothingness they bring to the table. Worse still is to hear them described as the indispensable choices for these positions...In any case, what is really needed in the job right now is a heavyweight to sell some big ideas. Just watching Geithner in action, I can’t help but think that he is the sheer antithesis of gravitas.”

To contain likely revolts from the military and intelligence worlds, he appointed insiders who sought to reassure the rogue and not-so-rogue elements that they had nothing to fear in terms of payback for crimes committed. Call this the politics of “compromise and co-optation.”

To move left, he felt he had to feint right and reach out to Republicans whose crude rejection further isolated them from all but their strident base. Frank Rich opined, “Having checked the box on attempted bipartisanship, Obama can now move in for the kill.” Is this wishful thinking?

He set up his White House team on the “[Team of Rivals](#)” strategy that Lincoln used expecting he would actually run the policy plays while the appointees implemented them. His team is new and inexperienced and just growing into their jobs. His missteps are clear.

So where are we? His stimulus bill passed having been stripped of some of its key programs. This prompted columnist Paul Krugman to write that “[Obama’s victory felt like a defeat](#).” Everyone, right, left and center seems critical of Tim Geithner’s bank proposal, which hopes to impose limits on Wall Street while helping investors make money. Team Obama is so far refusing so far to nationalize banks, an idea that is gaining steam.

Interviewed by [Real News](#), economics writer, [Robert Kuttner](#), says the problem is that what the Administration is proposing are conservative solutions to radical problems. He speculates Obama is realizing the limits of bipartisanship in his attempt to make his stimulus package a reality. Kuttner states that Obama’s economic team is trying to utilize the same methods to resolve the economic crisis that have led to the financial meltdown. He further argues that the plan put forward by US Treasury Secretary, Timothy Geithner, is a failure.

Obama is not a dummy. He can see what’s happening. He feels a lot of pressure to produce and so, his strategy must evolve. It has to. The deteriorating situation will force him, as Lincoln’s and FDR’s did, to go further, to go deeper, and to try to leverage his power to be more effective. That is, if he can avoid the temptations to get more bellicose with Iran or sink into the “big muddy” of Afghanistan.

So, what can he do? To satisfy public opinion, and ease public pain, he has to go on the offensive against corporate crime and greed, perhaps with a “Blue Ribbon Commission” that can explain how this crisis evolved and come up with a plan to regulate the financial world.

This has to become a topic in every school and home in America. If he wants the public to understand the need to support his programs, that public has to be educated about how this crisis happened. Our media is doing a lousy job in this regard.

Programmatically, there must be a moratorium on foreclosures because we are in a state of economic emergency. Credit card companies must be ordered to roll back interest changes, stop outrageous finance charges. Robert D. Manning, author of, '[Credit Card Nation](#),' argues:

"The credit card industry is the most unregulated sector of retail banking with an economic impact that could play an even greater role during this recession. With soaring interest rates driving tens of thousands of people into bankruptcy, the current credit card industry policies enable the affluent to, in effect, get free credit because they can pay off their balance each month. This means that poorer people end up footing most of the bill.

And, with usury laws basically gone since 1978, many people are stuck paying exorbitant rates for things they bought years ago. Without limits on fees and interest rates, credit cards have been the cash cow for the consumer banking industry. Even worse, right now, is that credit card companies are restricting credit. This could turn a bad recession into a wide depression."

[Addis Vinod Dar](#): "Excessive debt must be repaid or repudiated, willingly or involuntarily. Denial and evasion can work for years for individuals, enterprises and municipalities and decades for state and Federal governments but eventually, the consequences become manifest. There is a last day."

Tinkering with this problem is unlikely to fix it. We need a cancellation of consumer debts or some program by which individuals can do public service to pay off bills they cannot afford to pay. This issue is finally moving into the mainstream thanks to Congressional candidates like Tom Geoghegan in Illinois who is raising it. We need a new [CCC](#) [Civilian Conservation Corps] and [WPA](#) [The Works Progress Administration] to involve people in the process of economic recovery.

And we need a President, like Lincoln, that is willing to re-examine policies that are not working and dare to be great. We have abolitionist Frederick Douglass to thank for pressing Honest Abe with the understanding that "Without struggle, there can be no progress." With so many interests and industries now leaning on Obama, we need his supporters to press him to do the right thing.

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