Job Losses and Foreclosures: Harder Times Are Getting Harder

By Danny Schechter
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We know we live in hard times that are on the verge of getting harder with 500,000 new claims for unemployment last week, a recent record.

The stock market may be over for now as fear and panic drives small investors out. Big corporations hoard stashes of cash rather then hire workers. The D-Word (depression) is back in play.

Foreclosures are up, and the Administration's programs to stop them are down, well below their stated goals, only helping 1/6th of those promised assistance.

And here's a statistic for you: 300,000. That's the number of foreclosure filings every month for the past 17 months. This year, 1.9 million homes will be lost, down from 2 million last year. Is that progress? In July alone, 92, 858 homes were repossessed.

At the same time, the number of cancelled mortgage modifications exceeded the number of successful ones. According to Ml-implode.com, last month, "the number of trial modification cancellations surged to 616,839, greatly outnumbering the 421,804 active permanent modifications."

And don't think this is only a problem that affects the homeowners about to go homeless. The New York Times quotes Michael Feder, the chief executive of the real estate data firm Radar Logic to the effect that we are all at risk.

> "My concern is that if we have another protracted housing dip, it's going to bring the economy down," Mr. Feder said. "If consumers don't think their houses are worth what they were six months ago, they're not going to go out and spend money. I'm concerned this problem isn't being addressed."

The larger point is that even if you believe the economy is already down, it can go lower. No one knows how to "fix it" either just as BP couldn't plug the "leak" that, truth be told, is still oozing oil.

So what are we doing about it? Are we demanding debt relief or a moratorium on foreclosures? Are we shutting down the foreclosure factories?

Nope.

Progressives are spending time and wasting passion this August debating on an Islamic

Cultural Center near Ground Zero, invariably responding to the provocations and agenda of adversaries. They are always on the defense, never taking the offense.

Who is beating the drum for job creation and a new economic policy? Maybe the unions, but their voice is muted and ignored in the electronic noise machine. Marches are planned by the UAW and Rev. Jesse Jackson on August 28th in Detroit and in Washington on 10.02.10. But the expected war of the words between Rev. Al Sharpton and Glenn Beck over the legacy of the March on Washington is expected to generate more heat.

Meanwhile, even as the Administration seems to be finding signs of a “recovery,” a parade of failures march on from the discovery that there is an oil slick the size of Manhattan in the Gulf to the persistence of frauds in finance from state pension funds in New Jersey to the case against the head of the Bank of America.

Even worse, Shorebank, one of the banks that community activists considered a national model of social responsibility has gone down in Chicago, the 104th bank to fail this year with 15 branches including some in Detroit and Cleveland. It was also active in 40 countries. In June, it reported over $2 billion in deposits. By August, it was gone.

In all, 349 US banks have disappeared since 2007.

ShoreBank promoted itself as a community development and environmental bank. It was based in Michelle Obama’s old neighborhood with the slogan “Lets Change The World.” Now the world of Wall Street has changed the bank with a partnership of investors including American Express, Bank of America and Goldman Sachs taking over under the name “United Partnership.”

Hundreds of other banks are on the FDIC hit parade and may be next.

There were many worse casualties in banking in the past according to Barry James Dyke’s informative book, Pirates of Manhattan. He notes that ten thousand banks failed during the depression and 2,900 bit the dust in the S&L crisis. The current number may have been higher had Congress not bailed out the Banksters who used some of our money to play PacMan, gobbling up smaller institutions.

AP reported, “ShoreBank lost $39.5 million in the second quarter amid soured real estate loans. The bank had been under a so-called cease and desist order from the FDIC for more than a year, requiring it to boost its capital reserves. ShoreBank was able to raise more than $146 million in capital this spring from several big Wall Street institutions. It was unable, however, to secure federal bailout funds it sought from the Treasury Department’s Troubled Asset Relief Program.”

Republicans are “investigating” alleged Administration support for the Bank,

AP explained, “Rep. Darrell Issa of California, the senior Republican on the House Oversight and Government Reform Committee, sent a letter to a White House legal adviser asking specific questions on possible contacts between administration officials and executives of ShoreBank or potential investors.

The White House has said no administration officials met with ShoreBank concerning its rescue or requested help from financial institutions on its behalf.” ‘

Questions raised by Republicans, of course, seek to politicize the issue when it is the FDIC 's deal with the big banks that needs to be probed, as Zero Hedge explains:

"As it stands, Goldman and 11 other banks are receiving a multimillion dollar gift to conduct a portfolio liquidation run-off of ShoreBank's assets, while merely making sure existing deposits are serviced."

(Note: the FDIC is led by a Republican. Hmm.)

Blogger Mike, "Mish" Shedlock concludes: "The FDIC's handling of Shore Bank smells as bad as a pile of dead alewives on a Chicago beach in mid-July

My question is: Why didn't the Administration help shore up ShoreBank (if it could be shored up) as they did so many of the "too big to fail" banks?

Their hands-off attitude, perhaps in fear of being criticized, as they were anyway, helped doom the bank and, by extension, the idea that we could have socially responsible lending institutions.

So much for the priorities and power of Obama's "Chicago Mafia."

If they don't have the guts to save a bank in their own hometown they know has meant so much to so many, is it any wonder they won't take on the crimes on Wall Street?

Last week, Treasury Secretary Tim Geithner was complaining that he is being falsely identified as a "Goldman Guy," insisting he never worked for the financial institution that was recently branded a "Giant Squid On The Face Of Humanity."

He doesn't seem to realize that the speculation is not based on the details of his resume but on an assessment of his track record as a toady for the pals he worked with when he ran the Federal Reserve Bank in New York.

And by the way, Tim, why the hold–up on the appointment of Elizabeth Warren to run the new Consumer Financial Protection Bureau in your old institution? Is she too smart and popular for you?

Why the fiddling while our modern Rome burns?

News Dissector Danny Schechter directed Plunder The Crime of Our Time, a DVD and a companion book, The Crime Of Our Time on the financial crisis as a crime story. Comments to: dissector@mediachannel.org

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Articles by: Danny Schechter