TELLS THE FACTS AND NAMES THE NAMES

CounterPunch

OCT. 16-31, 2008 ALEXANDER COCKBURN AND JEFFREY ST. CLAIR VOL. 15, NO. 18

Anatomy of a Foreclosure

By Bill Hatch

Merced, California

In the late 1990s, an entrepreneurial mechanic with a wife and one child bought a house for $65,000 with a down payment of $1,500 and took a fixed-rate FHA mortgage. His wife, a beautician, got a job as a clerk at a discount store. In the midst of the speculative real estate boom in Merced six years later, now with three children and a warehouse job, he took out an equity loan for $126,000, did some remodeling on the exterior (new stucco, paint, new lawn turf, foam sculpture), bought furniture, a big-screen TV and a nearly new Escalade. It is estimated that about $35,000 went for the home improvements and goods. Where did the other $91,000 go? It didn't go into the property. Why wasn't the equity loan monitored for home improvements?

A year later, with four children and two big SUVs, the speculative real estate boom in full force, he took out a conventional variable equity loan on his house for $246,500. The paperwork doesn't reveal if this was a wraparound loan, including the mortgage and the first equity loan. He bought a five-bedroom, two-story house for more than $300,000. He put about $160,000 down on the new house, bought $60,000 worth of new furniture and another used Escalade, and hoped to put a pool into the yard of the new house.

It can only be speculated if or when he got an equity loan on his new house.

He rented the old house to relatives, with an option to buy. The rent was based on the variable equity loan. It began in 2006, at about $500 a month. The relatives have two children. The husband built trailer homes; the wife had a good job in food service. In the

HATCH CONTINUED. ON PAGE 6

Greenspan and the Torments of Contrition

By Frederick F. Claremont

Like many others, I was stunned on hearing the news on the *BBC* at 10 p.m on October 23 that, in a lugubrious mea culpa to Congress, former Federal Reserve Chairman Alan Greenspan had confessed that he was "shocked in disbelief" by the sheer velocity and scale of the collapse of finance capitalism. His confession of contrition, whose transcript I have now read in its entirety, was not the act of a desperate, shell-shocked shriveled creature that had seen the ravages wrought by his policies at the central bank of the U.S. oligarchy, namely the Federal Reserve. In those decades of public office, shuttling from Wall Street to Washington, D.C., as a transplant of Goldman Sachs (the world's largest investment bank), he had deployed his exalted tenure for the collective enrichment of his discredited caste of financial cronies. Not to be excluded from the inventory of this enrichment is his hugely successful individual accumulation of an immense fortune.

It was not fortuitous that these spasms of contrition transpired at a moment when the world's stock markets, from New York to Tokyo, recorded triple digit declines. The rout of equity and commodity markets remains unstoppable. In a state of utter disarray, the despicable hedge funds are selling (deleveraging is the ugly buzz word) every piece of office furniture they can grab to meet the payments of their lenders. Their paradisal days of short selling and the carry trade and other unbridled speculative plundering mechanisms of the big casino money machine have run into the mud. Even federally backed government mortgages, hawked by blue-chip corporations, have joined the tumble; no banks, insurance companies, mutual and pension funds are immune from ruin; most of the quasi-colonial, so-called emergent markets are poised to default on their rocketing levels of debt. The scrambling of every rickety capitalist government to save its skin is on the top of the agenda.

In this cesspool of panic and collapse, there is no haven for the bourgeois order to seek cover. Non-stop capital infusions (i.e., taxpayers' money) by the manipulators of finance capital to the tune of trillions of dollars are impotent to resuscitate the semblance of a bygone era of normality. The dogmas and rotting institutional underpinnings of the bourgeois order that bamboozled many into believing that their creations were things of fixity and permanence have been irreversibly flung into the abyss of a deep black slump. What we are seeing in effect is the spectacle of the kingdom of swindledom run amok.

Greenspan was the impresario of an El Dorado of incomparable pickings that would have made even Warren Hastings and the East India Company, and their subsequent emulators in occupied India (that escalated into the mass genocide in the subsequent century), appear like a bunch of petty pickpockets. His mea culpa is an act of immense historical significance, yet in perspective it is nothing but a morsel of trivial apologetics. The criminal tale of his abject confessions of the system's delirium tremens told us nothing that we had not known before. What was startling, however, was that this death rattle came from a stricken soul that could no longer coexist with his burden of guilt. What we have witnessed is the unfolding of the personal tragedy of a sordidly bankrupt and corrupt human being who sees the approaching last phase of finance capitalism and its failures, as the system meandered from upheaval to upheaval during his reign.

His confessions came at that propitious moment when the world stock markets, without exception, were wallowing in the excrement of the most ignoble economic collapse that our planet has ever seen, surpassing in its velocity that of 1929. Trillions of dollars were scrubbed from the world's panic-stricken bourses in days and hours – a cataclysm that shows no signs of abating. The revulsion that millions experienced on seeing this debacle on their television screens also demonstrated to the world that the savings and assets of tens of millions of working peoples – the creators of wealth – had been blatantly swindled at the throw of a gambler's dice.

Greenspan was the criminal prime mover that abetted the lethal rise of derivative markets presently topping $155 trillion dollars, almost four times the size of our planet's wealth. The criminality of his policies was matched by his intellectual impoverishment, echoed in his tortured lingo that "the whole intellectual edifice collapsed in the summer of last year because the data inputted [*sic*] into the risk management models generally covered only the past two decades, a period of euphoria." Stripped of its jargon, this meant that subprime loans were chopped, diced and packaged into toxic mortgage-backed securities and other derivatives that were marketed at prodigious profits the world over. The trough was brimming. It was the grand extravaganza of capitalist internationalism. This gimcrack house of cards ignominiously tumbled, as it inevitably had to, when legions of U.S. borrowers defaulted on mortgage payments and when house prices slumped. Never mind that his utterances were ambiguous – markets thrive on ambiguity and double talk, of which Greenspan is an unrivaled practitioner.

" I found a flaw in the model that I perceived is the critical functioning structure that defines how the world works. That's precisely the reason I was shocked ... I still do not fully understand why it happened, and obviously to the extent that I figure where it happened and why, I will change my views."

Note the conjuror's hand of this financial swindler. Greenspan gestures to an *intellectual edifice*. We are sedulously invited to believe that we are not dealing with the pitiless world of class power and exploitation. What transpired in the markets was all an immense error of the intellect! Capitalism's destructive convulsion, generated by the juggernaut of capital itself, is thus reduced to a crisis of the intellect. The swindlers that hawked these death-dealing derivatives do not really exist. It is a fantasy. All of this was nothing more than an intellectual shortfall. This brings us to the pivotal issue of Greenspan's premise: capitalism is not an exploitative engine; there is nothing within it that is engineered to exploit any one. It transcends social classes. Competitive markets and the law of supply and demand ensure that there are neither winners nor losers. Thus, markets are the grand equalizers. Capitalism and the market forces, through which the rapacity of its exploitation functions, thus become – in the ideology of Greenspan and his legions of financial predators – the ultimate expression of democratic choice; its raison d'etre is rooted in the infallible concatenation of social change. All that matters, Greenspan teaches, is that we were misguided by the wrong models. In sum, by the powers of intellect that were fleetingly irrational.

Listen again to this bit of sanctimonious babble that reveals his propensity for the soothing nostrum of models. "I found a flaw in the model that I perceived is the critical functioning structure that defines how the world works. That's precisely the reason I was shocked ...I still do not fully understand why it happened, and obviously to the extent that I figure where it happened and why, I will change my views." It would not be a waste of our time to remind him that his dogmas, like his persona, have already been torn to shreds, in much the same manner as the shattered fortunes of his political master in the White House he served so obsequiously. No doubt, by the choice of the appropriate model, he means the selection of the sharpest butcher's knife. To be sure, Greenspan's cold-blooded policies were deliberately designed to enrich a specific parasitical class, knowing full well that prices do not soar infinitely into the celestial spheres: ultimately, their descent is precipitous. The boom metamorphoses into a bubble, and the bubble implodes into a bust. The rich and the mega-rich would not be affected by what he designates as the tsunami.

The world's biggest bubble had burst in August 2007. And its horrendous reverberations on the lives of millions who had been pitched out of their homes – the American Dream – were merely one facet of capital's self-inflicted agony. Greenspan's maudlin prattle unmasks, however, the extent of his impotence and indubitably, I dare say, the magnitude of the criminality of international capitalism in its period of putrescence. This is what Jose Saramago, the combative Nobel Prize laureate, no doubt meant when he trenchantly said that the crash, and the ensuing economic and social holocaust that trailed in its wake, is one of

CounterPunch

EDITORS
Alexander Cockburn
Jeffrey St. Clair

ASSISTANT EDITOR
Alevtina Rea

BUSINESS
Becky Grant
Deva Wheeler

DESIGN
Tiffany Wardle

COUNSELOR
Ben Sonnenberg

CounterPunch
PO Box 228
Petrolia, CA 95558
1-800-840-3683
counterpunch@counterpunch.org
www.counterpunch.org

the greatest crimes against humanity ever recorded.

It is well to let Greenspan, now wriggling in his state of apoplexy, babble on "those of us who looked to the self-interest of lending institutions to protect shareholder's equity – myself especially – are now in a state of shocked disbelief." Why should he be shocked? He has lost nothing but his wretched illusions. His fortunes are unimpaired. His officially estimated net worth is $15 billion, and presumably that does not embrace his treasure ensconced in Caribbean tax havens, of which he is one of the most ferocious advocates. Those who are traumatized to the marrow are the workers in Pittsburg and Detroit and Cleveland, and the nation's industrial heartland now transmogrified into a toxic wasteland. Joined to this galloping crime is the outsourcing of millions of jobs. On a universal scale, the losses borne by the world's financial corporations due to the Great Crash is almost $3 trillion, according to the Bank of England biannual *Financial Stability Report*. And *BBC* Economics Editor Robert Peston adds that the world's taxpayers have shoveled up to 5 trillion pounds sterling to shore up the parasitical edifice of international capitalism's collapsing banks, insurance companies, mutual funds, etc.

But, of course, this unrelenting avalanche of human and economic wreckage is not the end of capital's exploitative reign of terror. What the magnitude of these horrors adds up to is seen in the stark fact that the cost of the biggest cataclysmic crash that capitalism has ever endured, since the advent of the first universal Great Depression in 1873, amounts to more than one half of the GDP of the United States. During his stewardship, the soaring inequalities that Greenspan's caste and his policies spawned had surpassed those of the Gilded Age [1890-1914] and the abysmally corrupt regimes of Harding, Coolidge and Hoover in the 1920s. As for his bellicose support for the $3 trillion colonial war in Iraq, comment is superfluous. As the once sanctified apparatchik of world money and credit markets, he framed monetary and fiscal policy that enriched the cronies of his irredeemably debased caste oligarchy. He did what his class interests dictated he should have done. In this respect, his ideology and his policies were flawlessly meshed.

Greenspan enshrined the reality and aspirational drives of the ruling caste oligarchy in the Fortune 500. He remains its prime exemplar. Capital must never be understood as an impersonal force; it is embedded in the complex workings of accumulation. Here was the divinity, worshipped by the profiteers of the world's money engines in every niche and cranny of big-moneyed finance, the world over for decades; the paltriest of his pronouncements were sifted and scrutinized, as in the mutterings of the Delphic oracle, for the rich offerings they were assumed to possess.

Greenspan incarnated the triumphalism of neoliberalism: he extolled the intoxicating magic of the market place, the glories of privatization, the Washington Consensus, the conquests and ruthless pillage of foreign markets, masquerading under the innocuous alibi of globalization whose ultimate quest, as he sees it, is the pursuit of life, liberty and happiness. The U.S. economy that he presided was dependent, however, on the world's savings. By its very nature, this jerry-built structure proved ephemeral, jacked up by borrowed money and borrowed time. The driving force of imperialism and the laws of its causality found no home in his desiccated ideological apparatus. He was at once a master of corporate capitalism that had amassed his fortune in Goldman Sachs, subsequently catapulting his carcass to the highest reaches of the corporate Gulag's state apparatus, where his thrust for personal enrichment sustained its remorseless strides. In his view, the goals of the public and private sectors could not be grasped as autonomous entities: they were interpenetrative and his ideological praxis confirmed it.

Greenspan incarnated the triumphalism of neoliberalism; he extolled the intoxicating magic of the market place, the glories of privatization, the Washington Consensus, the conquests and ruthless pillage of foreign markets.

I shall say no more at this juncture but let me add, in conclusion, that we must be grateful for the trivia that he has bequeathed us. A sewer needs no advertisement, and the personal class trajectory of his advance lucidly exemplifies this truth. His tearful contrition, delivered in that Sanctum Sanctorum of capital's entrenched power, has served to smash the foundations of the empire's ruling class economics, preached by such servile sycophants as Samuelson and his tribe of neoliberals. Though his mea culpa was not planned thus, his mumblings in the sanctuary of the caste oligarchy have undermined the institutional foundations of corporate capitalism and its works. So, irrespective of the forces that impelled him to perform his act of contrition, we must render him our infinite thanks. **CP**

Frederic F. Clairmont is a Canadian and a contributor to *Le Monde Diplomatique* and *The Economic and Political Weekly*. He was a senior economics affairs officer of the United Nations, having served in The Economic Commission for Africa and the United Nations Conference on Trade and Development (UNCTAD) in the Commodities Division. He lives in Geneva.

Subscription Information

Subscription information can be found at www.counterpunch.org or call toll-free inside the U.S. 1-800-840-3683

Published twice monthly except July and August, 22 issues a year.

1- year hardcopy edition $45
2- year hardcopy edition $80
1- year email edition $35
2- year email edition $65
1- year email & hardcopy edition $50
1- year institutions/supporters $100
1- year student/low income, $35

Renew by telephone, mail or on our website. For mailed orders please include name, address and email address (if applicable) with payment. To renew by phone 1-800-840-3683 or 1-707-629 3683. Add $17.50 per year for subscriptions mailed outside the U.S.A.

Make checks or money orders payable to:
CounterPunch
Business Office
PO Box 228, Petrolia, CA 95558

Torture at Area 2

By Kristian Williams

Chicago Police Commander John Burge, living in retirement in Florida, was arrested a couple of weeks ago for lying to the FBI about his use of torture in interrogations. He has now been indicted by U.S. Attorney Patrick Fitzgerald. The Burge file goes back at least to the start of the 1980s – a dark and shameful saga in Chicago's grim annals.

In February 1982, when Chicago police officers Richard O'Brien and William Fahey were murdered, their grief-stricken colleagues undertook a frantic hunt for the killers. Renault Robinson, a leader of the Afro-American Police League, told the *Chicago Tribune* that "police smashed down doors and pointed guns at the heads of children" as they searched for suspects. They eventually arrested Andrew and Jackie Wilson, brothers. Andrew Wilson confessed, and a year later both men were convicted.

Andrew Wilson later told a court of his interrogation in the Chicago Police Department's Area 2 headquarters: "They started beating on me, threw me onto the floor, beating, kicking me. ... Then someone took the plastic bag out of the garbage can and held it over my face." Wilson said he was beaten by six or seven cops. He told of being threatened while Police Commander Jon Burge stuck a gun in his mouth, and of being beaten while handcuffed to a hot radiator. And he said he was repeatedly electrocuted – first, through wires attached to a black box, and later with a rod that Burge stuck between his legs. Wilson said he confessed "because I didn't want to be shocked no more."

Hospital records show that Wilson was treated for fifteen separate injuries following his interrogation. Dr. John M. Raba, who treated him at Cook County Jail's Cermak Memorial Hospital, wrote in a letter to Police Superintendent Richard Brzeczek: "Andrew Wilson had several linear blisters on his right thigh, right cheek and anterior chest which were consistent with radiator burns. He stated he had been cuffed to a radiator and pushed into it." Likewise, Deputy Chief Medical Examiner Robert Kirchner concluded, "The marks [on Wilson's ears] are absolutely characteristic of electrical torture. ... I really didn't believe the allegations of electrical torture when I first heard them ... It was only when I looked at the medical evidence that I said, this really did happen in Chicago."

Soon other victims started coming forward. During a 1991 disciplinary hearing, Melvin Jones told the Police Board that, just days before Wilson's arrest, he too was tortured by officers in the Area 2 headquarters. Jones said that Jon Burge stuffed a sock in his mouth and then shocked him on the foot, thigh and genitals, using a device similar to the black box Wilson described. Shadeed Am'Min told of being tortured by Burge in 1985, after being arrested on concealed weapons charges. He said that the police repeatedly put guns to his head and played Russian roulette. He also testified to being suffocated with a plastic typewriter cover until he passed out. The hearing lasted five weeks, after which the Police Board fired Burge, noting: "This is not an indictment of the entire Police Department."

"Cmdr. Jon Burge and many of the officers working under him regularly engaged in the physical abuse and torture of prisoners to extort confessions..."

But it should have been. Thus far, Burge is the only officer to be fired for the Area 2 torture scandal, though it is clear he did not act alone. In fact, Burge's tactics were less the actions of a rogue cop than they were established institutional practices. U.S. District Judge Milton I. Shadur acknowledged "that in the early- to mid-1980s, Chicago Police Cmdr. Jon Burge and many of the officers working under him regularly engaged in the physical abuse and torture of prisoners to extort confessions. ... [This occurred as an] established practice, not just on an isolated basis."

Indeed, a 1990 report by the Office of Professional Standards' Michael Goldston cataloged 50 instances of torture under Burge. Goldston concluded that it was "methodical" and "systematic." The cases feature eerily similar accounts of police beating and electrocuting suspects, suffocating them with garbage bags and typewriter covers, and threatening them with guns. Medical reports document injuries; witnesses tell of hearing screams, seeing bloody victims, and cops carrying typewriter covers into interview rooms. According to the plaintiffs' lawyers, "All of the victims were black or Latino, so far as we've seen, and the people who were doing the torturing were white officers."

There are also indications that other commanders, besides Burge, knew of the abuse and did nothing. Police reports, unsealed by a federal court in 1992, identified 50 suspects who had alleged torture by seven cops (including Burge) between 1973 and 1986. One report noted, "Particular command members were aware of the systematic abuse and perpetuated it either by actively participating in same or failing to take any action to bring it to an end." The report specifically named LeRoy Martin, who went on to become police superintendent. These older cases were briefly reopened in the early 1990s, then summarily dismissed after Burge was fired. So, Burge's cohorts remained on the force, moved through the ranks, and continued torturing people of color. Detective Kenneth Boudreau, for example, worked under Burge in the 1980s and remained on the force when Burge left. A 2001 *Chicago Tribune* exposé found that Boudreau had helped get confessions in more than a dozen cases where the defendants were later acquitted or where the charges were dropped.

In one case, Boudreau arrested Peter Williams in a 1992 murder investigation. Along with other detectives, Boudreau slapped Williams and beat him with blackjacks. The police officers handcuffed him to a radiator and refused to let him go to the bathroom until he had already urinated on himself. "By the time they were through," Williams told the *Tribune*, "I actually thought I did it." He confessed, and named Dan Young Jr. and Harold Hill as his accomplices. Hill and Young were likewise arrested, beaten, and forced to confess. Hill, who was 16 at the time, testified at his trial that he gave the police a statement because "I was afraid they were going to kill me." But it turned out that Williams had an ironclad alibi: he was in jail when the crime was committed. Hill and Young weren't so lucky; they were convicted and sentenced to life without parole. Twelve years later, in 2005, DNA evidence cleared them of the charges. Hill remained in prison for a separate conviction, but Young was released right away. "I missed a lot of birthdays," he said. "I should never have been here."

Around the same time, between 1991 and 1993, Boudreau "solved" at least four other murders, relying on similarly dubious confessions. Repeatedly, he has been accused of punching, slapping, and kicking defendants, interrogating juveniles without a guardian or advocate present, and taking advantage of people with developmental disabilities. Yet, even as his cases unravel, both the Chicago Police and the District Attorney's office refuse to re-examine the convictions he helped win. In fact, the Chicago Police Department has given Boudreau nine official commendations and 70 honorable mentions. He's been "Cop of the Month" twice, and "Cop of the Year" once. It seems, Detective Boudreau does his job exactly the way his superiors want him to.

The Chicago Police get confessions in about 70 per cent of murder investigations. But between 1991 and 2001, at least 247 such confessions were either thrown out of court or failed to secure a conviction. These included 71 confessions from juveniles younger than 16 (including children as young as 7 years old). They included confessions from developmentally disabled people, who – the courts later determined –could not understand what was happening to them. They included three confessions from people who were in jail at the time of the crime, and 14 from people who named accomplices who were in jail when the crime was committed.

Burge may be gone, but his legacy continues. But is it his legacy? Or is he simply the one who got caught, as someone was bound to, with abuses as severe – and as common – as these?

Consider, for example, the case of Ronald Jones. In 1985, Jones was convicted of rape and murder and sentenced to die, based almost entirely on a confession he gave to police. But Jones claimed that he only confessed because the cops beat him repeatedly during his interrogation. He spent eight years on death row, until 1999, when DNA evidence cleared him. Neither Burge nor his men were involved.

More recently, in July 2000, Chicago police arrested Corethian Bell on suspicion that he had raped and murdered his mother. For 50 hours, the cops kept this developmentally disabled and mildly paranoid man in a windowless room, repeatedly questioning him and, according to Bell's attorney, hitting him in the head at least once: "It was a process of psychological coercion and then ultimately the employment of physical tactics against a guy who obviously was extremely vulnerable." Bell confessed to the crime, but 17 months later a DNA analysis of blood and semen left at the scene led the police to the real killer.

Undoubtedly, there are other forgotten innocents, not only in Illinois, but around the country – victims of police profiling, coercive interrogations, overzealous prosecutors, blundering defense attorneys, hostile judges, biased juries, and draconian sentencing laws.

When the authorities decided to sacrifice Burge, they surely hoped that it would end the controversy over police torture. (Ending the torture itself was, if anything, a secondary concern.) Instead, the scandal has only widened and deepened. Lawyers, activists, journalists – in some cases, journalism and law students – have scoured old cases, brought forth new evidence, identified additional victims, and accused increasing numbers of cops. By 2005, Chicago-area activists were petitioning the Organization of American States' Inter-American Commission of Human Rights to investigate 130 claims, spanning the years 1971 to 1992.

The scandal greatly damaged the credibility of the criminal justice system. In 2003, such doubts led then Governor George H. Ryan to temper the sentences of all 156 people on Illinois' death row and to pardon six of them outright. Four of the six had been the victims of torture at Area 2 – Madison Hobley, Stanley Howard, Aaron Patterson, and Leroy Orange. The governor specifically cited the "overwhelming evidence of a pattern and practice of torture at Area 2," and mentioned Jon Burge by name, but he also faulted prosecutors and the courts, incompetent defense attorneys, and legislators resistant to reform. "The system has failed all four men," he said. "And it has failed the people of this state."

The governor's act, heroic though it was, unfortunately only addressed the most serious consequences of the problem. For those people who were on death row at the time, the threat of execution was removed. But for unknown numbers of innocent people, justice remained as distant as ever. To offer one clear case, Eric Caine, was arrested with Aaron Patterson in 1986. He was tortured by the same detectives, and charged with the same crime as Patterson. He confessed and was convicted. Unlike Patterson, however, Caine was sentenced to life in prison – where he remains. "I'm the forgotten innocent," he says.

Undoubtedly, there are other forgotten innocents, not only in Illinois but around the country – victims of police profiling, coercive interrogations, overzealous prosecutors, blundering defense attorneys, hostile judges, biased juries, and draconian sentencing laws.

Brian Keith Baldwin may have been one such innocent. Baldwin, a black man, was executed in Alabama on June 18, 1999. Baldwin's 1977 trial lasted two days, and he was convicted chiefly on the basis of a confession he said was extracted under torture, including the use of a cattle prod. Shortly before his execution, a former cop came forward to verify that Baldwin had been "beaten and physically mistreated" during interrogation. It made no difference. He was sentenced to die, and he did. **CP**

Kristian Williams is a volunteer with Rose City Copwatch, in Portland, Oregon. He is the author of *Our Enemies in Blue: Police and Power in America*, as well as of *American Methods*, from which this excerpt is drawn. Both books, fully equipped with footnotes, are available from South End Press.

hatch continued from p. 1

next two years, they had another child and the husband lost his job and she quit her job to go to school – while expecting to buy this house.

In April 2008, payments on the variable loan of $246,500 increased to more than $2,500, and the owner informed the relatives with the option to buy that the rent had increased fivefold. The relatives had no clue that the loan was variable. It's possible the owner didn't quite grasp that either. In any event, the relatives went shopping for a loan, without success, as the boom was turning into a bust.

If the owner of the two houses, now with five children and a new custom Escalade including the latest in rims, had just stayed in his first house and not taken out two equity loans, he would have been paying between $400-$500 a month on his mortgage. Even if he had spent the entire $126,000 to expand his 900-square-foot house on a 10,000-square-foot lot and not borrowed another $246,500 – in part, to buy another house and more good-life toys he might have been able to survive.

Result: the relatives had to move out, the house is empty and in foreclosure, and the owner is months behind on his mortgage payments on his present house, and his variable on the new house will kick in next year.

Recently, someone seeking to buy the house contacted a realtor. The realtor, after examining the documents for a month or two, told the prospective buyer that it was extremely difficult to tell who actually owns this house, title being clouded by: 1) sloppy title company work to begin with; 2) the number and size of the various, variable loans; and 3) the mystery of who might possibly own those loans now.

So, here is an empty house worth between $50,000-$75,000 for cash, given that few if any will qualify for a loan on it in the present lending climate. Meanwhile, the grass has died in the front and back, junk was left behind, an old pickup stands in the driveway. It has joined that ever-growing number of residential properties in foreclosure, in decline and its title may be clouded by the different loans, all with different companies. Nor is it clear to realtors or prospective buyers whether there was a consolidation of loans or not. It will not be clear before the house goes through auction on the county courthouse steps.

What were the owner and his lenders thinking? At a broader level, what were all the Valley business and political leaders thinking, as they approved project after project, predicting the growth boom would go on forever and universal prosperity would come to the Valley without jobs to support the inflated prices of the real estate? The entrepreneurial warehouseman should not have been given the first equity loan on his first house. Politicians, from city councils to boards of supervisors to state legislators to members of Congress, and the media are blaming poor people for their irresponsibility.

Meanwhile, in Merced, the foreclosure section of the Merced *Sun-Star* announced in late October that Hank Vander Veen, the publisher of the Merced *Sun-Star*, presumed to be far better educated, more worldly and wealthier than the warehouseman, walked away from a $507,000 house in suburban McSwain. **CP**

Bill Hatch lives in the Central Valley in California. He can be reached at: wmmhatch@sbcglobal.net.

CounterPunch
PO Box 228
Petrolia, CA 95558

Phone 1-800-840-3683 or visit our website to find out about CounterPunch's new books.

1st Class
Presort
U.S. Postage
PAID
Permit No. 269
Skokie, IL

First Class