

America in CRISIS

by Adam Botzenhart

It's been described as "the sexiest movie you could ever do on consumer debt." Danny Schechter's documentary *In Debt We Trust: America Before the Bubble Burst* has been screening across the country, concerning citizens, grabbing the attention of both politicians and policymakers, and, this weekend, it coming to RIT's Brick City Festival. Informed by the work of RIT's Dr. Robert Manning, Research Professor of Consumer Finance, it's a film out to change the way you think about American finance. *Reporter* sat down with Manning to talk about the alleged crisis, the documentary itself, and what can be done to prevent what could be an epic economic disaster.

The Bubble

Housing bubbles, equity bubbles... if you read between the lines you get the sense that something's about to burst. "The housing bubble defies financial laws of gravity. The average housing price has doubled in the last six years but real wages have actually declined," Manning explains. But the problem doesn't stop there: most Americans have borrowed against their home, their future wages, even their retirement. "In the short term, we're eating up your future," Manning comments.

Manning describes an America where its citizens have become obsessed with credit and mired in debt. Perhaps you can relate—about three out of every five American households don't pay off their credit card balances at the end of the month, typically paying upwards of 17% in interest. Couple credit cards with mortgages and perhaps the lingering car or college loan and "the bubble begins to burst in about a year and a half to two years when people begin to realize they have too much in debt, that an asset is not the same as liquid wealth they can spend." But that's only the "minor" bubble, if you will. Manning adds, "The bubble really does burst in about 20 to 25 years where there may be no turning back... The fact is the economy was never as good as people thought it was, which means now its going to get worse than it should."

Excited about the future yet? It's not all fire and brimstone, I promise.

The Documentary

Filmmaker Danny Schechter set out to make a difference. Director of over 20 documentaries, including his most recent award-winning *WMD (Weapons of Mass Deception)*, Schechter hopes this film will "spark a national response—a demand for economic fairness and justice, regulation in the public interest, along with a heightened sense of personal responsibility by consumers seduced by the false promise of 'free money.'"

Schechter contacted Manning after reading his book *Credit Card Nation* and proposed the documentary project to him. "We sat down and mapped out what this movie should look like, the key topics... I think a lot of people appreciate our goal was to bring this down to a grassroots level so that every group should be able to identify with someone in this movie," Manning outlined.

The documentary, at a running time of 98 minutes, moves from the halls of Washington, to the poorest neighborhoods of America, to our very own Gordon Field house during freshmen move-in. Along the way, it examines the financial state of many aspects of American culture, spelling out in clear language the potential effects of our current economic behavior. Perhaps one of the most startling predictions it makes is the potential rise of what has been coined “21st century serfdom.” Manning elaborates: “When you look at serfdom, what did serfs have? They didn’t own anything except possibly some tools they would use to repay the lord of the manor by tithing from what they produced. What we’re seeing now is that people are seduced into levels of debt they can’t possibly afford. So, basically, they’re working to pay their ‘tithe,’ which is the interest to the banks.” Need a concrete example? How about that car you have a seven year loan on that won’t be repaid until its time for another car?

The film also confronts federal politicians—both Democrats and Republicans—and argues that most are not on the side of the people at all, but instead large corporate interests. Manning recently returned from D.C., where he screened the movie for a congressional staff and a month earlier on behalf of a candidate who is running for Congress. The reaction? “In both instances we’ve had federal regulators, we’ve have lobbyists, we’ve had activists... and the response I’ve been pleased with is that nobody has said ‘you didn’t get it.’ I think they’re surprised we hit the nail on the head without being rhetorically angry.”

Over the past year, Manning has actually been involved with six documentaries, including Morgan Spurlock’s (of *Supersize Me* fame) new movie on the commercialization of Christmas. All are part of a growing movement of citizens who hope we can remedy this problem before it’s too late.

The Solutions

So... we’re in trouble and... there’s a movie about it. What can you do? Manning outlines two things that need to happen if we’re to avert crisis—both a macro and a micro response. On the macro level we need reform in government. This includes more favorable alternatives to bankruptcy for consumers, more just lending terms, and, at the most basic level, greater accountability on the part of the banks for lending money they know someone won’t be able to repay. On the micro level we need greater financial education and personal responsibility (read: restraint) on the part of the consumer. Neither are silver bullets. “If you lose your job, if you get sick, if you have a family crisis, if you get divorced, there’s no amount of financial education that can help you with that. If you can’t balance your budget, you’re the one that has a problem. You need to take a step back, because no one’s going to be able to take care of you in 50 years.”

The bottom line is almost too simplistic and already known but rarely practiced by most college students: stay out of debt. Beyond that, Manning cites it’s of the utmost importance for students to establish concrete financial goals, to outline how they plan to achieve those goal (a.k.a. the dreaded *budget*), and to constantly assess who it is guiding their spending decisions. America may be in for a bumpy ride, but that doesn’t mean that you can’t take control of your finances and plan for a future contrary to the \$8,400,000,000,000.00+ we Americans have already accumulated in public debt.