Where's the reset button?

Contributed by Albert Bates
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"What now remains compared with what then existed is like the skeleton of a sick man, all fat and soft earth having wasted away, and only the bare framework of the land being left."
- Plato, Critias

I am on a dugout canoe trip up river in the Maya Mountains of Southern Belize not far from the Guatemalan border. Miraculously, we have a Hughes Net satellite dish in the camp here, powered by a Southwest Windpower Air-X and some BP polyamorphous solar panels. It is a great place to sit and watch the decline and fall of the Petroleum Empire.

Over the weekend, Bear Stearns was bought out by JP Morgan Chase for about one-quarter of the real estate value of their mid-Manhattan office tower. It was a spectacular fall - from $145 per share on Thursday to $30 on Friday to $2 per share on Sunday. One can only lament the fate of New York state and local government pensioners, including schoolteachers, firefighters and welfare caseworkers, who have $68 million of their retirement nest egg in Bear Stearns stock. If the Bear gives Morgan Chase indigestion, retirement for NY state workers could be less than rosy.

The financial news is all abuzz with the prospect that the Bear will not be the last casualty. Thanks to Matt Savinar at LATOC for cataloging these headlines:

Asia Times: What You See is What the Worse Case Scenario Looks Like;

Business Week: A Red Flag for Bank Liquidity;

CNN: The Magnitude of This Meltdown is Unprecedented;

CNN: Can the Fed Stop the Dominoes from Falling?;

Fortune Magazine: This is the End of Wall Street as We Know It;

London Independent: Financial Markets Have Seized Up;

London Times: City Shaken as Events on Wall Street Unravel;

MSN Money: Wall Street Turmoil Quickly Spreading to Main Street;

NY Times: The Unthinkable Is About to Become Inevitable;

San Francisco Chronicle: Economic crisis worsens. Is anyone in charge?;

Guardian: We're Surprised Americans Aren't Rioting in the Streets by Now;

Wall Street Journal: Crisis Sends a Stake Through the Heart of Wall Street;

Washington Post: There Has Never Been a Crisis This Comprehensive.

Sandy Chen, of UK analysts Panmure Gordon, said: "This is not a liquidity crisis, it's an insolvency crisis." Says the Asia Times: Losses to Come Will Probably Wipe Out the Banking System

It won't do you any good to try to change dollars to euros in those street kiosks in Amsterdam. They have stopped accepting dollars.