

Banksters on The War Path

How Wall Street Is Fighting Back and Winning Their Fight For The Status Quo

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New York, New York: Dick Durbin knows his way around the Senate. He's been there a long time, long enough to know how things really work. Over the years, the man from Illinois has come to realize that it's not the elected officials who are in charge. Last week, he said it was the bankers "who run the place" acknowledging that Senators may be in office, but not necessarily in power.

Usually, the people who pull the strings stay in the background to avoid too much public exposure. They rely on lobbyists to do their bidding. They prefer to work in the shadows. They may back certain politicians, but coming from a world of credit default swaps as they do, they hedge their bets by putting money on all the horses.

They have so much influence because they have been reengineering the American economy for decades through "financialization," a process by which banks and financial institutions gradually came to dominate economic and political decision-making. Kevin Phillips, a one time Reagan advisor and commentator, says our deepest problem is "the ascendancy of finance in national policymaking (as well as in the gross domestic product, and the complicity of politicians who really don't want to talk about it."

Curiously, despite the journalists like Bill Moyers and Arianna Huffington who have been blowing the whistle on the role of the "banksters" in our political life, criticizing the Republicans and Democrats who deregulated the financial system, this issue seems to float above the heads of most of the public, much of the press, and even the activist community more drawn to punishing the torture inflicted on a few by a former Administration than the economic duress being imposed on the majority of Americans by a minority of the superrich.

Demonstrators are still drawn more to the White House than the banks that have proliferated on every corner of the country.

Last week, a Zogby poll found that a majority of the public believes the press made things worse by reporting on the economic collapse. Not only is that blaming the messenger, it also overlooks the fact that much of the media was complicit in the crisis by not covering the forces that caused the collapse when it might have done some good.

Exacerbating the problem is that the Obama Administration has, in Robert Scheer's words, enlisted "the very experts who helped trigger the crisis to try to fix it."

"Obama," he writes "seems depressingly reliant on the same-old, same old cast of self-serving house wreckers who act as if government exists for the sole benefit of corporations

and executives.”

The team of Tim Geithner and Larry Summers has been carrying Wall Street’s water as Robert Rubin did before them. No wonder that Obama’s Attorney General Eric Holder told the Street last February, “We’re not going to go on any witch hunts.”

That was before we learned that Wall Street forced US regulators to delay the release of stress test results for the country’s 19 biggest banks until next Thursday, because some of the lenders objected to government demands that they needed to raise more capital. They are trying to rig the results.

That was also before the public learned of the obscenely huge bonuses the firms benefiting from the TARP bailout were shelling out to their executives. That was before, we saw how the bankers with help from Democrats, including new convert Arlen Specter, vited managed to kill a bill to help homeowners stop foreclosures.

“The Senate on Thursday rejected an effort to stave off home foreclosures by a vote of 51 to 45. It was an overwhelming defeat, with the bill’s backers falling 15 votes short — a quarter of the Democratic caucus — of the 60 needed to cut off debate and move to a final vote. Across the United States, the measure is estimated to have been able to prevent 1.69 million foreclosures and preserve \$300 billion in home equity.”

Commented the Center for Responsible Lending, “Instead of defending ordinary Americans, the majority of Senators went with the banks. Yes, the same banks who have benefited so richly from the TARP bailout.

(There was one small victory with the House approving a bill to protect consumers from credit card abuses. Its not clear if the Senate will pass it too. “It’s one step forward and one step backward,” said Travis Plunkett, of the Consumer Federation of America. “Congress is moving in fits and starts to re-regulate the financial services industry and the banking lobby still has tremendous clout.”

“Tremendous clout” is an understatement.”

In this past week, we also saw how a few hedge funds undermined the attempt to save Chrysler from bankruptcy by holding out for more money even after the unions and big banks agreed to compromise to save jobs.

The President was furious but apparently powerless: “A group of investment firms and hedge funds decided to hold out for the prospect of an unjustified taxpayer-funded bailout,” Obama said. “They were hoping that everybody else would make sacrifices, and they would have to make none. Some demanded twice the return that other lenders were getting.”

Explains the blog Naked Capitalism, “the banksters are eagerly, shamelessly, and openly harvesting their pound of flesh from financially stressed average taxpayers, and setting off a chain reaction in the auto industry which has the very real risk of creating even larger scale unemployment than the economy already faces. It’s reckless, utterly irresponsible, over-the-top greed.”

Will they be allowed to get away with it? A “captured” Congress is doing their bidding. There is no doubt that class antagonism is stewing, says the editor of the blog. He expressed a fear of a reaction that will go way beyond flag-waving tea parties.

“... I am concerned this behavior is setting the stage for another sort of extra-legal measure: violence. I have been amazed at the vitriol directed at the banking classes. Suggestions for punishment have included the guillotine (frequent), hanging, pitchforks, even burning at the stake. Tar and feathering appears inadequate, and stoning hasn’t yet surfaced as an idea. And mind you, my readership is educated, older, typically well-off (even if less so than three years ago). The fuse has to be shorter where the suffering is more acute.”

One is reminded of the title of that movie, “There will be blood.” Rather than show contrition or compassion for its own victims, Wall Street is hoping to jack up its salaries and bonuses to pre-2007 levels. The men at the top are oblivious to the pain they helped cause. And so far, they’ve only occasionally been scolded by politicians that have mostly enabled, coddled, bankrolled, funded, rewarded, and genuflected to their power.

Wall Street’s behavior may be predictable but how can we account for the silence of so many organizations that should be out there organizing the outrage that is building? Knock, Knock, Obama supporters, bloggers, trade unionists, out of work workers and fellow Americans. Will we fight back or roll over?

Pitchforks anyone?

*Mediachannel’s News Dissector **Danny Schechter** is making a film about Wall Street based on his book *Plunder* (www.newsdissector.com/plunder). Comments to dissector@mediachannel.org*

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