

Elizabeth Warren appointment: Banksters Cheer Tepid Financial Rules

Elizabeth Warren is to become a Special Assistant to President Obama

By [Danny Schechter](#)

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“This sounds so bleak when I say it, but we need some delusions to keep us going.”Woody Alan in the New York Times

“The former chairman of Lazard in London who is now chairman of Barclays, once said that the only two things that would survive a nuclear war were cockroaches and Lazard. On the evidence of the past few years, he underestimated the tenacity of the rest of the investment banking industry”William Wright Editor, Financial News, London

Hooray, Elizabeth Warren is to become a Special Assistant to President Obama in charge of setting up the Consumer Protection Bureau that she conceived. Alas, it is not to be the independent agency she wanted but a bureau within the Federal Reserve Bank, a branch of government that is really run by big banks which and did virtually nothing to protect consumers when they needed help the most.

For the Obamacrats, this is a good move in political terms because the White House had been battered by the Democratic base to appoint the outspoken Warren to the job, Asked about the issue at his recent press conference, he was his usual coy and cautious self. He said he hadn't decided.

Now he has—but not to appoint her to the job she deserves but to a post in the Executive Branch under his control and with oversight by Tim Geithner, Larry Summers, and Rahm Emanuel et. al. (The White House worries that they could not win a protracted confirmation battle.)

So she's in, but hardly in charge, or able to be an independent force. Remember that quote from the Godfather taken from Chinese military strategist Sun Tsu: “Keep your friends close, and your enemies closer.”

The usually on-target blog, Naked Capitalism, suggests that the Warren appointment was just a way to sideline her, not put her in a position of real power. In any event, the new Bureau's rules will not be in effect until 2012, if then. So much for urgency!

At the same time, Warren has posted positively about her new job on The White House website and reports having had several meetings with President Obama.
<http://www.whitehouse.gov/blog/2010/09/17/fighting-protect-consumers>

At the same time, economics analyst Yves Smith warns, don't believe the hype: “It is now

official that Warren is at best a placeholder; she cannot have much impact. She can't make much in the way of policy or personnel choices; that would encroach on the authority of an incoming director. And even her ability to influence the choice of a nominee is questionable. Her taking the advisory role now assures that the nomination of the permanent director will come after the midterm Congressional elections. Given the virtual certainty of Democratic losses, the odds are high that Team Obama will settle on a "conservative" meaning "won't ruffle the banking industry" choice, and argue its hands were tied.

On the right, Warren, a former Republican, is pictured as a bring down the banks revolutionary. The financial industry hates her, perhaps because she is too smart for them,

Progressive critics fear the Consumer Protection Bureau is only a way to placate the public by containing abuses but without doing too much harm to the bankers. One example: Credit card "reforms" do not roll back usurious interest rates. Requiring disclosure is not the same as ordering the restructuring of loans to make them affordable.

The banksters are publicly unhappy but privately know they are getting off easy. According to the Financial Times, "The full impact of the new global bank capital rules announced at the weekend is likely to be 30 per cent tougher than the headline ratio suggests, according to regulators and industry participants who have studied private banking data."

Just 30 percent! Most Americans don't realize the global dimensions of the crisis and the fact that many in the world are suffering more than we are because of unchecked speculation on Wall Street.

And, so much for the international bankers at Basel forcing their American kin to impose the tough rules that are needed. What they have achieved has been characterized as bringing forth a mouse. There is nothing in place that will stop a recurrence of the Lehman collapse two years this week, There is no real debate about whether more institutions will fail, only when,

I watched an interview on BCC's Hard Talk program with the head of Britain's Hedge Fund Association who told a hostile interviewer (or maybe an interviewer posturing as hostile") that (a) The industry realizes regulation is in its interest and (b), the reforms in America are not that tough."

When you hear a banker say that, you know that regulations so far are more of a show than anything else.

The Financial News reported that the men (and some women) once labeled the "big swinging dicks" on Wall Street are doing well, thank you. The magazine features a "where are they now" spread showing that many of the top CEOs responsible for the loss of Trillions have landed on their feet, and are now in jobs/sinecures in new firms, and live free of any fear of prosecution.

In fact the new compromised and watered down rules has actually helped the banks prosper. Here's one headline in the FT: "US financials boosted by new bank rules."

At the same time, as the economy continues its jobless non-recovery, the overall situation is bleak according to a more substantive report in the same newspaper: "Big US banks are nearing the end of another disappointing quarter for their trading businesses that has

deepened fears over job losses on Wall Street.”

New figures show a significant rise in poverty with one in seven barely making it. That represents 44 million people. 47 million Americans are on food stamps. One out of five children are in this group.

Earlier this week in Britain, Mervyn King the Governor of the Bank of England spoke to the Trade Union Congress. He admitted that it was unfair when banks were bailed out while there was no help was provided to workers who lost jobs when factories were closed.

Nevertheless, he appealed to the workers to accept tough austerity measures that will lead to public service cutbacks and job losses.

One union leader attacked the TUC for inviting him, calling him the devil and comparing his own union convention to church that invites Satan to give the sermon.

So called “conservatives” in the US are promoting austerity policies similar to the ones being pursued in Britain including those tax cuts for the rich. Meanwhile, there is push back as 300 economists and analysts warn that the “deficit hawks” who appear to be gaining the upper hand in our economic debates are threatening to turn an already deeply painful recession into a full-blown depression.

“The experts warned that the American economy now stands at a crucial juncture. They acknowledged that public debt is mounting, and presented a choice of two different paths to right the ship: imposing fiscal “austerity” today, in the midst of the most serious downturn since the Great Depression, or investing in the American economy — with public spending over the short term — in order to grow our way out of the red ink.”

The alternatives are clear. Which side are you on? Denial is no longer an option

A group called One Nation is mobilizing a march on Washington for jobs and justice on October 2. Will it be big enough and noisy enough to make a difference?

*News Dissector **Danny Schechter** directed Plunder The Crime of Our Time. A new excerpt is on You Tube. (<http://www.youtube.com/watch?v=k1H6weaNISs>) For more: PlundertheCrimeofOurTime.com. Comments to dissector@mediachannel.org*

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