Is the "War on Wall Street" Over.

No Criminal Prosecutions for Financial Crimes

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An unusual word crept into the lexicon of the New York Times op-ed page, the arbiter of approved thought in the age of economic collapse. The new conservative columnist Ross Douthat dusted off a key phrase associated with Marxism, "class war."

Of course, as you would expect, Karl was spinning again in his resting place at London's Highgate cemetery by the Timesman's spin. But in a country where, officially at least, the only classes are found in schools, the very idea of class war is not something you read about every day, even if the person writing about it is certainly on the wrong side.

In fact, the current "war on Wall Street" seems all but over even before the President signs the financial "reform" bill. We have seen very few criminal prosecutions coming out of Obamaland. The recent settlement with Goldman Sachs was limited to one transaction, and quite affordable for the bank that's been called a "vampire squid on the face of humanity." Their shares went up when the slimy deal was done, and in any event, that $550 million they paid just represented 15 days of profit taking.

This "war" had been notched up by the passage of laws that offended the sensibilities and modestly threatened the bottom lines of mega companies that rely on government as an enabler of their profitability, not an obstacle to it.

Already the big healthcare companies are coming up with new "affordable" plans that limit benefits and choice despite the Administration's promises when it was passed. The banks are slithering around the financial regulations with their usual fear campaigns, now pressing international regulators in Basel Switzerland to give them ten years to satisfy proposed new requirements,

The New York Times reports "Wall Street is already working around the new regulations, "the ink is not even dry on the new rules, and the already, the bankers are a step ahead of everyone else." The newspaper of record characterized the bill as a plumbing operation, "a catalog of repairs and additions to the rusted infrastructure of a regulatory system that has failed to keep up with the expanding scope and complexity of modern finance."

(Huh?) Weren't they coping with the aftereffects of a deliberate scheme to deregulate and decriminalize a marketplace in the name of "modernization" and "innovation?"

The Wall Street Journal explains: "The legislation empowers 10 regulatory agencies with the ability to write new rules governing all aspects of the financial industry—from the types of trades banks can conduct to the standards for mortgages, credit cards, and ATM fees. Many of these decisions will be made by regulators, and this has lawmakers on both the right and the left worried: Those on the right worry about government overreach, while those on the left worry about regulators becoming cozy with lobbyists. Indeed, the banking industry has been reaching out to regulators for months, and JP Morgan Chase has more than 100 teams studying the legislation."

When they say, "studying" the legislation, they don't mean studying in any academic sense. They mean figuring out how to game it, undercut it undermine it and sabotage it, for starters, by imposing new fees and restructuring to evade the law. They are masters of playing this game. So far they spent an estimated $600 million fighting the bill so they have a big investment in assuring a business climate they can dominate'

Economist Gerald Epstein told Real News. "It's like a world cup game where one team only has a goalie with his hands tied."

While Republicans drool about the prospects of taking back the Congress and repealing laws they don't like, Wall Street is hardly out of the picture. They have cut back on donations to Democrats while industry groups like the Chamber of Congress mount a major campaign to defend fat cats. Their lobbyists are in the trenches diluting what they can, revising what they must. James Kwak of Baseline Scenario thinks the bill was better than nothing, but adds, "it's still a missed opportunity. And over the next couple years, as regulators (lobbyists) write the rules necessary to implement the bill, we'll find out if anything really has changed."

What's your guess?

Leave it to Bill Gross, a top bond salesman to tell the Wall Street Journal bluntly, "Wall Street still owns Washington." What do other majordomos on the Street think about the bill? Former Republican Treasury Secretary and bailout King Henry Paulson supported it. Most of the opposition comes from demagogues characterizing it as a Soviet-style "takeover." Please! Lenin would have laughed at this watered down half-measure.

And what about prosecutions? Goldman Sachs agreed to a settlement in just one transaction, a civil, not criminal action, while not admitting guilt. The Republicans on the SEC were against going after Goldman, natch, although it appears that Goldman was singled out not only because it was a symbol of public disgust with Wall Street but because it could afford to play the role of evil symbol.

That play may have closed. A Times headline on Saturday gave that away: "GOLDMAN WAS REGULATORS FIRST PRIZE AND IT MAY BE THE LAST."

Wall Street veteran Larry Chin asked, "Are we to think that the Goldman Abacus-CDO transaction is the only ABS-backed CDO that employed improper marketing? Do not be so naive. In fact, if Goldman employed improper marketing in one deal, are we to believe they did not do the same in many others? Do you ever find just one mouse? (Emphasis mine.)

The Goldman Abacus deal was a $2 billion transaction. A sizable transaction, correct? Yes and no. We truly need to look at the Abacus deal in terms of the overall ABS-CDO market. How big was that market? Slightly more than $1 trillion in ABS-CDOs were underwritten by Wall Street from the beginning of 2006 until the market froze in early 2008

That seems like too much money to mess with. And that's not all. Goldman has yet to be held accountable for many of other dangerous investment practices. A new report in Harper's examines the role Goldman played in escalating the food crisis of 2008 when the ranks of the world's hungry increased by 250 million.

While the government doesn't appear to have the fortitude to clean up more crime on Wall Street, the Supreme Court is trying to insure that prosecutors will not have the tools they need to jail wrong doers if and when they do. The Washington Post reports, "A Supreme Court ruling last month that gutted an anti-corruption tool favored by federal prosecutors is jeopardizing high-profile investigations into politicians and business executives…"

So there you go, Wall Street has wriggled off the hook with a little help from their friends, and is winning the new "class war." 2.1 million Americans—that's the new number—can't even get unemployment benefits extended.

Why are no anti-war activists talking about stopping this war and "withdrawing" from Wall Street?

The political environment seems grim, not only for Obama, but for all progressive change. That moment may have passed. This does not mean the public is not angry, only that's its anger is deliberately being channeled by our media in a false direction, into bashing deficits and Dems, not the men in the shadows who are calling the shots.

Let's realize: The financial "spill" is just as devastating as the oil spill. And it has yet to be contained.

So if you want to "fight the power," the time for organizing and educating is here, with a vengeance. Don't let it slip away.

News Dissector Danny Schechter made the DVD "Plunder the Crime of our Time," a film on the financial crisis as a crime story, now showing on LINK TV, (Plunderthecrimeofourtime.com) Comments to dissector@mediachannel.org

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