

Massive Cover-Up of Economic Crisis

“The Entire Strategy Is to Keep People from Getting the Facts”

By [Washington's Blog](#)

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William K. Black was the senior regulator during the Savings and Loans (S&L) crisis, and an Associate Professor of Economics and Law at the University of Missouri ([bio](#)).

Black [says](#) that massive fraud is what caused the economic crisis. As one example, he explains that everyone involved knew that the CDOs which packaged subprime loans were not AAA credit-worthy (which means that they are completely risk-free). He also said that the exotic instruments (CDOs, CDS, etc.) which spun the mortgages into more and more abstract investments were intentionally created to defraud investors.

Moreover, Black [says](#) that the government's entire strategy in dealing with the economic crisis is a massive cover-up:

[They] don't want to change the bankers, because if we do, if we put honest people in, who didn't cause the problem, their first job would be to find the scope of the problem. And that would destroy the cover up....

Geithner is ... covering up. Just like Paulson did before him....

These are all people who have failed. Paulson failed, Geithner failed. They were all promoted because they failed....

Until you get the facts, it's harder to blow all this up. And, of course, the entire strategy is to keep people from getting the facts....

[Question] Are you saying that Timothy Geithner, the Secretary of the Treasury, and others in the administration, with the banks, are engaged in a cover up to keep us from knowing what went wrong?

[Black] Absolutely....

They're deliberately leaving in place the people that caused the problem, because they don't want the facts. And this is not new. The Reagan Administration's central priority, at all times, during the Savings and Loan crisis, was covering up the losses.

[Question] So, you're saying that people in power, political power, and financial power, act in concert when their own behinds are in the ringer, right?

That's right. And it's particularly a crisis that brings this out, because then the class of the banker says, "You've got to keep the information away from the public or everything will collapse."

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