

The Fall of the Wall : Hard Times in Money World

Can the Global Financial Sector Be Brought Under Control?

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There was once a wall on what is now Wall Street.

For many years it was walled off from what's called the real economy, the place most of us live, work, pay bills, run up debt and earn a living. Today, we seem to be walled off from where the financial relief is, with taxpayer funds flowing into the firms that caused or were complicit in this deepening crisis and bypassing workers losing jobs and industries, not to mention homeowners losing their homes.

Wall Street was once just a wall on a fort, actually a stockade built for the West India Company by the legendary Peter Stuyvesant, after whom one of New York's leading high schools is named. He used African slaves to build it first for the Dutch to defend their colony from the British. That slave labor was intimately connected to the origins of what we later dubbed the "free" market. Today an American, partly of African origin, assumes the Presidency and promises to stabilize that free market.

Over the years, they fortified that wall on Wall Street, expanding it to 12 feet by 4 feet to defend against Indian tribes, who may have been tricked into selling Manhattan Island for a pittance. (The Native Americans believed that no one could own land because it belongs to Mother Earth, and so many at first thought they were scamming stupid colonists in the New World's first real estate scam.) Sound familiar?

For many years, the area belonged quite literally to pigs, thousands of them, binging on garbage. Imagine that landscape then and picture the crime scene and symbol of greed that Wall Street has become.

It wasn't until 1792 that the New York Stock Exchange was built on the site of the stockade. Economist Max Wolf showed me around the other day for a film I am making on the crisis. He told me about the early days before big financial institutions colonized our economy.

"The early traders met under an apple tree next to a coffee shop. It was a very informal and small type of market in which a small number of affluent people made bets. It was all about a rich man game to make a little bit more money. And it was exciting. And it probably wasn't seen socially more than like a high poker club. But it has evolved in its social importance. So now it is the symbolic nerve center of American capitalism."

That apple tree morphed into the Big Apple which seems to be shrinking daily.

The first Wall Street crisis was an unexpected inferno. It sounds like the city's original 911. In 1832, out of the blue, the stock exchange was consumed by the Great Fire of New York.

Nearly 700 buildings were turned into cinders. The Marines were called in and blew up 17 city blocks to try to stop the fires' spread. They failed in that intervention as they would in many foreign adventures to come.

The official history of the City of New York offered this apocalyptic description of the carnage:

“Many of the stores were new, with iron shutters and doors and copper roofs, and in burning presented the appearance of immense iron furnaces in full blast. The heat at times melted the copper roofing, and the liquid ran off in great drops. The gale blew towards the East River. Wall after wall was heard tumbling like an avalanche. Fiery tongues of flame leaped from roof and windows along whole streets, and seemed to be making angry dashes at each other. The water of the bay looked like a vast sea of blood. The bells rang for a while and then ceased. Both sides of Pearl Street and Hanover Square were at the same instant in the jaws of the hungry monster.”

These images, resonating with references to the imperialism of an earlier era—slavery, pigs, suppression of native peoples, military overreaction, apocalyptic fire, and the “jaws of a hungry monster” — could easily be reconjured up all these years later to try to make sense of the spreading financial “fire” burning down modern Wall Street, even though many of its uber-affluent players have dispersed uptown and around the world, linked by a ganglia of globalized electronic webs and networks.

The investigation of that great fire never identified who was to blame just as so much of the journalism reporting on the massive market meltdown today— what’s been called a “credit storm” or “financial tsunami”—avoids most deeper analysis or, heaven forbid, assessing blame.

Today, Wall Street is walled off in another way. It’s become a domestic replica of Baghdad’s highly fortified Green Zone, with a small army of well- armed private security guards supplemented by platoons of New York Police with submachine guns. Hundreds of millions are being spent on new security cameras on top of the vast treasure it took to get the markets up and running in the aftermath of the 9/11 attacks.

These cameras are pointed outward when they should be turned around to document and monitor the inner world of the unelected deal-making elite who orchestrate the allocation of resources in the world economy. Their choices or lack of them frame the debates of our politicians and structure our economy and economies worldwide. Their fraud and chicanery has brought down the world economy.

Ironically, the cops guarding THE STREET did not detect the billions of dollars that disappeared into the coffers of greedy bankers and blue chip investment houses right in front of their faces. They watched but they did not see. They patrolled dutifully but missed the plunder they were protecting.

The irony is that this expensive obsession with security has made us more insecure. In fact, you would have to say that the obsessive drive for security, physical and material, has led to massive economic insecurity by Americans losing jobs, retirement funds, and their homes.

Our media has put up a new wall around Wall Street by not doing its number #1 job:

following the money, finding out whose getting what, detailing the conflicts of interest and the latest theft that seems to be going on under the cover of a bailout that puts billions into the coffers of the very people who should be investigated.

Where's the outcry when you learn that more money has been spent to contain this crisis than was used in all of World War 11? There is none. Instead we have shrugs and rationalizations by pundits who missed the crisis in the first place. They are hiding behind a wall of timidity and deference as if they are embedded in the culture of the very corporations they are covering.

Where is the analysis of the likely impact of the bailouts underway? The Herald in Glasgow suggest their effect will be dire:

“The bailout at taxpayers’ expense is contributing to a further process of destabilization of the financial architecture by transferring large amounts of public money into the hands of private financiers. This, in turn, will place an unprecedented concentration of financial power in even fewer hands, driving large sectors of industry and the services into bankruptcy, leading to the layoff of tens of thousands of workers, thus simultaneously further depressing the real economy, while exacerbating the capital accumulation that caused the initial problem.”

These issues demand a deeper debate. In the meantime, we might want to say to our President-elect Barack Obama what a man he claims to have admired, Ronald Reagan, demanded of Mikhael Gorbachev in another time and place: “tear down this wall.”

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