

The Stranglehold the Banks have on our Economy

Financial Reforms Are Being Watered Down As Bailouts Are Up

By [Danny Schechter](#)

Global Research, January 05, 2010

5 January 2010

Region: [USA](#)

Theme: [Global Economy](#)

New York, January 4th: It's a new week, a new year, and some, erroneously believe a new decade. What's not new is the stranglehold the banks have on our economy quietly stashing more billions for more bonuses while still restricting the flow of credit. Bad loans have been supplanted by no loans.

Writers on the left continue to go after one bankster—the one we love to hate: Goldman Sachs which has become the poster boy for profiteering and even bad coffee served in their cafeterias. Most ignore the rest of the avaricious industry which is still volatile with big pockets of insolvency and dependence of government bailout funds.

While the media focused on the terror threat over Detroit, the terrifying reality in Detroit is ignored. AP reports, "DETROIT - One measure of how tough times are in the Motor City: Some of the offenders in jail don't want to be released; some who do get out promptly re-offend to head back where there's heat, health care and three meals a day.

"For the first time, I'm seeing guys make a conscious decision they'll be better off in prison than in the community, homeless and hungry," said Joseph Williams of New Creations Community Outreach, which assists ex-offenders."

With TV pumping out a steady diet of football, foolishness and constantly shifting breaking news, the people broken by the economic crisis are largely ignored.

What Americans don't know is that the US is forsaking advice and a chance to emulate what works in other countries.

While condemning the system in the old Russia, we are emulating the new by transferring wealth to our own oligarchs.

We have already forsaken England's National Health Service model for a plan to further enrich incompetent private insurers while ignoring London's new rules to tax banker bonuses and more tightly.

In fact, financial reforms are being watered down as the new Business Week reports on pro-business Democrats who are systematically watering down reforms. Financial journalist Gary Weiss calls our attention to this fear:

"A failure wouldn't surprise frustrated lawmakers disappointed by the turn in Washington. "My greatest fear for the last year has been an economic

collapse,” says Representative Brad Miller (D-N.C), who sits on Frank’s House Financial Services Committee. “My second greatest fear was that the economy would stabilize and the financial industry would have the clout to defeat the fundamental reforms that our nation desperately needs. My greatest fear seems less likely...but my second greatest fear seems more likely every day.”

More matter of factly, the New York Times reports, “big questions loom: Will the economy stage a robust recovery or just muddle along? Will the stunning rally in the stock market last? As the debate rages over how to prevent future crises, will Washington impose tough new rules on banks? More important, will banks fundamentally change the way they do business, or simply carry on as before?”

What do you think? There is, unfortunately, no laws stopping banks from carrying on as before.

With the public distracted by Christmas, terrorists and the fight between Fox and Time Warner over cable revenues, the government continued its bailouts in late December with billions more pumped in to mortgage giants Freddy and Fannie (even as their execs walk away with millions)

GMAC, the former GM owned lending arm, whose subprime loans sank the auto company, is receiving nearly another \$4 billion from Uncle Sam to subsidize their exposure to all the fraudulent loans on their books.

Writes Nobel Laureate Joe Stiglitz, “The bailout exposed deep hypocrisy all around. Those who had preached fiscal restraint when it came to small welfare programs for the poor now clamored for the world’s largest welfare program. Those who had argued for free market’s virtue of “transparency” ended up creating financial systems so opaque that banks could not make sense of their own balance sheets. And then the government, too, was induced to engage in decreasingly transparent forms of bailout to cover up its largesse to the banks. Those who had argued for “accountability” and “responsibility” now sought debt forgiveness for the financial sector.”

Meanwhile, some economists see the health care reform as really as another way to bail out the financial system. Economist Randall Wray denounces: “Health insurance “reform” that requires everyone to turn over their pay to Wall Street. Can’t afford the premiums? That is OK—Uncle Sam will kick in a few hundred billion to help out the insurers. Of course, do not expect more health care or better health outcomes because that has nothing to do with “reform” ... Wall Street’s insurers... see a missed opportunity. They’ll collect the extra premiums and deny the claims. This is just another bailout of the financial system, because the tens of trillions of dollars already committed are not nearly enough.”

This is clearly, as has been suggested, “wealth reform” not health reform.

Overall, economic truths are obscured and statistics fudged to promote perceptions of recovery. Noted The market ticker on Denninger.net as they reviewed their projections from last year.

He writes: “I dramatically underestimated the willingness and ability of “the criminal class” (that would be those in DC and on Wall Street) to lie, cheat, steal, paper over insolvency and get away with it - at least for a while.

Will this ultimately lead to an actual recovery? No. It mathematically can't. A short-term bounce in various metrics, yes, just like an insolvent person can spend on his credit cards until they get cut off and look like they're improving."

While we bitch about China's trade policies, their economy grows even as Beijing admits billions of dollars were stolen by corrupt officials who now face zealous if draconian punishment. The white collar crimes here at home are winked at with businesses allowed to pay fines rather than face prosecution. There has still been no serious investigation or crackdown.

Good economic news is heralded; ongoing economic realities are not. Example: much was made of falling monthly unemployment claims in December. That was the headline. The worries of analysts who believe that winter snow storms and Christmas were the reasons are buried.

Reports the Detroit Free Press, "The December jobless rate will likely be 10%, matching the previous month and down from 10.2%, a 26-year high, in October. Still, most economists expect the unemployment rate to remain above 9% through 2010, as companies are likely to hire at a slow pace as they wait to see if the current recovery continues."

At the same time youth unemployment stands at over 19 percent while minorities suffer twice that. Unnoted: many have given up looking for work or have watched their benefits run out.

As for foreclosures, they are expected to rise with a possible "Double Dip."

The mortgage modification schemes are not working largely because the government puts property rights of lenders above human rights of borrowers.

We need a moratorium on foreclosures caused by fraudulent mortgages and debt forgiveness.

So this is also why the economy and the predatory forces that plunder it must become our priority in 2010.

Danny Schechter is Mediachannel's News Dissector. His film, **PLUNDER; THE CRIME OF OUR TIME** will be out this year. See the new trailer at <http://plunderthecrimeofourtime.com/>. Comments to dissector@mediacannel.org

The original source of this article is Global Research
Copyright © [Danny Schechter](#), Global Research, 2010

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: **[Danny Schechter](#)**

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca