Wall Street Front Group Pleads for Government Help in New York Times OpEd

By Pam Martens and Russ Martens
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Kathryn S. Wylde, President and CEO, Partnership for New York City

After the U.S. government pumped the secret, astronomical sum of more than $13 trillion into Wall Street during the years surrounding the 2008 financial crisis to bail it out of its own greedy and reckless gambles, Wall Street is shamelessly asking for more government handouts in the opinion pages of the New York Times. The woman pitching this pathetic poppycock, Kathryn S. Wylde, was actually on the Board of Directors at the New York Fed during the crisis – the very institution that sluiced the secret $13 trillion into Wall Street's coffers.

If you live outside of New York City, you've never heard of the Partnership for New York City. Even if you live inside New York City, unless you're part of the black tie cocktail circuit, you've still never heard of the group. So when the New York Times gave a chunk of its opinion pages on Monday to Wylde as President and CEO of the Partnership for New York City to plead for government help for Wall Street, it really needed to do the ethical thing and fess up that this is a brazen front group for the financial services industry.

The Co-Chair of the Partnership for New York City is James Gorman, Chairman and CEO of Morgan Stanley. Morgan Stanley pocketed a cool $2 trillion in low-cost loans from the New York Fed, much of it at an interest rate of under one-half of one percent during the crisis.

In March of this year, Senator Elizabeth Warren revealed in a Senate hearing that the New York Fed handed out $2 trillion each in these cheap loans to Morgan Stanley, Citigroup and Merrill Lynch and rolled them over for about two-years. Back in 2008 and 2009, an investor could still get more than 3.5 percent on the 10-year Treasury note. If these three banks did nothing more complicated than make 3 percent on these loans by investing in the 10-year Treasury, you're looking at $60 billion in profits per year per bank, or more than $360 billion in profits for all three banks over that two-year period. On Wall Street they call that arbitrage; on Main Street they call that looting the public purse.

Now, millions of struggling Americans could have made that same trade if they had been offered money by the government at half a percent. Student loan debt at that time stood at approximately $640 billion. More than half of that could have been wiped out with that trade. If the $360 billion in profits had been used to buy $200,000 homes that were under water from Wall Street's mortgage securitization schemes, 1.8 million homeowners could have kept a roof over their children's heads instead of being thrown out into the streets after losing a job because of the epic Wall Street collapse.

Another Board member of the Partnership for New York City is Henry Kravis, co-head of private equity firm Kohlberg Kravis Roberts & Company. According to Forbes, Henry Kravis is worth $5.1 billion. How did he get so rich? In no small part through a government handout called carried interest which allows a monster portion of earnings paid to Kravis to be taxed at 20 percent instead of the 39.6 percent for regular wage earners. Hedge funds, private equity funds, and various other investment funds tied to Wall Street get this obscene perk which lacks even a modicum of logic.

One sharp-eyed New Yorker caught this red flag in Wylde's pitch in the New York Times when she was spinning how vital Wall Street is to the city's economy.

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Articles by: **Pam Martens**
and **Russ Martens**