

Can We Stop the Banksters from Killing Financial Reform?

Why Wall Street Is Pleased By the Focus On Debating Health Care

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New York, New York: The thermometer is in the red as the heat of August blends into the steam of the health care fight. These two hot subjects seem to be fogging up TV screens during these dog days as the righteous right take up the tactics of the militant left to create the impression that health care reform is a commie plot. For his part, President Obama insists a bill will pass and that “sensible proposals” will prevail.

What is “sensible” these days?

You can count on that gruesome threesome—Bill, Glenn and Sean—to go ballistic whenever it appears that our government is going to do anything beneficial for the people. There’s always a million reasons why it won’t work, or worse, sink the Republic. Rush Limbaugh alternates between arguing that President Obama is a racist, a communist or a Nazi.

George Orwell would be staggered about how prophetic he had been.

These summer soldiers and sunshine patriots and their tea baggers and the dispatch a mob they’ve incited to yell at members of Congress are strangely silent when it comes to questioning profiteering by health care insurers and the banks. It is as if the only enemies are in Washington, not on Wall Street. They are mostly silent about the bank bonuses and pervasive corporate crime.

If health care reform is at risk, financial reform seems like a non-starter. The empire is striking back, and suddenly what were once considered modest reforms are running into roadblocks as they are branded the work of Bolsheviks..

On the issue of bonuses—the one financial matter that seems to piss off the public the most—in 2007, banks gave out bonuses worth a staggering \$1.6 BILLION— there is now a debate about allowing bonus guarantees. These were once tied to performance but even that criteria is being watered down.

The New York Times tell us, “A guaranteed bonus might strike many people as a contradiction in terms. But on Wall Street, banks have become so eager to lure and keep top deal makers and traders that they are reviving the practice of offering ironclad, multimillion-dollar payouts — guaranteed, no matter how an employee performs.”

Not a bad job if you can get one — you can a bonus even if you do lousy. This debate led the newspaper of record to observe. “The resurgence of bonus guarantees underscores just

how difficult it is to control Wall Street pay, despite the public outcry over how taxpayer money is being spent.”

But is worse than that, much worse. I had to go to Canada to find a more comprehensive press report on how the fraud factories are winning the battle against new regulation.

David Olive writes in the Toronto Star, “You would think after global financiers triggered the current, unprecedented worldwide recession and credit crisis, they might embrace inevitable reforms that their reckless conduct made necessary.

You would be disappointed.”

And that’s an understatement, (or to quote Ellen Brown, “its an understatement to call it an understatement,”) Olive tells us that the banks, having bought up much of the Congress, now feel emboldened enough to tell the reformers to shove it:

“For the financiers, to their dishonor, have not so much as tendered an apology for their craven, mass departure from prudence, or what Barney Frank, the Democrat representative for Massachusetts, labels their “moral deficiency.”

“Instead, the financiers and their powerful lobby groups are resisting any new legislated constraints on the behavior by which they nearly brought themselves and the global economy to ruin. Adding insult to injury, banks have jacked up credit card rates to 27 per cent and more on the same Main Street taxpayers who rescued them. “

Everyday brings more news of their arrogance and avarice

The Financial Times reports: “US banks stand to collect a record \$38.5 BILLION in fees for customer overdrafts this year, with the bulk of the revenue coming from the most financially stretched consumers amid the deepest recession since the 1930s...The fees are nearly double those reported in 2000...

“The Federal Reserve is working on rules on overdraft fees, and rules on customer charges could be a priority of the Obama administration’s proposed Consumer Protection Agency if approved by Congress.”

No wonder the banks want to kill the proposed agency.

Bear in mind, this crisis did not happen by accident or just by some mistakes. It was not an accident argues the The Bond Tangent Blog (Via Baseline Scenario):

“Financial institutions did not amass trillions of dollars of toxic assets and tangle themselves up in a destructive web of credit derivatives by accident. Financial institutions did not produce and maintain technology allowing them to take advantage of traditional investors by accident. A thief was not able to operate a multi-billion-dollar Ponzi scheme for decades by accident. We are not talking about the occasional rogue trader here who has bribed his compliance officer. Even within the existing regulatory architecture, these activities required a considerable amount of complacency (to be polite) by financial regulators across agencies, over the course of many years, and through many cycles of political appointees from both parties.”

Was it complacency or more like complicity? Nothing is likely to change unless there is

pressure from below. And that pressure is not going to come from the right.

So where should it come from?

As for the cost of inaction: Obama spoke to that on July 22: "If we don't pass financial regulatory reform, the banks are going to go back to the same things they were doing before," he said "In some ways it could be worse, because now they know that the federal government may think they're too big to fail. And so if they're unconstrained (by stricter regulations) they could take even more risks."

Write that down. Put in a bottle or a time capsule, text it as a memo to yourself on your I-Phone and twitter your followers. If the banksters are not brought to heel, we will have survived this crisis only until the next one erupts.

Mediachannel's NewsDissector Danny Schechter is finishing The Crime of Our Time," a film and book on Wall Street Fraud. (www.newsdissector.com/plunder.) Comments to dissector@mediachannel.org

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