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Obama Regulatory Reform Plan Officially Establishes Banking Dictatorship

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President Obama's plan to give the privately-owned and unaccountable Federal Reserve complete regulatory oversight across the entire U.S. economy, which is likely to be enacted before the end of the year, will officially herald the beginning of a new form of government in the United States – an ultra-powerful banking dictatorship controlled by a small gaggle of shadowy and corrupt elitists.

The new rules would see the Fed given the authority to "regulate" any company whose activity it believes could threaten the economy and the markets.

This goes a step further than the centrally planned economies of the Soviet Union or Communist China, in that the Federal Reserve is not even accountable to the U.S. government, it is a private entity that according to former Fed chairman Alan Greenspan, is accountable to nobody but the banking families that own it.

Obama's regulatory "reform" plan is nothing less than a green light for the complete and total takeover of the United States by a private banking cartel that will usurp the power of existing regulatory bodies, who are now being blamed for the financial crisis in order that their status can be abolished and their roles handed over to the all-powerful Fed.

According to an Associated Press report today, Democratic leaders have committed to enacting the plan before the end of the year and Republicans in both the House and Senate have indicated that they won't stand in the way of the overhaul.

"The final plan....is expected to sidestep most jurisdictional disputes and simply impose across the board standards to be applied by all financial regulators, according to administration and industry sources, " reports the Washington Times.

In other words, the Fed, which is already totally unaccountable to Congress, is to be placed in complete control of the entirety of the U.S. financial system, to do as it wishes without repercussion.

As the LA Times reports, the government, in conjunction with the private Federal Reserve, would effectively have the clout to simply seize and take over any company it desires.

In order to appease those opposed to the plan, such as Sen. Christopher J. Dodd, chairman of the Committee on Banking, Housing and Urban Affairs, the Obama administration has agreed to create a "watchdog" council of regulators to "advise the Fed".

However, as former chairman Alan Greenspan has most recently pointed out, given that the

Fed is an independent entity, and therefore accountable to no one, it will have the power to simply reject and overrule any advice it is offered.

Pointing out the flagrant conflict of interest in empowering the Federal Reserve to essentially regulate itself, Professor of public affairs at the University of Texas at Austin Robert Auerbach writes, “The Federal Reserve has massive conflicts of interest that make it ill suited for its present regulatory functions and certainly for an expanded regulatory reach. The officials leading the Fed today preside over an organization that is run in substantial part by the bankers they regulate. Bank regulation begins at its 12 district Federal Reserve Banks, each governed by a nine-member board of directors, two-thirds of whom are elected by the bankers in the district.”

As economic author Nomi Prins highlights, Obama’s plan does nothing whatsoever to fix the excesses of financial institutions blamed for the financial collapse, it only ensures their continued operation and an expansion of the practices that contributed to the economic crisis in the first place.

“The ’sweeping overhaul’ of the financial system detailed by Geithner on behalf of the Obama administration does not overhaul the system at all,” writes Prins, “giving the Fed a bigger role, creating a ‘council of regulators’ to oversee the existing oversight bodies and allowing the biggest Wall Street players to maintain their status, leaves the system intact.”

“The Federal Reserve is not a fully public entity. It has amassed a set of $7.87 trillion worth of facilities and other entities through which it has lavished cheap loans in return for questionable collateral from the banking system. It has kept the true nature of these transactions a secret despite numerous FOIA requests. And, it has actively promoted the creation of bigger institutions in a chaotic environment, rather than putting the brakes on the creation of these giants,” concludes Prins.

Proof that the agenda of implementing overt financial dictatorship is being carefully coordinated can be seen in the fact that an almost identical scheme is also being set up in the United Kingdom, where “The governor of the Bank of England has called for greater powers to allow it to fulfil its new role of promoting financial stability,” according to a BBC report.

Just as in the U.S., King is calling for traditional independent regulatory bodies to be all but abolished and replaced by the Bank of England itself, which just like the Federal Reserve is a private outfit with no accountability to the government whatsoever.

The mainstream media, for the most part, has reported the oversight plan as a much needed regulatory crackdown on those responsible for the financial crisis. However, the details of the plan constitute almost exactly what lobbyists for leading bankers have been pushing for over the past few weeks.

“All derivatives contracts will be subject to regulation and all derivatives dealers subject to supervision,” Treasury Secretary Timothy F. Geithner said at a Time Warner Economic Summit in New York on Monday, also noting “When you have too many people involved, there’s an accountability problem.”

As we reported earlier this month, heads of nine of the biggest banks in the derivatives market, including JP Morgan Chase, Goldman Sachs, Citigroup and Bank of America, secretly lobbied to keep derivatives under Federal Reserve "oversight" and away from real scrutiny.

As reported by The New York Times, they all met secretly to discuss how to use the lax regulation and institutional secrecy of the NY Fed to shield their credit-default swaps business from prying eyes and attempts at regulation.

The banks formed a lobby– the CDS Dealers Consortium– only weeks after accepting TARP funds in October 2008 to protect its interests. Heading this effort was Edward Rosen, who previously helped fend off derivatives regulation. Rosen wrote and circulated a "confidential memo" to the Treasury Department and leaders on Capital Hill, making their agenda clear, the Times reported.

Rosen and his backers propose that derivatives be "traded in privately managed clearinghouses, with less disclosure," according to the Times. The clearinghouse of choice for the big banks in Rosen's CDS Consortium is ICE U.S. Trust, which is in turned regulated only by the Federal Reserve system.

So the upshot of all this is that the bankers get what they want, are allowed to carry on as they were, while at the same time the fractional reserve banking system and the federal government are both greatly expanded and empowered, and the compliant corporate media ludicrously tells us that a strict crackdown is underway.

This kind of activity is exactly what some leading representatives have warned of in recent weeks.

A fortnight ago, the Democratic Chairman of the Agriculture Committee, Collin Peterson, announced to the press that "The banks run the place," in reference to the US Congress.

While Peterson is also pushing for legislation to regulate derivatives trading, his proposed bill would limit derivatives trading to public exchanges, rather than private clearinghouses, which are managed by banks.

Peterson's warning mirrors that of Democratic Senator Dick Durbin, who just a few weeks before uttered the same rarely acknowledged truth.

"And the banks — hard to believe in a time when we're facing a banking crisis that many of the banks created — are still the most powerful lobby on Capitol Hill. And they frankly own the place," Durbin said.

How simultaneously dangerous and ridiculous it is that the Federal Reserve is given more authority to oversee the economy. This is the same privately run entity that refused to comply with congressional demands for transparency and disclose the destination of trillions dollars in bailout funds. It is the same privately owned entity that has withheld internal memos, in spite of freedom of information act requests. It is the same private entity, run for the most part by European banking elites, that has arrogantly refused to tell Senators and Congressmen which banks were in receipt of government loans.

The government is ready to hand over everything to a monolithic private corporation and a gaggle of bastard banker offspring, that have gobbled up an amount close to the entire GDP of the country in taxpayers' money and figuratively stuck the middle finger up regarding questions over where that money has gone.

It can be no more apparent than at this time that legislation to audit, repeal and eventually end the Federal Reserve, must be supported by Americans if they want to see their children and their grandchildren grow up without indentured debt and entrenched servitude to a fascistic marriage of private banks and hugely inflated government.

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