

# To Organize Against Wall Street, We Need a Narrative Focusing on Crime and Massive Fraud

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In politics, it's always all about the narrative, about how issues are framed.

As we ask ourselves, how we can be experiencing the largest economic meltdown in decades with millions out of work, and millions more losing their homes, and yet, with no real mass mobilization or ongoing response from the progressive world.

To understand this paradox, we need to reflect on how most of us we define the problem.

To this day, there has not been an aggressive investigation of who and what brought down the system ala the Pecora Commission appointed by FDR. Instead we have a wimpy ineffectual body that can't get its act together. The New York Times, which hailed its appointment, now buries its defacto obit way back in the business section, noting it has "been hobbled by delays and internal disagreements and a lack of focus,"

At the same time, the bookshelves are filling up with volumes of complicated treatises on the complexities of derivatives, risky profit models and credit default swaps. The practitioners of the "dismal science" of economics are having a field day with longwinded dissertations that fail to engage the popular imagination.

We had a word for this when I worked in network television—MEGO, standing for "My Eyes Glaze Over!"

More popular writers are spinning catchy "yarns" like "The Big Short" which put it all down with psychologically-driven, character-based storytelling to how deluded everyone on Wall Street was. That leaves us feeling superior to the dunderheads who lost us trillions and, then, laughed all the way to their mansions in the Hamptons.

Hahaha.

Missing is a hardnosed look at the financial crisis as a crime story—an approach that allows for morality as well as indignation, and resonates with public anger. It touches the nerve that most people feel.

This is why former Bank Examiner William Black focuses on looting and CEO fraud. He helped send over a thousand bankers to prison during the S&L crisis in the 1980's.

And, this is also why Senator Ted Kaufman of Delaware, the state where most of our corporations are registered, says categorically the whole crisis rests on a foundation of crime.

Even Alan Greenspan admitted in his all too polite exchange with that government financial inquiry that resembles a Princeton seminar, “if you don’t have enforcement, and a lot of that stuff was just plain fraud, you’re not coming to grips with the issue.” Of course, this “maestro” didn’t go into detail on “a lot of that stuff.”

Mostly, what we are watching is an obtuse debate about banks that are “too big to fail,” not too big to jail. Very little of the discourse speaks in terms of the victims—the millions of families now without breadwinners or homes.

Most of the coverage looks up at CEOs, not down at the people who they –and their businesses—robbed by design, as Bob Dylan once put it, “not with a gun but a fountain pen.”

Sometimes, we don’t see what’s in front of our faces. No one who has followed the details of the catastrophe can deny that a financial failure was facilitated by the media failure to follow its trajectory and detail its criminality, causing inattention and denial within a distracted public, including its activist wing.

When most of us think of crime, we think of gangsters, not banksters, wrong-doers who can be shamed, named and if possible prosecuted. Conditioned by years of movie-going and TV watching, we look for bad guys, individuals, not institutions with well elaborated schemes designed to transfer your wealth to their vaults.

In that respect, Bernie Madoff was the perfect villain, a poster child for financiers gone wild. Who doesn’t want to kick a “Ponzi King” when he’s down? Alas, Madoff’s \$65 billion dollar fraud was child’s play when compared to what the bigger firms pulled off.

There is another frame, which has yet to be adopted by the left or the mainstream media. It was articulated simply by Graydon Carter, the editor of Vanity Fair, a publication more at home with Groucho Marx than Karl. He wrote of the meltdown “[This] may well turn out to be greatest non-violent crime against humanity in history ... never before have so few done so much to so many.”

This is way I came to see the problem as I followed the money and examined how it was made. We are talking about what’s known as a criminal enterprise, a cabal, not simply a few high profile marauders.

It is the kind of crime that needs to be prosecuted under the Rico laws that not only recognize but go after real world, not imaginary, criminal conspiracies.

As I explain in my film *Plunder The Crime of Our Time* (Disinfo Films) and more detailed companion book, *The Crime Of Our Time* (Disinfomation) there were three interconnected rings in this circus.

First there was the housing bubble built around what the FBI called an “epidemic of mortgage fraud.

Then, there was the bundling, securitization and resale of those shady loans worldwide with phony assessments of their “asset” values by ratings agencies on the payroll.

And, finally, there were insurance scams by companies like AIG that guaranteed payments

to those that knew there would be massive defaults and foreclosures. The insurance boys and the bankers leveraged their investments into pyramids of trillions with bogus algorithms that even they couldn't understand.

This created a system staffed by tens of thousands of "professionals" who pumped out phony products on an assembly line, legitimating them with the imprimaturs of financial institutions that practiced voodoo accounting. As James Kwak explained on BaselineScenario, for banks, "there is no contradiction between fleecing customers and making lots of profits (which is what makes you safe and sound).

- (a) Originate bad loans;
- (b) Pocket fees;
- (c) Sell bad loans to an investment bank for distribution;
- (d) Repeat."

Inside the industry, the term of art was "extraction," another way of saying looting. A risky super-leveraged capital structure was built with no objections from politicians who took their cut and regulators who seem to have been hired to look the other way

My learning curve on these issues took off back in 2005 with research for the film, *In Debt We Trust*, somewhat prophetically subtitled, *America Before The Bubble Bursts*. It warned of what could happen to our economy citing far more enlightened seers than myself.

We examined the growing wall of debt encouraged by massive predatory lending and mindless consumption.

We worried about the financialization of the commanding heights of the economy, a concentration of wealth and power in a Wild-west like financial services industry that came to dominate the economy with 40% of all corporate profits.

The wall I later ran up against was more than a Street; it was a tower of indifference. I was asked: How could you be so negative about what was then an economic boom enriching so many? Was I a doom and gloomer, or an alarmist? I was told: "your apartment has gone up in value. Relax?"

I soon felt ignored and marginalized when other perhaps more "sexy" issues, (mostly partisan and political and often personality driven) drove the public discourse. No wonder, most progressive activists missed it too.

As analysts finally got around to explaining the crisis, their lists of what went wrong ignored predatory lending and white-collar crime. Challenging this view were Professor/authors like Michael Hudson, a former chief economist at the Chase Bank (and, as it turns out, a cousin of the late Leon Trotsky, a relationship of which Chase was probably unaware).

He told me: "In practice, fraud is what has brought down almost every single expansion, every bank take over, the saving and loan crisis in the 1980's, the stock market crisis in the 1920s..."

In fact, a closer look at what happened in these events reveals substantial corporate

larceny, a term widely used by the late John Kenneth Galbraith in his recounting of the great depression.

It seems as if this lesson falls victim to amnesia, or perhaps the techniques are just passed along with a wink and a nod from generation to generation.

For every journalist willing to acknowledge pervasive criminality, others obscure the issue, as in a CNN Money article that asks, “Who caused the financial crisis, villains or jerks?” (Predictably, they leaned towards the latter.) Apparently, in TimeWarner’s world, you can’t be both?

So, yes, we need a jailout, not just a bailout, but we need more than that. Financial industry insider Max Wolf told me “I think you will see a bunch of people get some prison sentences. More importantly, and a bigger question to me is, will we see a structural change or will we go through a long, bad recession while we waste our money struggling to rebuild an unsustainable system that should have never been erected in the first place?”

So far, we haven’t seen those sentences, nor does it appear we will ever see those structural changes at the rate change is going, The Crime of Our Time goes on.

There’s one delicious irony: the first major media organization to interview me was Rupert Murdoch’s Wall Street Journal. Finally, they found an anti-Wall Street film that’s “not just for Michael Moore fans.” Amen.

Filmmaker and News Dissector Danny Schechter edits [Mediachannel.org](http://mediachannel.org). For more on his film, visit [plunderthecrimeofourtime.com](http://plunderthecrimeofourtime.com).

Please see/link  
<http://blogs.wsj.com/deals/2010/04/08/this-anti-wall-street-film-isnt-just-for-michael-moore-fans/tab/print/>

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