

A Good Suit Makes the Man

Written by Reggie

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Sandy Weill's name may not be a household word, but it should be. If you want to blame just one man for the banks eating us all alive, he would be the one. As head of Citi-Group (or rather the bank that would become Citi-Group) he pushed through the repeal of the Glass-Steagall Act that had kept the banks in check for 2/3 of the 20th century.

He and others of his ilk were able to sell the idea (or more accurately buy the belief from politicians, the media and so-called experts) that modern bankers knew what they were doing. After all there hadn't been a banking collapse since the end of the Republican Hoover administration in 1933.

Once the merger of deposit banking, investment banking and insurance were merged, all bets were off, (or rather they were on, big time). Investment banking includes all manner of risky trading in derivatives, the sale of dodgy investment schemes, proprietary stock trading operations, and on and on.

These mega banks use market churning to run prices up and down, making money both ways. They drive up food prices by tying up supplies anytime there is anything like a shortage. In the developed countries we pay more for food when we don't need to. In the countries where most people pay half their income for food, people starve.

Did you notice the price of gasoline in 2008? When the banks froze up and couldn't dominate commodities trading, the price fell from \$4.25 to a \$1.75. The right wing constantly quacks that Obama doubled the price of gas the day he took office. No, the banks were bailed out by the Federal Reserve to the tune of \$23 trillion in zero interest loans and the government backing for their junk paper, or what they chose to call toxic assets (as if they were so how assets).

The banks went right back to it, Democrats did pass Dodd-Frank which banned them from commodity trading, but Republicans have blocked it. The Volker Rule is supposed to reinstate the barrier between gambling and government insured deposits, but it's more like a screen door.

The Consumer Financial Protection Bureau (CFPB) is having significant success, they are forcing Capital One to return \$150 million they swindled from card holders. The CFPB made them to actually return the money and not simply issue some coupons, as has been the past result of the DOJ enforcement attempts. They also collected \$60 million in fines that is more than the new agency's entire budget.

The Libor scandal is just the latest revelation in market rigging. The big banks kept the interest rate they claimed to be paying to get money artificially low. This caused all of the banks to simply stop lending, as it was too risky for the return. This was what finally brought on the

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banking collapse. If they hadn't been doing this, or at least not so greedily, they could have put off the collapse until Obama was President, which was certainly the plan. Now things aren't going so well politically.

Sandy Weill is 79 and is Chairman Emeritus at Citi and suddenly he wants it all reversed and Glass-Steagall put back in place. Either he is looking to get a berth in one of the cooler outer circles, like Republican propagandist Lee Atwater who sought forgiveness on his death bed, or maybe Sandy just trying to deflect attention away from the billions he stole.

It's possible that the bankers are losing hope that they can win in November and are simple trying to recreate their image. Al Capone was extremely popular with people he wasn't killing, know to be kind and generous. The difference is that Al made a popular product (mostly beer). The bankers don't produce anything, they are simply robbers. Both groups like nice suits and give to charity.

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