JPMorgan Chase profits jump 55 percent in first quarter of 2010

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US banking giant JPMorgan Chase raked in $3.3 billion in profits in the first quarter of 2010. This marked a 55 percent increase over the first quarter of 2009, when the banking firm took in $2.1 billion in profits. Earnings rose from 40 cents per share in 2009 to 74 cents per share this year.

While numerous financial analysts point to the soaring profits of the big banks as evidence that the economy is strengthening, a look at the numbers suggests something different. Having looted the public treasury with the aid of the Bush and Obama administrations, the banks are returning to profitability through the same parasitic practices which produced the crisis in the first place.

Most of JPMorgan Chase's profits were made trading in mortgage-backed debt securities, with $2.4 billion in first quarter revenues. This is a 54 percent increase from 2009. The firm's consumer-based businesses, however, have suffered significant losses. Chase Retail Services, the firm's mortgage and retail banking wing, saw a loss of $131 million in the first quarter, a steep drop from the $474 million in profits it made in the first quarter last year. Chase Card Services lost $303 million.

JPMorgan received $25 billion in the federal bailout through the Troubled Asset Relief Program (TARP). This was essentially "free money," awarded to the banks without restrictions. While the supposed aim of the TARP bailouts was to facilitate an increase in lending to small businesses and households in order to strengthen the economy, little of this actually occurred. Lending to households and businesses has continued to drop. Interest rates on credit cards have risen and home foreclosures have increased.

Instead of using TARP funds to facilitate lending, JPMorgan and other banking firms have increased their profits by returning to predatory and speculative financial maneuvers. At the same time, the banking executives have also come out in opposition to even the token measures proposed by the Obama administration to regulate their industry.

Feeling themselves in a position of power, with profits on the rise and no significant opposition to their interests in Washington, representatives of JPMorgan Chase and the other banks have begun an aggressive campaign to defend themselves against calls for reform and transparency. JPMorgan has lobbied against the creation of a consumer protection agency which would monitor common banking practices such as hidden fees, predatory lending, and sudden increases in interest rates on credit cards.

Rejecting a proposal that the banks reduce the loan principals of mortgages for struggling homeowners, JPMorgan Chase's Home Lending CEO, David Lowman, speaking this week at a congressional hearing held by the House Financial Services committee, commented: "In Chase's view, such [broad-based principal reduction] programs could be potentially very harmful to consumers, investors and future mortgage market conditions and should not be undertaken without first attempting other solutions, including more targeted modification efforts." Testifying along with Lowman against principal reduction programs were representatives of Bank of America, Wells Fargo and Citi Mortgage, Inc.

Among the proposals for reform drawing the most hostile response from the banks has been the "bank fee," proposed by the Obama administration in order to recover a small portion of the bailout funds handed out. JPMorgan CEO Jamie Dimon said of this relatively minor proposal, "Let's not call it a bank fee, and call it what it is—a punitive bank tax."

Such arrogance is not unique to Dimon. With millions facing unemployment, home foreclosures, the inability to afford basic necessities such as food, heat and light, and the destruction of essential social programs, the billionaire executives of highly profitable banking institutions paint themselves as the victims of a deeply unfair publicity campaign.

The attitude of the bankers was summed up in the April 1 edition of *Business Week*. The magazine essentially turned itself into a platform for Goldman Sachs executives to make their case to the public. The headline and subhead of the story said everything: "Goldman Sachs: Don't Blame Us—When it comes to its role in the financial crisis, Goldman Sachs has a message for the world: Not guilty. Not one bit."

Speaking of the prevailing popular anger against the banks and the widely-held belief that they were responsible for the present economic disaster, David Viniar, Goldman Sachs Chief Financial Officer, told *Business Week*: "This has been one of the most frustrating experiences of my 30 years with the firm."

Goldman Sachs took in $13.4 billion in profits in 2009. The persecuted Mr. Viniar earned $837,365 in 2009, and, on top of that, was handed a $9 million bonus, along with other top executives.