

Wall Street speculators continue to rake in billions

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6 March 2012

Three and a half years after the eruption of the financial crisis, the Wall Street speculators responsible for the crash continue to rake in billions of dollars while benefiting from ongoing government bailouts and a de facto amnesty for their crimes.

The 40 highest-earning hedge fund managers took home a combined \$13.2 billion last year, with the top 10 earning more than \$200 million each, according to a survey published last week by *Forbes* magazine.

Raymond Dalio, the head of Bridgewater Associates, the world's largest hedge fund, made \$3 billion. Close behind was James Simons of Renaissance Technologies, who took in \$2.1 billion. Third was the well-known corporate raider Carl Icahn, who pocketed \$2 billion.

Dalio's pay nearly equals this year's \$3.5 billion federal budget for home heating assistance. The Obama administration has cut the program by \$1.5 billion since 2010 on the grounds that "there is no money" to keep the poor from freezing.

The government policies that have enabled financial parasites to continue to cash in despite the worst economic crisis since the Great Depression are exemplified by the case of the insurance giant American International Group (AIG). Andrew Ross Sorkin of the *New York Times* reported last week that the company, which received over \$182.3 billion in taxpayer funds at the time of the bank bailout, was given a tax windfall of \$17.7 billion last year.

This enabled the company—whose lucrative business speculating in credit default swaps played a central role in the financial meltdown—to report a fourth-quarter 2011 profit of \$19.8 billion. "The tax benefit is notable for more than simply its size," Sorkin wrote. "It is the result of a rule that the Treasury unilaterally bent for AIG and several other hobbled companies in 2008 that

has largely been overlooked."

That tax dodge will allow AIG to pay no taxes this year and likely for the next decade. It will also enable AIG traders and executives to boost their bonuses, including CEO Robert H. Benmosche, who has been granted millions of dollars in stock options since 2009.

In 2009, when multimillion-dollar bonuses at the firm sparked a public furor, Obama intervened to scuttle bills in Congress to limit executive compensation at Wall Street firms that received taxpayer bailouts.

Not only has the Obama administration continued to bankroll the corporate criminals who precipitated the global crisis, it has shielded them from prosecution for their actions. So brazen is this whitewash, a few voices within the political establishment are calling for at least token legal moves to assuage popular indignation.

Phil Angelides, who headed the Financial Crisis Inquiry Commission, one of two major government inquiries into the causes of the financial crisis, published an op-ed column last Friday in the *New York Times* complaining of the refusal of the Obama administration to investigate and indict the financial criminals.

He summed up the state of affairs as follows: "Claims of financial fraud against companies like Citigroup and Bank of America have been settled for pennies on the dollar, with no admission of wrongdoing. Executives who ran companies that made, packaged and sold trillions of dollars in toxic mortgages and mortgage-backed securities remain largely unscathed."

Angelides' commission published a voluminous report last year documenting rampant fraud and criminality in the creation and marketing of toxic mortgage-backed securities. These processes led to the bursting of the housing bubble and collapse of the US and international financial markets.

The Senate committee published a similar report. Both cited specific securities and particular executives and, as Angelides wrote, “both entities referred potential violations of law to the Justice Department.”

The Obama Justice Department responded by doing nothing and the two reports were buried by the media.

It is little wonder that JPMorgan Chase CEO Jamie Dimon could declare at an investors’ conference last week, “We had record profits this year, last year, and I’ll be damned if we don’t have record profits in the next year or two.”

These facts are further proof of the dictatorship exercised by the financial aristocracy over the entire political system, including both major parties. The Obama administration, packed with Wall Street figures, including the former president of the New York Federal Reserve and current treasury secretary, Timothy Geithner, is itself an instrument of this oligarchy.

The working class can put an end to the plundering of society by the super-rich and secure its basic social rights—to decent-paying jobs, health care, education, housing, a secure retirement—only by mobilizing its strength against the Obama administration, the two parties of Wall Street, and the ruling elite whose interests they defend. This means fighting for a socialist program to break the grip of the financial oligarchs, expropriate their fortunes, and place the corporations and banks under the common ownership and democratic control of the working people.

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