# Former Fed Chairman Ben Bernanke hired by hedge fund Citadel

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Ben S. Bernanke, the former Federal Reserve chairman who funneled trillions of dollars in government funds to Wall Street, has been hired by Chicago-based hedge fund Citadel LLC, where he will presumably make millions of dollars.

Bernanke's new job constitutes little more than a kickback for services rendered to Wall Street and the financial elite more generally. As a result of policies he implemented during his eight years as Fed chairman, the profits of Wall Street banks and hedge funds, including that of his new employer, have soared to record highs.

If the United States were a genuine democracy, the announcement of Bernanke's new job would prompt vituperative public denunciations by senators and congressmen; hearings would be held, documents would be subpoenaed, and federal bribery charges would be drawn up against him.

Yet, since the story broke Thursday, the silence has been deafening. Not a single public official has prominently commented on the development, and major newspapers responded to the news with, at most, a shrug of the shoulders.

While Bernanke's pay package has not been publicly disclosed, commentators noted that it is likely to be at least seven figures. In the fourteen months since he left office, Bernanke has raked in hundreds of thousands of dollars in speaking fees, charging $200,000 per appearance, more than he made in a year at his job at the Federal Reserve. The *New York Times* noted that his clients included "hedge fund managers like David A. Tepper of Appaloosa Management, private equity executives like Michael E. Novogratz of the Fortress Investment Group and other financial institutions."

During the course of the 2008 bank bailout, which Bernanke played a leading role in orchestrating, the US government loaned nearly $7 trillion to the financial system, which was used to prop up over $30 trillion in financial assets—more than twice the yearly output of the United States.

It is also noteworthy that, during Bernanke's tenure, not a single bank executive was criminally prosecuted for helping to cause the 2008 financial crisis, despite ample evidence of criminal wrongdoing demonstrated by a series of voluminous congressional reports.

Under Bernanke's watch, the Fed initiated its so-called quantitative easing money-printing operation, which quadrupled the size of the Federal Reserve's balance sheet, injecting some three trillion dollars into the financial system.

These policies have fueled a massive run-up in the values of financial assets, causing the wealth of the financial oligarchy to soar.

Since 2009, the Dow Jones Industrial Average has nearly tripled in value. In the same period, members of the Forbes list of 400 richest people in the US have nearly doubled their net worth, which has hit a total of $2.9 trillion, or about one fifth of the United States' gross domestic product. Over the same period, the incomes of a typical household in the US fell by more than ten percent.

Bernanke's new employer has benefited handsomely from the policies implemented under Bernanke and continued under his successor, Janet Yellen. Citadel's manager, Ken Griffin, made a staggering $1.1 billion in 2014, making him the fourth-highest-earning hedge fund manager in the US that year. The firm manages $24 billion, and its clients had a rate of return of 18 percent last year.

According to the *Times*, "Bernanke said he was sensitive to the public's anxieties about the 'revolving door' between Wall Street and Washington and chose to go to Citadel, in part, because it ‘is not regulated by the Federal Reserve and I won’t be doing lobbying of any sort.’” Bernanke declared that he decided to go to work for a hedge fund, not a bank, because “I wanted to avoid the appearance of a conflict of interest... I ruled out any firm that was regulated by the Federal Reserve.”

Amazingly, no one within the media establishment, least of all the *Times*, has even questioned Bernanke’s absurd and self-serving defense of his shameless bribe taking. The fact is that the Fed functioned to inflate the values of all financial assets: transferring social wealth from the poor to the rich. Hedge funds benefited from this process no less than banks.

Bernanke joins a long list of fed officials, financial regulators and politicians who have cashed in on their services to Wall Street:

• In November 2013, former Treasury Secretary Timothy Geithner joined the hedge fund Warburg Pincus, where he now serves as president and managing director.

• Last month, former Federal Reserve governor Jeremy C. Stein was hired as an advisor for the hedge fund BlueMountain Capital. He had resigned from the Fed the previous May.

• Peter Orszag, the former head of the Office of Management and Budget under Obama, joined Citigroup in 2011.

• Alan Greenspan, who was Bernanke’s predecessor at the Federal Reserve, signed on as an advisor to the hedge fund Paulson & Co in 2008.

• David H. McCormick, who served as Undersecretary for International Affairs at the Treasury Department, is now co-president of Bridgewater Associates, the world’s largest hedge fund.

• William M. Daley, who served as White House Chief of Staff between 2011 and 2012, became the managing partner of Swiss hedge fund Argentière Capital in 2014.

Former regulators are far from the only ones cashing in. This week, Deval Patrick, the former governor of Massachusetts, signed on as a managing director at private equity firm Bain Capital. In 2013, David Petraeus, the former director of the Central Intelligence Agency, got a job at private equity company Kohlberg Kravis Roberts.

As the *Washington Post* put it, “There’s a metronomic quality to it. Anytime a public official leaves office, they write a book, maybe take a fellowship somewhere, and then, after a suitable amount of time has passed, take a job on Wall Street.”

The uniform regularity with which supposed federal regulators take jobs with the very industries they were in charge of policing underscores the fundamental reality that, far from seeking to restrain the illegal and criminal activities of the banks and hedge funds, the so-called regulators simply run interference for Wall Street, in exchange for millions of dollars in pay and perks after they leave office.