WTE column January 8, 2015. Editor's headline: "Expect another meltdown"
Casper Star Tribune of Jan 10, 2015: "Thee great megabank giveaway coming"

Financial experts have long argued that, to limit their political and economic clout, megabanks and megacorporations must be broken up into smaller, more manageable, entities.

The spending bill Congress passed before heading home for the holidays, which was duly signed by President Obama, contains a number of expensive giveaways. Caving in to TBTF ("too big to fail") banks may turn out the costliest to our economy, for it allows banksters to return with impunity to the gambling tables—at taxpayer expense, as before. Wall Street tycoons, already obscenely wealthy, may route even more money into their pockets, a portion of which they'll use to reward the lawmakers who backed the latest spending deal.

U.S. Rep. Kevin Yoder (R-Kansas), a second-term House representative whose largest contributors are in the finance industry, tacked on the provision, which was written entirely by Citigroup executives. It guts key elements of the finance-reform law ("Frank-Dodd") that put the brakes on banks' trading in risky derivatives. Last time around, these trading schemes caused trillions in losses, sparking the 2007/8 financial meltdown.

Opposition was mounted by Senator Elizabeth Warren (D-Massachusetts), an outspoken member of the Banking Committee. In a fiery speech before Congress and President Obama, she noted that Citigroup benefitted to the tune of half a trillion dollars from the 2008 bailout. Ms. Warren proceeded to decry "executive cronyism." She demanded the break-up of megabanks. She called for attention to the needs of ordinary Americans.

The Yoder ideology prevailed. For most of us, this means continued social inequality, along with declining job security. Worse, nixing Frank-Dodd virtually guarantees a replica of the 2008 havoc. In the midst of recovery we must prepare for the next economic crisis. More people will lose their homes, their retirement plans, their jobs—while banksters and Enron types gloat.

Under Dodd-Frank, which Congress passed in the wake of the 2008 crisis, banks could no longer keep their profits while allocating to taxpayers the fallout from reckless investing. Dodd-Frank required that banks split their commercial activities from their riskiest trading by creating separate corporations so that damage (including bankruptcy) would shift to the institutions themselves. Thanks to intense lobbying by the American Bankers Association, which spent $6.7 million on lobbying in 2014 alone, and thanks to JPMorgan/Chase CEO Jamie Dimon's telephone calls to budget legislators, taxpayers got shafted.

Dodd-Frank had its precedent in the 1933 Glass-Steagall Act, which prevented commercial banks from playing the financial markets. It was Reaganomics, certain that a free market would control its own excesses, which dismantled the firewalls, but it was President Clinton's treasury secretary Robert Rubin, a former Goldman Sachs executive, who dealt the deathblow to Glass-Steagall.

For his part, President Obama appointed Rubin protégé Timothy Geithner as his treasury secretary. Subsequently Mr. Obama shied away from criminal indictment of Wall Street fraudsters, despite abundant evidence that their gambles precipitated a national meltdown with damages worldwide.

Already the megabanks are back to the high-risk tricks that took down the economy but a few years ago. These banks have become so large, they are beyond regulatory fixes, observes Paul Roberts in "The Impulse Society." Just twelve banks, including JPMorgan, Citicorp, and Goldman Sachs, control fully 69 percent of the entire U.S. banking industry. Meanwhile, community banks struggle.

Hand in glove is the realignment that followed the Supreme Court's 2010 ruling in Citizens United, which removed the limits on campaign spending. Today's megacorporations may seek instant gratification "simply by buying the desired political outcome," notes the author, adding as an aside that two out of three U.S. senators and two of every five House members have a net worth of one million dollars or more.

Additionally, the finance sector's unrelenting quest for profits has produced tremendous market distortions via the shady habit of share buybacks. Such market falsification allows CEOs to engineer higher share prices and sky-high compensations for themselves regardless of actual performance. A rule change under President Reagan ushered in the practice, which is nothing if not "an illegal manipulation of the market."

If big firms took even a small fraction of the cash currently spent on the shifty practice—Apple alone has allocated one hundred billion dollars (that's billion with a "b") to buybacks—these companies could initiate university-like training for employees, including "the roughly forty thousand currently working in Apple's retail stores." Instead, megacorporations pursue a mindset of the workforce as nothing but costs to be reduced. Mergers and acquisitions continually shrink the labor pool.

Wall street types and TBTF bankers alike seem bent that ordinary people remain trapped and strapped, just so long as it gratifies their drive for quick profits. Capitalism has been stood on its head with the sickening fix of governmental bailouts. Another meltdown is in the works.