Military Resistance 9K13

My Story:
"Thank You Army"
"Its A Shame You Couldn't Have Been As Faithful To Me As I Was To You"

From: Shamon Taylor
To: Military Resistance Newsletter
Subject: my story
Date: Nov 21, 2011

I was always a good soldier...never questioned things, did what I was ordered to do to the letter.

Eleven years later after watching those under me pass me up for promotions and awards I was told by my direct leadership, my S1, and transitions that I would be forced out under retention control point. But I would receive $30,000 as severance pay.

Eight months later literally minutes from signing my DD-214 I am told NONE of that applies, all three agencies had mislead me.

I could have reenlisted, and no severance was due...plus since I was single and living on post the army withheld my final pay...so after over a decade of faithful service, no disciplinary actions, a clean service record I am left with no money, no job, and no home...thank you Army.

Its a shame you couldn't have been as faithful to me as I was to you.

Troops Invited:

Comments, arguments, articles, and letters from service men and women, and veterans, are especially welcome. Write to Box 126, 2576 Broadway, New York, N.Y. 10025-5657 or email contact@militaryproject.org: Name, I.D., withheld unless you request publication. Same address to unsubscribe.

DO YOU HAVE A FRIEND OR RELATIVE IN MILITARY SERVICE?

Forward Military Resistance along, or send us the address if you wish and we'll send it regularly.

Whether in Afghanistan, Iraq or stuck on a base in the USA, this is extra important for your service friend, too often cut off from access to encouraging news of growing resistance to the wars and economic injustice, inside the armed services and at home.

Send email requests to address up top or write to: The Military Resistance, Box 126, 2576 Broadway, New York, N.Y. 10025-5657. Phone: 888.711.2550

IRAQ WAR REPORTS

Car Bomber Penetrates Green Zone And Attacks Parliament Building:

"On Monday, And Throughout Much Of Tuesday, Ministry Officials Said The Explosion Had Been A Rocket"

November 29, 2011 By Sahar Issa, McClatchy Newspapers [Excerpts]

BAGHDAD — An explosion Monday in Baghdad's Green Zone that Iraqi officials at first attributed to a rocket that landed harmlessly in a parking lot was in fact a car bomb that detonated at the entrance to the parliament building and killed five people, officials revealed Tuesday.

The admission that a bomber had penetrated the fortified Green Zone, the first such attack there since April 2007, sent a wave of concern across the capital about the abilities, and loyalties, of Iraq's security agencies.

The attack targeted the speaker of parliament, Osama al Nujaifi, according to Nujaifi's spokesman. The speaker was uninjured.

Entry into the Green Zone, where Iraqi government offices and the U.S. Embassy are, is strictly controlled.

Vehicles that enter the area are subjected to thorough searches that include a review by dogs trained to discover explosives.

Only people who are carrying high-security badges that are either green or blue can avoid the search. Passengers without such clearances must present other identification and are required to leave the vehicle while it's being searched.

The explosion, which went off at 4:32 p.m., could be heard and felt at McClatchy's offices several miles away.

"If security inside the Green Zone can be compromised in such a way, then what about security in general?" said a high-ranking parliament official, who asked not to be identified because he wasn't authorized to discuss the issue publicly.

"This is not an ordinary breach. This is a scandal."

Ministry of Interior officials, whose forces are responsible for protecting the Green Zone, offered no explanation for how an explosives-laden vehicle made it past security checkpoints.

On Monday, and throughout much of Tuesday, ministry officials said the explosion had been a rocket. They didn't respond to requests for comment after the true nature of the explosion became public.

"The security authorities cannot admit it was a suicide bomber because they would lose face," the high-ranking parliament official said.

Details of the attack were made public by Aiden Hilmi, Speaker Nujaifi's media adviser, who disclosed what had taken place after a growing number of news reports cited unnamed people who'd witnessed the events before the explosion.

Hilmi said the suicide bomber was driving a black GMC SUV, the same color and make used by Nujaifi's motorcade.

Hilmi said the bomber attempted to join the motorcade inside the parliament grounds, but that guards stopped him and demanded identification badges. He backed up, changed direction and hit a curb. That's when the car exploded.

A source from the Iraqi police, who spoke only on the condition of anonymity because he isn't authorized to talk to journalists, said the explosion had killed or wounded five people.

Among the wounded was parliament member Muayyad al Tayib, a spokesman for the Kurdish coalition in parliament.

More Resistance Action

Nov 29 (Reuters)

BAGHDAD - A senior official in the oil ministry was seriously wounded when men armed with silenced weapons opened fire on his car in Baghdad's west-central district of Mansour, police and hospital sources said.

HIT - A parked truck bomb went off near an Iraqi army patrol and wounded two soldiers, in the city of Hit, about 130 km (80 miles) west of Baghdad, a local police source said.

BAGHDAD - A roadside bomb exploded near a police patrol and wounded three policemen, in Baghdad's northern Shaab district, police and hospital sources said.

MAHMUDIYA - A sticky bomb attached to the car of a local leader of the government-backed Sahwa militia exploded, seriously wounding him, in the town of Mahmudiya, about 30 km (20 miles) south of Baghdad, police said.

TARMIYA - Insurgents threw hand grenades at a Sahwa militia patrol and wounded two Sahwa fighters, in Tarmiya, 25 km (15 miles) north of Baghdad, police said.

MOSUL - A roadside bomb targeting a police patrol killed one policeman and wounded two others in the village of Shura, south of Mosul, a local police source said.

MOSUL - Insurgents wounded an off-duty policeman in western Mosul, police said.

KIRKUK - Five policemen were wounded when three roadside bombs exploded late on Monday near a Turkman provincial council member's house in central Kirkuk, 250 km (155 miles) north of Baghdad, police and hospital sources said.

AFGHANISTAN WAR REPORTS

Foreign Occupation “Servicemember” Killed Somewhere Or Other In Afghanistan: Nationality Not Announced

November 30, 2011 Reuters

A foreign servicemember died following an improvised explosive device attack in southern Afghanistan, Wednesday.

National Guardsman From San Jose, 21, Killed In Afghanistan

11/18/2011 By Mark Gomez and Mike Rosenberg, Staff Writers, San Jose Mercury News

Sean Walsh was all set to return home to San Jose for the holidays in just a couple weeks.

But the 21-year-old California National Guard soldier died in combat Wednesday in Afghanistan.

The specialist was killed of "injuries sustained after encountering indirect fire," in the Khost Province, according to a military news release.

"California lost a warrior this week," Maj. Gen. David Baldwin, adjutant general for the California National Guard, said in a statement. "Specialist Sean Walsh gave his life in proud service to his country and his fellow soldiers. His memory will stand as a testament to the bravery, selfless service and sacrifice of our state's citizen-soldiers."

His East Bay-based unit had deployed on a one-year tour to Afghanistan in December.

A tribute video posted to YouTube featured eight minutes of photos and videos of Walsh overseas, playing soccer, lifting weights, grilling food, playing a ukulele, riding a motorcycle, dancing and long-distance running.

One picture showed him alongside a sign joking about how the job was supposed to involve only one weekend a month.

There were also plenty of shots of him holding heavy weapons and shooting an assault rifle.

"SPC Walsh was doing what he had grown to love best while on our deployment -- rucking in gear, weapon in hand!" Sgt. Chavela Salazar, who posted the video, wrote.

"Only days for our return! We will fight this battle until the end for you, Pikachu! Rest in peace ..."

The video ends with him holding an "I love you, Mom" sign.

Walsh's Facebook page shows his passion for outdoor activities and sports. He also posted photos of himself parachuting out of an aircraft in military gear and practicing shooting.

"I have to say, I'm proud of him for completing this," his mother wrote after attending his army training graduation in 2009. "It's tough training, but he's now a part of a very large fraternity that has something in common. He's made friends that he'll have for the rest of his life."

Attempts to reach his family Friday were unsuccessful.

Walsh was assigned to the 185th Military Police Battalion, 49th Military Police Brigade based in Pittsburg. He is the second California National Guardsman to be killed in action in Afghanistan.

GI Killed In Afghanistan Was Preparing To Retire

Nov. 16, 2011 by Jim Walsh, The Arizona Republic

A career soldier with an artistic bent, Sgt. Johnathan McCain had decided he would retire from the Army after 20 years of service to spend more time with his family.

But McCain, 38, who had survived a mortar attack and earned a Purple Heart in Iraq, was killed Sunday in Afghanistan.

The Army said McCain, who was from Apache Junction and grew up in Chandler, was killed when his unit was attacked with an improvised explosive device in Kandahar Province and that six other soldiers from the 1st Stryker Brigade were wounded.

"It just killed me he had to deploy a third time," said Bob McCain of Gilbert, Johnathan McCain's father.

"He was totally 100 percent in love with the military and his country. He felt what he was doing was needed."

A father of four, Johnathan McCain was planning to turn in his retirement paperwork in April when he was scheduled to return from Afghanistan after a one-year deployment. He would have retired in 1½ years.

Johnathan McCain had already survived two deployments in Iraq, which included a brush with death during the mortar attack. He was deployed in Iraq from August 2005 to November 2006 and from September 2008 to September 2009.

"I thought, he just had a few more days, more or less," said Marjorie McKinney of Mesa, whose daughter, LeAnne, just celebrated her 19th wedding anniversary in November. "She has her moments when she is very upset and crying, but she is handling it pretty well."

Johnathan McCain, who graduated from Chandler High School, was a bow hunter and a talented artist, Bob McCain said.

He would combine his two passions by drawing animals and nature scenes, including an eagle and a bighorn sheep. McCain also would draw scenes commemorating his military service and military emblems.

In a 2009 military publication, McCain was shown autographing a print he drew for fellow soldiers in Iraq. He took photos of mosques in the towns of Baqubah and Khan Bani Sa'ad and surrounded them with military vehicles and helicopters.

"He loved the outdoors and he loved to express himself on paper," Bob McCain said.

Bob McCain said his son was planning on teaching college- level military classes after his retirement and had an offer from Idaho State University.

Rancho Cucamonga Soldier Killed In Afghanistan

11/01/2011 By Wendy Leung, Inland Valley Daily Bulletin

RANCHO CUCAMONGA - Sgt. Carlo F. Eugenio, 29, an Army National Guardsman and a graduate of Etiwanda High School, died in Afghanistan on Saturday when a suicide bomber attacked a NATO convoy in Kabul.

Eugenio is the first California National Guardsman to be killed in action during combat operations in Afghanistan.

On Monday, Eugenio's relatives were at Dover Air Force Base in Delaware to attend to the arrival of his remains. Family members returned Tuesday evening, arriving at the L.A./Ontario International Airport and greeted by the veterans group Patriot Guard Riders and family of fallen soldiers. The Eugenio family is awaiting word on when his remains will be flown to Ontario.

Four other service members and eight International Security Assistance Force civilians along with Eugenio were killed in Kabul on Saturday when the car bomb crashed into their convoy.

This was Eugenio's second deployment as an Army soldier. His first was to Kuwait, said Eugenio's sister Cynthia Valdez.

Valdez remembers her brother as upbeat and surrounded by friends.

"He was always happy. It took a lot for him not to be sunny," she said. "He didn't just know people, he had relationships with everyone."

Eugenio was the youngest of five children. The family resided in Fontana before moving to Rancho Cucamonga about 10 years ago.

He was a guy's guy who loved the excitement of the outdoors. "Motorcycle, dirt bike, snow boarding, any kind of extreme sport, he was into," Valdez said.

Eugenio's military banner was hung in front of the family home on Tuesday. The city gave the banner to the family after Eugenio's first deployment.

It has been more than four years since a California National Guardsman was killed in Iraq, according to a California National Guard news release.

Eugenio is the 28th California Guardsman to be killed in the conflicts of Iraq and Afghanistan since Sept. 11, 2001.

In a statement, Maj. Gen. David S. Baldwin, adjutant general for the California National Guard, said, "We extend our heartfelt condolences to Sgt. Eugenio's family and commit to them our unwavering support. Sgt. Eugenio's death, the first of a California Guardsman in Afghanistan, is a painfully wrenching testimony to the bravery, service and sacrifice of our state's National Guardsmen."

Eugenio was assigned to the Lancaster-based 756th Transportation Company, 746th Combat Sustainment Service Battalion and 224th Sustainment Brigade. His unit left in August for its one-year mission to Afghanistan.

Last month, the war in Afghanistan entered its 11th year.

The conflict in Afghanistan has claimed the lives of two young men from Rancho Cucamonga. Army Spc. Ronnie Pallares, 19, a graduate of Alta Loma High School, died October 2010 from a roadside bomb.

Pallares' mother, Brenda Pallares, was at the airport to greet Eugenio's father, sister, brother and girlfriend on Tuesday as they returned from Delaware.

"This day is the hardest," said Brenda Pallares. "All I could do is give back."

The parents of Matthew Creed, an Army specialist from Covina who was killed during combat in Iraq, were also at the airport.

"I want families to know they're not alone," said Kim Creed, mother of Matthew Creed, now a Rancho Cucamonga resident. "October is just a horrible month."

The Creeds marked the fifth year of their son's death on Oct. 22. The Pallares family marked the one-year anniversary of Ronnie Pallares' death on Oct. 23.

Two German Soldiers Wounded By Baghlan IED

Hole made by IED where a German military armored vehicle was hit in Baghlan north of Kabul, Afghanistan, Nov. 29, 2011. (AP Photo/Javid Basharat)

Destroyed German military armored vehicle after it was hit by road side bomb in Baghlan north of Kabul, Afghanistan, Nov. 29, 2011. Two German soldiers were wounded. (AP Photo/Javid Basharat)...

Running On Empty

(AFP Photo/Rizwan Tabassum)...

Fuel tankers for carrying fuel to foreign military forces in Afghanistan, parked at a compound in Karachi November 29, 2011, after traffic was halted at the Pakistan-Afghanistan border to protest against a U.S. cross-border attack that killed two dozen Pakistani soldiers. REUTERS/Akhtar Soomro

THE UNDOUBTED SUCCESS OF THE U.S. MILITARY EFFORT MAY BE SEEN HERE, SHOWING THE VAST QUANTITIES OF AFGHANISTAN THAT HAVE BEEN LIBERATED, AND WILL FORM THE BASIS FOR A NEW, FREE, DEMOCRATIC AFGHAN SOCIETY

U.S. Army soldiers of the PSD 3/1AD Special Troops Battalion patrol in Pul-e Alam, a town in Logar province, eastern Afghanistan November 28, 2011. REUTERS/Umit Bektas

POLITICIANS CAN'T BE COUNTED ON TO HALT THE BLOODSHED

THE TROOPS HAVE THE POWER TO STOP THE WARS

"The single largest failure of the anti-war movement at this point is the lack of outreach to the troops."
Tim Goodrich, Iraq Veterans Against The War

Get The Message?

Pakistani students rally against NATO and United States in Lahore, Pakistan Nov 29, 2011. Pakistani officials say the country will boycott an upcoming meeting in Germany on the future of Afghanistan to protest a deadly attack by U.S. forces that killed 24 Pakistani soldiers. (AP Photo/K.M.Chaudary)

FORWARD OBSERVATIONS

"At a time like this, scorching irony, not convincing argument, is needed. Oh had I the ability, and could reach the nation's ear, I would, pour out a fiery stream of biting ridicule, blasting reproach, withering sarcasm, and stern rebuke.

"For it is not light that is needed, but fire; it is not the gentle shower, but thunder.

"We need the storm, the whirlwind, and the earthquake."

"The limits of tyrants are prescribed by the endurance of those whom they oppose."

Frederick Douglass, 1852

The past year – every single day of it – has had its consequences. In the obscure depths of society, an imperceptible molecular process has been occurring irreversibly, like the flow of time, a process of accumulating discontent, bitterness, and revolutionary energy.
-- Leon Trotsky, "Up To The Ninth Of January"

Skull And Lost Homes

From: Mike Hastie
To: Military Resistance Newsletter
Sent: November 17, 2011
Subject: Skull And Lost Homes

Skull And Lost Homes

**For those people who did not hear the message
of the Occupation Movement across America,
I feel sorry for you.
America is on the verge of collapse.
Fast forward another five years,
and we are going to see 20% unemployment
across America.
There are already 49.1 million Americans
now living in poverty.
That figure is greater than the population of the
West Coast.
Home foreclosures are spreading like a disease.
Loss of health care is spreading like a disease.
The fear of losing a job is spreading like a disease.
Prison populations are spreading like a disease.
PTSD among veterans is spreading like a disease.
Greed is spreading like a disease.
The American Empire is spreading like a disease.
America is losing the war on suicide.
We have reached a point where Napoleon once said:
"Do not interfere with the enemy when he is in the
process of destroying himself."
That's what happens when you don't hear the message.**

**Mike Hastie
Vietnam Veteran
Occupy Portland
November 12, 2011**

**The truth was obscure, too profound and too pure,
to live it you have to explode.
Bob Dylan**

Photo and caption from the portfolio of Mike Hastie, US Army Medic, Vietnam 1970-71. (For more of his outstanding work, contact at: (hastiemike@earthlink.net) T)

One day while I was in a bunker in Vietnam, a sniper round went over my head. The person who fired that weapon was not a terrorist, a rebel, an extremist, or a so-called insurgent. The Vietnamese individual who tried to kill me was a citizen of Vietnam, who did not want me in his country. This truth escapes millions.

**Mike Hastie
U.S. Army Medic
Vietnam 1970-71
December 13, 2004**

DANGER: POLITICIANS AT WORK

"The UK has severed ties with Iranian banks as part of a package of international sanctions." – Steve Bell Toons

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CLASS WAR REPORTS

Secret Fed Loans Gave Banks $13 Billion Profits: "Bankers Didn't Mention That They Took Tens Of Billions Of Dollars In Emergency Loans At The Same Time They Were Assuring Investors Their Firms Were Healthy" "The Fed And Its Secret Financing Helped America's Biggest Financial Firms Get Bigger And Go On To Pay Employees As Much As They Did At The Height Of The Housing Bubble" "The Federal Reserve And The Big Banks Fought For More Than Two Years To Keep Details Of The Largest Bailout In U.S. History A Secret"

Saved by the bailout, bankers lobbied against government regulations, a job made easier by the Fed, which never disclosed the details of the rescue to lawmakers even as Congress doled out more money and debated new rules aimed at preventing the next collapse.

[This is every word of the story that blew up over the weekend. T]

Nov 27, 2011 By Bob Ivry, Bradley Keoun and Phil Kuntz, Bloomberg Markets Magazine

The Federal Reserve and the big banks fought for more than two years to keep details of the largest bailout in U.S. history a secret.

Now, the rest of the world can see what it was missing.

The Fed didn't tell anyone which banks were in trouble so deep they required a combined $1.2 trillion on Dec. 5, 2008, their single neediest day.

Bankers didn't mention that they took tens of billions of dollars in emergency loans at the same time they were assuring investors their firms were healthy.

And no one calculated until now that banks reaped an estimated $13 billion of income by taking advantage of the Fed's below-market rates, Bloomberg Markets magazine reports in its January issue.

Saved by the bailout, bankers lobbied against government regulations, a job made easier by the Fed, which never disclosed the details of the rescue to lawmakers even as Congress doled out more money and debated new rules aimed at preventing the next collapse.

A fresh narrative of the financial crisis of 2007 to 2009 emerges from 29,000 pages of Fed documents obtained under the Freedom of Information Act and central bank records of more than 21,000 transactions.

While Fed officials say that almost all of the loans were repaid and there have been no losses, details suggest taxpayers paid a price beyond dollars as the secret funding helped preserve a broken status quo and enabled the biggest banks to grow even bigger.

'Change Their Votes'

"When you see the dollars the banks got, it's hard to make the case these were successful institutions," says Sherrod Brown, a Democratic Senator from Ohio who in 2010 introduced an unsuccessful bill to limit bank size. "This is an issue that can unite the Tea Party and Occupy Wall Street. There are lawmakers in both parties who would change their votes now."

The size of the bailout came to light after Bloomberg LP, the parent of Bloomberg News, won a court case against the Fed and a group of the biggest U.S. banks called Clearing House Association LLC to force lending details into the open.

The Fed, headed by Chairman Ben S. Bernanke, argued that revealing borrower details would create a stigma -- investors and counterparties would shun firms that used the central bank as lender of last resort -- and that needy institutions would be reluctant to borrow in the next crisis.

Clearing House Association fought Bloomberg's lawsuit up to the U.S. Supreme Court, which declined to hear the banks' appeal in March 2011.

$7.77 Trillion

The amount of money the central bank parceled out was surprising even to Gary H. Stern, president of the Federal Reserve Bank of Minneapolis from 1985 to 2009, who says he "wasn't aware of the magnitude."

It dwarfed the Treasury Department's better-known $700 billion Troubled Asset Relief Program, or TARP.

Add up guarantees and lending limits, and the Fed had committed $7.77 trillion as of March 2009 to rescuing the financial system, more than half the value of everything produced in the U.S. that year.

"TARP at least had some strings attached," says Brad Miller, a North Carolina Democrat on the House Financial Services Committee, referring to the program's executive-pay ceiling.

"With the Fed programs, there was nothing."

Bankers didn't disclose the extent of their borrowing.

On Nov. 26, 2008, then-Bank of America (BAC) Corp. Chief Executive Officer Kenneth D. Lewis wrote to shareholders that he headed "one of the strongest and most stable major banks in the world." He didn't say that his Charlotte, North Carolina-based firm owed the central bank $86 billion that day.

'Motivate Others'

JPMorgan Chase & Co. CEO Jamie Dimon told shareholders in a March 26, 2010, letter that his bank used the Fed's Term Auction Facility "at the request of the Federal Reserve to help motivate others to use the system."

He didn't say that the New York-based bank's total TAF borrowings were almost twice its cash holdings or that its peak borrowing of $48 billion on Feb. 26, 2009, came more than a year after the program's creation.

Howard Opinsky, a spokesman for JPMorgan (JPM), declined to comment about Dimon's statement or the company's Fed borrowings. Jerry Dubrowski, a spokesman for Bank of America, also declined to comment.

The Fed has been lending money to banks through its so- called discount window since just after its founding in 1913. Starting in August 2007, when confidence in banks began to wane, it created a variety of ways to bolster the financial system with cash or easily traded securities. By the end of 2008, the central bank had established or expanded 11 lending facilities catering to banks, securities firms and corporations that couldn't get short-term loans from their usual sources.

'Core Function'

"Supporting financial-market stability in times of extreme market stress is a core function of central banks," says William B. English, director of the Fed's Division of Monetary Affairs. "Our lending programs served to prevent a collapse of the financial system and to keep credit flowing to American families and businesses."

The Fed has said that all loans were backed by appropriate collateral. That the central bank didn't lose money should "lead to praise of the Fed, that they took this extraordinary step and they got it right," says Phillip Swagel, a former assistant Treasury secretary under Henry M. Paulson and now a professor of international economic policy at the University of Maryland.

The Fed initially released lending data in aggregate form only. Information on which banks borrowed, when, how much and at what interest rate was kept from public view.

The secrecy extended even to members of President George W. Bush's administration who managed TARP. Top aides to Paulson weren't privy to Fed lending details during the creation of the program that provided crisis funding to more than 700 banks, say two former senior Treasury officials who requested anonymity because they weren't authorized to speak.

Big Six

The Treasury Department relied on the recommendations of the Fed to decide which banks were healthy enough to get TARP money and how much, the former officials say.

The six biggest U.S. banks, which received $160 billion of TARP funds, borrowed as much as $460 billion from the Fed, measured by peak daily debt calculated by Bloomberg using data obtained from the central bank. Paulson didn't respond to a request for comment.

The six -- JPMorgan, Bank of America, Citigroup Inc. (C), Wells Fargo & Co. (WFC), Goldman Sachs Group Inc. (GS) and Morgan Stanley -- accounted for 63 percent of the average daily debt to the Fed by all publicly traded U.S. banks, money managers and investment- services firms, the data show. By comparison, they had about half of the industry's assets before the bailout, which lasted from August 2007 through April 2010. The daily debt figure excludes cash that banks passed along to money-market funds.

Bank Supervision

While the emergency response prevented financial collapse, the Fed shouldn't have allowed conditions to get to that point, says Joshua Rosner, a banking analyst with Graham Fisher & Co. in New York who predicted problems from lax mortgage underwriting as far back as 2001. The Fed, the primary supervisor for large financial companies, should have been more vigilant as the housing bubble formed, and the scale of its lending shows the "supervision of the banks prior to the crisis was far worse than we had imagined," Rosner says.

Bernanke in an April 2009 speech said that the Fed provided emergency loans only to “sound institutions,” even though its internal assessments described at least one of the biggest borrowers, Citigroup, as “marginal.”

On Jan. 14, 2009, six days before the company’s central bank loans peaked, the New York Fed gave CEO Vikram Pandit a report declaring Citigroup’s financial strength to be “superficial,” bolstered largely by its $45 billion of Treasury funds.

The document was released in early 2011 by the Financial Crisis Inquiry Commission, a panel empowered by Congress to probe the causes of the crisis.

‘Need Transparency’

Andrea Priest, a spokeswoman for the New York Fed, declined to comment, as did Jon Diat, a spokesman for Citigroup.

“I believe that the Fed should have independence in conducting highly technical monetary policy, but when they are putting taxpayer resources at risk, we need transparency and accountability,” says Alabama Senator Richard Shelby, the top Republican on the Senate Banking Committee.

Judd Gregg, a former New Hampshire senator who was a lead Republican negotiator on TARP, and Barney Frank, a Massachusetts Democrat who chaired the House Financial Services Committee, both say they were kept in the dark.

“We didn’t know the specifics,” says Gregg, who’s now an adviser to Goldman Sachs.

“We were aware emergency efforts were going on,” Frank says. “We didn’t know the specifics.”

Disclose Lending

Frank co-sponsored the Dodd-Frank Wall Street Reform and Consumer Protection Act, billed as a fix for financial-industry excesses.

Congress debated that legislation in 2010 without a full understanding of how deeply the banks had depended on the Fed for survival.

It would have been “totally appropriate” to disclose the lending data by mid-2009, says David Jones, a former economist at the Federal Reserve Bank of New York who has written four books about the central bank.

“The Fed is the second-most-important appointed body in the U.S., next to the Supreme Court, and we’re dealing with a democracy,” Jones says. “Our representatives in Congress deserve to have this kind of information so they can oversee the Fed.”

The Dodd-Frank law required the Fed to release details of some emergency-lending programs in December 2010. It also mandated disclosure of discount-window borrowers after a two- year lag.

Protecting TARP

TARP and the Fed lending programs went “hand in hand,” says Sherrill Shaffer, a banking professor at the University of Wyoming in Laramie and a former chief economist at the New York Fed.

While the TARP money helped insulate the central bank from losses, the Fed’s willingness to supply seemingly unlimited financing to the banks assured they wouldn’t collapse, protecting the Treasury’s TARP investments, he says.

“Even though the Treasury was in the headlines, the Fed was really behind the scenes engineering it,” Shaffer says.

Congress, at the urging of Bernanke and Paulson, created TARP in October 2008 after the bankruptcy of Lehman Brothers Holdings Inc. made it difficult for financial institutions to get loans.

Bank of America and New York-based Citigroup each received $45 billion from TARP. At the time, both were tapping the Fed. Citigroup hit its peak borrowing of $99.5 billion in January 2009, while Bank of America topped out in February 2009 at $91.4 billion.

No Clue

Lawmakers knew none of this.

They had no clue that one bank, New York-based Morgan Stanley (MS), took $107 billion in Fed loans in September 2008, enough to pay off one-tenth of the country’s delinquent mortgages.

The firm’s peak borrowing occurred the same day Congress rejected the proposed TARP bill, triggering the biggest point drop ever in the Dow Jones Industrial Average. (INDU)

The bill later passed, and Morgan Stanley got $10 billion of TARP funds, though Paulson said only “healthy institutions” were eligible.

Mark Lake, a spokesman for Morgan Stanley, declined to comment, as did spokesmen for Citigroup and Goldman Sachs.

Had lawmakers known, it “could have changed the whole approach to reform legislation,” says Ted Kaufman, a former Democratic Senator from Delaware who, with Brown, introduced the bill to limit bank size.

Moral Hazard

Kaufman says some banks are so big that their failure could trigger a chain reaction in the financial system. The cost of borrowing for so-called too-big-to-fail banks is lower than that of smaller firms because lenders believe the government won't let them go under. The perceived safety net creates what economists call moral hazard -- the belief that bankers will take greater risks because they'll enjoy any profits while shifting losses to taxpayers.

If Congress had been aware of the extent of the Fed rescue, Kaufman says, he would have been able to line up more support for breaking up the biggest banks.

Byron L. Dorgan, a former Democratic senator from North Dakota, says the knowledge might have helped pass legislation to reinstate the Glass-Steagall Act, which for most of the last century separated customer deposits from the riskier practices of investment banking.

"Had people known about the hundreds of billions in loans to the biggest financial institutions, they would have demanded Congress take much more courageous actions to stop the practices that caused this near financial collapse," says Dorgan, who retired in January.

Getting Bigger

Instead, the Fed and its secret financing helped America's biggest financial firms get bigger and go on to pay employees as much as they did at the height of the housing bubble.

Total assets held by the six biggest U.S. banks increased 39 percent to $9.5 trillion on Sept. 30, 2011, from $6.8 trillion on the same day in 2006, according to Fed data.

For so few banks to hold so many assets is "un-American," says Richard W. Fisher, president of the Federal Reserve Bank of Dallas.

"All of these gargantuan institutions are too big to regulate. I'm in favor of breaking them up and slimming them down."

Employees at the six biggest banks made twice the average for all U.S. workers in 2010, based on Bureau of Labor Statistics hourly compensation cost data.

The banks spent $146.3 billion on compensation in 2010, or an average of $126,342 per worker, according to data compiled by Bloomberg. That's up almost 20 percent from five years earlier compared with less than 15 percent for the average worker. Average pay at the banks in 2010 was about the same as in 2007, before the bailouts.

'Wanted to Pretend'

"The pay levels came back so fast at some of these firms that it appeared they really wanted to pretend they hadn't been bailed out," says Anil Kashyap, a former

Fed economist who's now a professor of economics at the University of Chicago Booth School of Business.

"They shouldn't be surprised that a lot of people find some of the stuff that happened totally outrageous."

Bank of America took over Merrill Lynch & Co. at the urging of then-Treasury Secretary Paulson after buying the biggest U.S. home lender, Countrywide Financial Corp.

When the Merrill Lynch purchase was announced on Sept. 15, 2008, Bank of America had $14.4 billion in emergency Fed loans and Merrill Lynch had $8.1 billion. By the end of the month, Bank of America's loans had reached $25 billion and Merrill Lynch's had exceeded $60 billion, helping both firms keep the deal on track.

Prevent Collapse

Wells Fargo bought Wachovia Corp., the fourth-largest U.S. bank by deposits before the 2008 acquisition. Because depositors were pulling their money from Wachovia, the Fed channeled $50 billion in secret loans to the Charlotte, North Carolina-based bank through two emergency-financing programs to prevent collapse before Wells Fargo could complete the purchase.

"These programs proved to be very successful at providing financial markets the additional liquidity and confidence they needed at a time of unprecedented uncertainty," says Ancel Martinez, a spokesman for Wells Fargo.

JPMorgan absorbed the country's largest savings and loan, Seattle-based Washington Mutual Inc., and investment bank Bear Stearns Cos. The New York Fed, then headed by Timothy F. Geithner, who's now Treasury secretary, helped JPMorgan complete the Bear Stearns deal by providing $29 billion of financing, which was disclosed at the time.

The Fed also supplied Bear Stearns with $30 billion of secret loans to keep the company from failing before the acquisition closed, central bank data show. The loans were made through a program set up to provide emergency funding to brokerage firms.

'Regulatory Discretion'

"Some might claim that the Fed was picking winners and losers, but what the Fed was doing was exercising its professional regulatory discretion," says John Dearie, a former speechwriter at the New York Fed who's now executive vice president for policy at the Financial Services Forum, a Washington-based group consisting of the CEOs of 20 of the world's biggest financial firms. "The Fed clearly felt it had what it needed within the requirements of the law to continue to lend to Bear and Wachovia."

The bill introduced by Brown and Kaufman in April 2010 would have mandated shrinking the six largest firms.

"When a few banks have advantages, the little guys get squeezed," Brown says. "That, to me, is not what capitalism should be."

Kaufman says he's passionate about curbing too-big-to-fail banks because he fears another crisis.

'Can We Survive?'

"The amount of pain that people, through no fault of their own, had to endure -- and the prospect of putting them through it again -- is appalling," Kaufman says. "The public has no more appetite for bailouts. What would happen tomorrow if one of these big banks got in trouble? Can we survive that?"

Lobbying expenditures by the six banks that would have been affected by the legislation rose to $29.4 million in 2010 compared with $22.1 million in 2006, the last full year before credit markets seized up -- a gain of 33 percent, according to OpenSecrets.org, a research group that tracks money in U.S. politics.

Lobbying by the American Bankers Association, a trade organization, increased at about the same rate, OpenSecrets.org reported.

Lobbyists argued the virtues of bigger banks.

They're more stable, better able to serve large companies and more competitive internationally, and breaking them up would cost jobs and cause "long-term damage to the U.S. economy," according to a Nov. 13, 2009, letter to members of Congress from the FSF.

The group's website cites Nobel Prize-winning economist Oliver E. Williamson, a professor emeritus at the University of California, Berkeley, for demonstrating the greater efficiency of large companies.

'Serious Burden'

In an interview, Williamson says that the organization took his research out of context and that efficiency is only one factor in deciding whether to preserve too-big-to-fail banks.

"The banks that were too big got even bigger, and the problems that we had to begin with are magnified in the process," Williamson says.

"The big banks have incentives to take risks they wouldn't take if they didn't have government support. It's a serious burden on the rest of the economy."

Dearie says his group didn't mean to imply that Williamson endorsed big banks.

Top officials in President Barack Obama's administration sided with the FSF in arguing against legislative curbs on the size of banks.

Geithner, Kaufman

On May 4, 2010, Geithner visited Kaufman in his Capitol Hill office.

As president of the New York Fed in 2007 and 2008, Geithner helped design and run the central bank's lending programs. The New York Fed supervised four of the six biggest U.S. banks and, during the credit crunch, put together a daily confidential report on Wall Street's financial condition. Geithner was copied on these reports, based on a sampling of e- mails released by the Financial Crisis Inquiry Commission.

At the meeting with Kaufman, Geithner argued that the issue of limiting bank size was too complex for Congress and that people who know the markets should handle these decisions, Kaufman says.

According to Kaufman, Geithner said he preferred that bank supervisors from around the world, meeting in Basel, Switzerland, make rules increasing the amount of money banks need to hold in reserve. Passing laws in the U.S. would undercut his efforts in Basel, Geithner said, according to Kaufman.

Anthony Coley, a spokesman for Geithner, declined to comment.

'Punishing Success'

Lobbyists for the big banks made the winning case that forcing them to break up was "punishing success," Brown says. Now that they can see how much the banks were borrowing from the Fed, senators might think differently, he says.

The Fed supported curbing too-big-to-fail banks, including giving regulators the power to close large financial firms and implementing tougher supervision for big banks, says Fed General Counsel Scott G. Alvarez. The Fed didn't take a position on whether large banks should be dismantled before they get into trouble.

Dodd-Frank does provide a mechanism for regulators to break up the biggest banks. It established the Financial Stability Oversight Council that could order teetering banks to shut down in an orderly way. The council is headed by Geithner.

"Dodd-Frank does not solve the problem of too big to fail," says Shelby, the Alabama Republican. "Moral hazard and taxpayer exposure still very much exist."

Below Market

Dean Baker, co-director of the Center for Economic and Policy Research in Washington, says banks "were either in bad shape or taking advantage of the Fed giving them a good deal. The former contradicts their public statements. The latter -- getting loans at below-market rates during a financial crisis -- is quite a gift."

The Fed says it typically makes emergency loans more expensive than those available in the marketplace to discourage banks from abusing the privilege.

During the crisis, Fed loans were among the cheapest around, with funding available for as low as 0.01 percent in December 2008, according to data from the central bank and money-market rates tracked by Bloomberg.

The Fed funds also benefited firms by allowing them to avoid selling assets to pay investors and depositors who pulled their money. So the assets stayed on the banks' books, earning interest.

Banks report the difference between what they earn on loans and investments and their borrowing expenses. The figure, known as net interest margin, provides a clue to how much profit the firms turned on their Fed loans, the costs of which were included in those expenses.

To calculate how much banks stood to make, Bloomberg multiplied their tax-adjusted net interest margins by their average Fed debt during reporting periods in which they took emergency loans.

Added Income

The 190 firms for which data were available would have produced income of $13 billion, assuming all of the bailout funds were invested at the margins reported, the data show.

The six biggest U.S. banks' share of the estimated subsidy was $4.8 billion, or 23 percent of their combined net income during the time they were borrowing from the Fed. Citigroup would have taken in the most, with $1.8 billion.

"The net interest margin is an effective way of getting at the benefits that these large banks received from the Fed," says Gerald A. Hanweck, a former Fed economist who's now a finance professor at George Mason University in Fairfax, Virginia.

While the method isn't perfect, it's impossible to state the banks' exact profits or savings from their Fed loans because the numbers aren't disclosed and there isn't enough publicly available data to figure it out.

Opinsky, the JPMorgan spokesman, says he doesn't think the calculation is fair because "in all likelihood, such funds were likely invested in very short-term investments," which typically bring lower returns.

Standing Access

Even without tapping the Fed, the banks get a subsidy by having standing access to the central bank's money, says Viral Acharya, a New York University economics professor who has worked as an academic adviser to the New York Fed.

“Banks don’t give lines of credit to corporations for free,” he says. “Why should all these government guarantees and liquidity facilities be for free?”

In the September 2008 meeting at which Paulson and Bernanke briefed lawmakers on the need for TARP, Bernanke said that if nothing was done, “unemployment would rise -- to 8 or 9 percent from the prevailing 6.1 percent,” Paulson wrote in “On the Brink” (Business Plus, 2010).

Occupy Wall Street

The U.S. jobless rate hasn’t dipped below 8.8 percent since March 2009, 3.6 million homes have been foreclosed since August 2007, according to data provider RealtyTrac Inc., and police have clashed with Occupy Wall Street protesters, who say government policies favor the wealthiest citizens, in New York, Boston, Seattle and Oakland, California.

The Tea Party, which supports a more limited role for government, has its roots in anger over the Wall Street bailouts, says Neil M. Barofsky, former TARP special inspector general and a Bloomberg Television contributing editor.

“The lack of transparency is not just frustrating; it really blocked accountability,” Barofsky says. “When people don’t know the details, they fill in the blanks. They believe in conspiracies.”

In the end, Geithner had his way.

The Brown-Kaufman proposal to limit the size of banks was defeated, 60 to 31.

Bank supervisors meeting in Switzerland did mandate minimum reserves that institutions will have to hold, with higher levels for the world’s largest banks, including the six biggest in the U.S. Those rules can be changed by individual countries.

They take full effect in 2019.

Meanwhile, Kaufman says, “we’re absolutely, totally, 100 percent not prepared for another financial crisis.”

We Are The One Per Cent We’re Angry: Except For Congress, The White House, Banks, Major Lobbyists, And The Editorial Boards Of Fox News And The

Wall Street Journal, No One Is Listening To Us

November 28, 2011 by John Kenney, The New Yorker

Average wealth of the top 1 percent was almost $14 million in 2009, according to a 2011 report from the Economic Policy Institute.
—Washingtonpost.com.

"Shit is fucked up and bullshit."
—Sign seen at the Occupy Wall Street protest in lower Manhattan.

We, too, have mobilized.

We come from near and far, by any means necessary, some on private jets, others on extremely large private jets.

But you will not find us sleeping in a park and waiting in line at a Burger King to urinate.

Have you heard of Mustique? Because that's where we have mobilized. Don't bother trying to Google Earth us, though, because we have proprietary military software that prevents you from doing so.

Our numbers may be smaller than those demonstrating in New York and other cities, but we are still a movement, coalesced around a cause, sleeping two and sometimes three people to a villa.

Perhaps you are wondering what our cause is.

Perhaps you're wondering why we, the richest people on the planet, have come together. Perhaps you're curious whether what we're undertaking couldn't technically be called a vacation.

These are all good questions.

We're angry. We're angry at something we're calling "imagined frustration."

By this we mean that, except for Congress, the White House, banks, major lobbyists, and the editorial boards of Fox News and the Wall Street Journal, no one is listening to us.

And we're tired of it.

You claim to know something about us.

You think we are rich beyond comprehension, that we can do anything we please at any time, go anywhere we want at a moment's notice, wander the earth in a state of constant bliss, enjoying abundant and fabulous sex.

Perhaps you do know us.

There are those in the more liberal press who have questioned whether the wealthiest one per cent truly understand how difficult life is for so many Americans right now, and to that we would say — Oh, look, someone just brought in lobster and a Bollinger Grande Année.

Except for money and the almost unnatural flawlessness of my skin, we are no different, you and I.

I don't know who you are or what you look like or how much money you have in the bank. Nor does it matter. Because we're just men.

Unless you are a woman. Or a child. Or a pony. But ponies don't read magazines, do they? Unless they're precocious ponies, like Mister Ed. And he wasn't real.

But I think you get my point. And that is: we are the same, except for the coarseness of the skin on your elbows.

Do you know that feeling, upon waking at 4 A.M., heart racing, your mind looking twenty, thirty years down the road, wondering how you are going to make ends meet? Worrying about what would happen if you lost your job, asking yourself how you're going to pay for your kids' college or retire?

Well, I don't. But I read a story about it once and remember thinking, I'm so glad that's not me.

What do we want?

Here is our manifesto, still very much a work in progress, as it's cocktail hour and several of our protesters are out at the pool:

—All wealth should be shared equally among the wealthy.

—Eradicate poverty. (Note: Maybe a clearer way to say this would be “Eradicate the poor.” Need to discuss.)

—End business as usual. (Note: Several members like the sound of this, but they don’t know what it means. A suggestion has been made to add the word “hours” after “business.”)

—Implement a rule whereby the public cannot look at us and must keep a distance of at least twenty feet at all times.

Yes, I have more things — more homes and cars and planes and art and underground passages and satellites and private militias and a person whose only job is to grow hair that is genetically identical to my own.

But when you take off your pants and I take off my pants and we stand facing each other as naked as the day we were born, except for socks, all I would ask is that you feel my skin and tell me it’s not the softest skin you’ve ever felt on a man.

And also realize that we are the same, except for the fact that I have four submarines.

Shit is fucked up and bullshit.

We agree.

Except that we would substitute “money” for “shit,” “awesome” for “fucked up,” and “squash courts” for “bullshit,” and add the words “cannot be used for more than ninety minutes.

Please respect club rules. Thank you.”
