

WHAT PAULSON, BERNANKE, GEITHNER AND NEIL IRWIN DON'T GET

The ten year anniversary of the Great Crash is upon us, so we can expect a spate of media reports fighting the wars all over again. Here's one by the New York Times writer [Neil Irwin](#), discussing the justifications offered by Hank Paulson, the Treasury Secretary under Bush, Timothy Geithner, the Chair of the New York Fed and then Treasury Secretary under Obama, and Ben Bernanke, the Chair of the Fed. One word that doesn't appear? Crime. Also not mentioned: ["foam the runway"](#).

The justification offered by the Big Three is the same tired explanation we've heard over and over. We had to save the financial system, or, as Irwin explains it:

The goal was not to try to reinvent Wall Street on the fly, but to keep the flow of capital coursing through the global economy while minimizing the depth and duration of the recession that the crisis had caused.

They claim success by this standard. But they ignore the fact that tens of thousands of small businesses were cut off from credit, and individual borrowers were pushed to the wall. And, millions of people lost their homes in disgusting foreclosures waved through by judges utterly indifferent to the requirements for proving up mortgage claims. The legal system failed the people it was supposed to protect, and no one was held accountable. But at least Geithner and his allies foamed the runway for the filthy rich and the bankers.

Irwin defends the actions taken in pursuit of the purported goal of "saving the financial

system", saying that they worked. The economy isn't perfect, but inflation is relatively low, and while job gains were low, the current unemployment rate is 3.9%. Irwin ignores the fact that competent economists expected low inflation, and doesn't mention that the share of the [population with jobs](#) is still down over two points from the peak in 2000 among those aged 25-54, and still not back the pre-Crash levels 10 years later. His glib skimming over the 10-year slow increase in jobs ignores the [lost wages](#), and ignores the low pay and insecurity of the new jobs.

Irwin thinks that the problem was that the trio of leaders did not manage the politics correctly. They did nothing to help homeowners, because, according to Irwin, the political environment was toxic, citing the usual suspects, Rick Santelli and the Tea Party. Bernanke cites long-term trends, "...stagnation in middle-class wages, social dysfunctions, rising mistrust in government and hostility to immigration", but that has the feel of both-siderism when everyone knows it was driven by the right wing. Irwin accepts this explanation.

Again, nowhere in this piece does Irwin talk about crimes, fraud, cheating, or corporate wrong-doing. I agree that the problem was political. The Obama Administration, specifically Eric Holder and his deputy Lanny Breuer, [refused to conduct criminal investigations](#) into the people who lied, cheated and stole from the investing public and the millions of people cheated in mortgage transactions. The pointless and stupid civil cases were slaps on the wrist of banks, and hardly dented the returns to their shareholders. Not a single banker went to jail, despite overwhelming evidence of fraud.

This is not just a political failure. It's a moral failure. Obama decided to absolve the bankers who committed crimes, and in doing so clarified to the American people that we have a two-tier system of justice. The rich and

powerful are coddled. Everyone else is beaten into the dirt by the legal system. It's not the salvage operation the holy three managed that drives the anger; it's the lack of accountability. Explaining the salvage operation gets a lot easier when people see a steady stream of guilty pleas and massive fines and forfeitures.

Sure, I'm angry. But I'm not angry about saving the financial system. I'm angry that the bankers stole the money and got away with it.