Corruption Incorporated

10-17-14

When the Supreme Court, in what can only be called a supreme slap in the face of humanity, used the equal protection clause of the 14th amendment (intended to protect the freedom of newly freed slaves), to rule that the joint stock corporation was in legal terms the equivalent of a person in its transactions with real humans and its own kind, it created a fictitious entity that has come to be a front for the criminal activities of business wizards hidden behind the curtain.

Many have condemned this action of the robber baron court but few seem to grasp that the entity that sanctioned theft in the form of the corporation is essentially the same in the form of an office of the state.

An absurd coming together of both was highlighted recently in the secret tapes of Carmen Segarra, formerly a NY Fed examiner working within the offices of Goldman Sachs, and David Beim, hired to write a report recommending ways to prevent the next financial collapse.

Segarra was fired because she took the *do diligence* of her job description seriously and protested too much when her superiors insisted that she ease up on her criticism of Goldman Sachs' evident wrongdoing.

The Federal Reserve banking system is commonly thought to be an apparatus of the state when it is a partnership between the state and the private banking system --- the cream, or the dregs, working together to keep the arthritic capitalist system plodding along as best it can.

Two Goldman Sachs business deals led to Segarra's sacking. Banco Santander, under pressure by Spanish regulators to increase capital to back its loans, sought to shift some of those loans on to Goldman Sachs' books in order to avoid having to come up with more cash. Santander also put in writing a request for Goldman to check with the Fed that they have *no objection* to the transaction. Apparently the Fed was never asked and it was only put on paper as something to point to should things go wrong. Since their fellow regulators were to be deceived, one would expect at least some sort of reprimand by the Fed of Goldman for being a willing participant, but nothing came of it. On another deal the revelations in Delaware Chancery Court described for public entertainment the way Goldman does business. It represented gas pipeline owner El Paso in negotiating its sale to Kinder Morgan. Of course El Paso wanted to get the most from the sale and KM wanted to pay the least. But more importantly, Goldman Sachs wanted to make the most from everybody. It collected $20 million from El Paso for negotiating the sale to a firm that Goldman held a $4 billion dollar stake in. The lead negotiator for El Paso had a personal investment in KM worth in the hundreds of thousands. Segarra was prepared to write-up Goldman for not having a conflicts of interest policy. Her boss insisted it be worded so that it acknowledged that they had a policy, just not a very good one. For protesting too much Segarra was fired.

Then we have Beim's impossible to achieve recommendations. Things like -- there is too much consensus building in the Fed. They need examiners willing to stand up to their superiors at meetings even if what they have to say is in opposition to their bosses'. As if such conduct will lead to advancement in a society such as it is today. Both Goldman and the Fed are corrupt to the core. Everything that is human is filtered and distorted by public/private entities designed to achieve profit without any concern for the morality of business.

Meanwhile, world markets continued their slide. The Stoxx Europe 600 is down 11%, officially in *correction* territory. The most important bit of American data for the week was the September decline in retail sales (-0.3%), and the first drop in the producer price index in a year (-0.1%). Retail sales not including auto sales (many at 0% interest for 70 months) has had an under 3% growth so far this year, the lowest since it began its recovery in 2010.

John Williams, head of the SF Fed, tried to help out on Monday by suggesting a new easing policy may be needed. That didn't help much. But on Wednesday, with the DJIA having dropped 450 points, the *private* words of Yellen spoken at a meeting of the G-30 group were released. There she stated her continued confidence in the strength of the economy. That immediately boosted the markets with the DJIA ending down only about 173 points. On Thursday it was down again until late in the day Bullard of the St. Louis Fed proposed the extension of Fed asset purchases should the economy need bolstering. That carried over into Friday and was bolstered by an ECB spokesman announcing that asset purchases will begin soon.

Finally, there is Krugman's commentary on the slide, *What Markets Will*. Since he has largely supported American efforts to stoke the economy, and criticized Europe for not doing the same, one might expect him to be on the defensive. Nope. He basically tells his critics, It's clear that the markets love deficits and money printing and zero interest rates. The dreaded hyperinflation is a chimera. He has acknowledged that the real economy is stagnant and will remain so into the distant future, but will not admit that the current garbage policies has damaged the prospects for a real recovery. Nothing would be more beneficial than to allow the markets to self-destruct so that attention can be focused on the real concerns facing the well-being of us all.

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