

Fed Governors - Official Crooks

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What fun it must be to make millions of bets that can't lose. Hopefully some day Robert Kaplan, the now former President of the Dallas Federal Reserve Bank, will write in his memoir how he pulled off the biggest bank heist in American history. Here's a sketch as to how it was done:

Kaplan, who had spent 22 years with Goldman Sachs rising to becoming its Vice Chairman, uses his connection with a bank whose only challenger in the contest for most convictions in the category of banking crimes is JP Morgan Chase, and is currently in a 3 year period of deferred criminal prosecution by Justice Department.

He then uses his selection to the Federal Open Market Committee in 2020, where many decisions related to the economic crisis precipitated by the pandemic were made, to make his many market moves – they are not investments, they are speculative futures bets. Fed regulations require a statement listing such transactions. Kaplan only says they are in the millions of dollars, and very notably does not list a specific date (only 'multiples') so they can't be matched with his public pronouncements.

Kaplan is shorting various S&P 500 listed firms. Shorting is a bearish bet, that the company's stock will decline. Then you work hard on being publicly negative. In 2020 Kaplan conducted 68 interviews with the media. They were very negative, like predicting a 20% unemployment rate (never got lower than 14.8%). Fed official statements are very market moving and there is on the spot evidence that his interviews drove it down.

When the news broke Kaplan resigned (as did Boston Fed president Rosengren who made relatively small bets in partnership with his wife – Fed rules are that such transactions are tied to the bank official regardless of it being a family affair). The scandal is of such a magnitude that a public investigation will be necessary. Recently even Bloomberg came out with headlines such as: *Most people think the markets are fixed – And they are.*

But if you have a high ranking among the capitalist elite you receive a nice send off regardless of offenses, like this from Fed Chairman Jerome Powell:

“We are grateful for Rob’s six years of service as President of the Federal Reserve Bank of Dallas and as a valued colleague in the FOMC. He has been a passionate and forceful public voice on a wide range of issues, including the critical value of early childhood education and literacy. In addition, he strengthened the Bank’s economic research and played a very constructive role in System-wide management, budget and technology efforts. We wish him well.”

Probably most from the working class would prefer to see him go to hell.

Economy Info

Much has been written about a mysterious labor shortage as the main cause of weakness, particularly in the service sector of the economy. At first it was blamed on extended unemployment benefits. Workers were enjoying the paid free time rather than returning to work even for substantially more income. But after the benefits had ended they still weren’t looking to return to work. A poll by the small business network Alignable offered a different answer.

It found that 35% of small businesses in the US, and 38% in Canada, reported that they couldn’t pay their rent in September. Restaurants are the most troubled sector with 51% unable to keep up with their rent – and restaurants are the most frequently small business cited by the media when labor shortage issue is raised. That makes the inability to pay an acceptable wage a major factor in explaining the alleged labor shortage.

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