

# Benny 'Gray Beard' Bernanke

2011. Acrylic on canvas, 20 x 24"

Ben Bernanke, a two term chairman of Federal Reserve, first appointed by George W. Bush, then re-appointed by Barack Obama. Before becoming Fed chairman he was chairman of George W. Bush's Council of Economic Advisers (June 2005 to January 2006).<sup>1</sup>

Bernanke is a Republican economist, true believer in de-regulation, and enamored with Wall Street. He spent his career in and around the Federal Reserve, first as a visiting scholar at the Fed in Philadelphia in 1987, followed by Boston and New York. From 1990 to 2002 he was a member of the Academic Advisory Panel at the Federal Reserve Bank of New York.<sup>2</sup> In February 2006 he began a 14-year term as a member of the Board of Governors. He remains as Chairman until January 31, 2014, though he will still be on the Board until January 31, 2020.<sup>3</sup>

According to Mark Landler of The New York Times, "Ben Bernanke is a highly, highly respected scholar, and not only a scholar of economics but of the Great Depression."<sup>4</sup> Of course that is more media hype than perhaps actual fact, it certainly is not mentioned like that in his Federal Reserve biography. However, perhaps the only lesson Bernanke learned from reading about the Great Depression, was that he should get the taxpayers money to his friends on Wall Street before the politicians give it to the people. His entire method of operation is to cater to Wall Street and the 1%. The economy to Bernanke is the economy of Wall Street, not the economy of the nation.

Bernanke's world view is framed from Wall Street. He told the Joint Economic Committee "People are saying, 'Wall Street, what does it have to do with me?' That is the way they are thinking about it. Unfortunately, it has a lot to do with them. It will affect their company, it will affect their job, it will affect their economy. That affects their own lives, affects their ability to borrow and to save and to save for retirement and so on."<sup>5</sup> Though he didn't say what the affect would be on their lives when Wall Street gambled with their money and mortgages, and bilked their bank. Unfortunately if he had done more to prevent Wall Street from recklessly gambling there would not have been a meltdown, but Bernanke can't see beyond the Wall Street bull. That's where he believes the focus of the economy should be centered and protected.

In 2007 as the meltdown began, Bernanke and Paulson were claiming the damage was limited "The impact on the broader economy and financial markets of the problems in the subprime market seems likely to be contained," said Bernanke.<sup>6</sup> Paulson claimed "From the standpoint of the overall economy, my bottom line is we're watching it closely but it appears to be contained."<sup>7</sup>

It wasn't contained and Bernanke and Paulson knew it. As Gretchen Morgenson of The New York Times noted, "'Contained.' That was their word 'contained.' And meaning that it was not going to spread. It wasn't going to infect the rest of the economy."<sup>8</sup>

"Subprime mortgages themselves are a pretty small asset class," Ben Bernanke told the FCIC, explaining how in 2007 he and Treasury Secretary Henry Paulson had underestimated the repercussions of the emerging housing crisis. "You know, the stock market goes up and down every day more than the entire value of the subprime mortgages in the country. But what created the contagion, or one of the things that created the contagion, was that the subprime mortgages were entangled in these huge securitized pools."<sup>9</sup> But he always knew that. Where was the oversight, the warning, the leadership to say it needs to stop?

When Massachusetts Representative Barney Frank met with Paulson and Bernanke they told Frank they were giving the banks \$85 billion. When Frank asked Bernanke if he had \$85 billion, Bernanke said, "I've got \$800 billion dollars."<sup>10</sup>

Where was all that money when social programs were being cut and Congress was complaining about a debt crisis and Medicare and Social Security? Then all of sudden when the economy begins to meltdown, because Wall Street is out of control, Bernanke has \$800 billion? Obviously being a good Republican means doing your best to destroy social programs that benefit the 99%. Even Bernanke's hometown of Dillon, South Carolina suffered under the Clinton and Bush economic policies, with high unemployment, and dilapidated schools, all while Bernanke cheer-leaded Wall Street from the inside as part of both administrations.

Bernanke knew what was going on, he was on the inside when the deregulation was taking place, when the criminal enterprise was being constructed, and he didn't do anything to stop it, or question it.

What is even more appalling than that is, he's still around. No matter how badly these guys perform, no matter the disaster they participate in, they never go away, they get promoted.

#### Notes

1. [www.federalreserve.gov](http://www.federalreserve.gov)
2. Ibid.
3. Ibid.
4. *Inside the Meltdown*, PBS Frontline, February 17, 2009, transcript p. 6.
5. *Financial Crisis Inquiry Commission Report*, January 2011, p. 372.
6. Ibid., p. 234.
7. Ibid.
8. *Inside the Meltdown*, p. 11.
9. *Financial Crisis Inquiry Commission Report*, p. 227.
10. *Inside the Meltdown*, p. 11.