Larry 'Fat Bastard' Summers

2011. Acrylic on canvas, 20 x 24"
by
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Larry Summers was Deputy Treasury Secretary and Treasury Secretary under President Bill Clinton. During his time in the Clinton Administration Summers was part of Clinton's secretive council in the White House known as "the President's Working Group" run by Treasury Secretary Robert Rubin. Summers was instrumental along with Clinton, Rubin and Alan Greenspan to derail regulation of Over-the-Counter (OTC) derivatives as proposed by Brooksley Born, head of the Commodity Futures Trading Commission (CFTC). As noted by Timothy O'Brien of the New York Times, **"**Bob Rubin is not a guy who likes confrontation. He's confrontation averse. But he understands that you need someone in there who can swing a heavy axe, and that person was Larry Summers. He was the enforcer."[1]

Summers' job as bully-boy was to stop Born, cut her off, intimidate, berate her. As told to Michael Greenberger at the time, Summers was on the phone with Born and tells her, "You're going to cause the worst financial crisis since the end of World War II." Summers tell her to stop immediately.[2]

Summers was the stooge for the bankers who were telling him and others to "'Get this lady off our backs.'"[3]

Born became suspicious; "What was it in this market that had to be hidden? Why did it have to be a completely dark market?"[4]

Born then publishes a Concept Release but Summers, Rubin, Greenspan and Clinton want to stop her from regulating derivatives. Though, only Congress can do that. So then hearings are set and Clinton's working group goes on the attack, including Summers, who continued his role as bully-boy; "The release has cast a shadow of regulatory uncertainty over a thriving market."[5]

In a December 2009 Vanity Fair profile of Summers, he claims that the financial crisis was caused by among other things, too much government spending and "too much 'riskless' financial instruments" that were not riskless.[6] In other words, derivatives.

Of course he didn't seem to have a problem with government spending when it came time to bail out the banks. Nor did it seem to bother him to insult and ridicule Brooksley Born back when she was trying to get a handle on the secretive world of derivatives.

He told the Financial Crisis Inquiry Commission, "that while risks could not necessarily have been foreseen years ago, 'by 2008 our regulatory framework with respect to derivatives was manifestly inadequate,' and that 'the derivatives that proved to be by far the most serious, those associated with credit default swaps, increased 100 fold between 2000 and 2008.'"[7]

After leaving Treasury in 2001, Summers became President of Harvard University (2001-2006) and made a mess of that organization as well. Perhaps he spent too much time being chauffeured around in a black Town Car and working on plans to displace "working-class residents from an affordable neighborhood" to expand the campus.[8] Though, he did find time to harass Professor Cornel West about hip-hop and not enough publishing (the man had published 15 books). So when Summers didn't get enough pleasure from idiotic bigotry, he decided to take a swipe at women and accused them of not being smart enough for the sciences and math.

After his failure at Harvard where would a guy like Summers go? A hedge fund of course; D.E. Shaw. While there, he received "$52 million in 2008 working one day a week."[9] At the same time, he pulled in $28 million giving speeches, including $135,000 for a speech at Goldman Sachs, $67,500 for a speech at J.P. Morgan, and $67,500 for speaking at Lehman Brothers.

Where does this guy go after that? President Barack Obama made Larry Summers chair of the President's Council of Economic Advisors.

Notes

1. *The Warning,* PBS Frontline, October 20, 2009, transcript p. 5.
2. Ibid., p. 12.
3. Ibid.
4. Ibid.
5. Ibid., p. 15.
6. *Endless Summers*, by William D. Cohan, Vanity Fair, December 2009.
7. *Financial Crisis Inquiry Commission Report,* January 2011, p. 49.
8. *Endless Summers*.
9. Ibid.