“Men who destroyed their own companies and plunged the world into financial crisis walked away from the wreckage with their fortunes intact.” – Inside Job

The Academy Award-winning documentary *Inside Job*, directed by Charles Ferguson, is now out on DVD. The film, narrated by Matt Damon, documents the origins of the financial meltdown that defined the end of George W. Bush’s second term, and the fallout that is defining Barack Obama’s presidency.

Inside Job is well-crafted, pulls no punches, and is a must-rent DVD for anyone who wants to understand in layman’s terms who and what caused the financial “Armageddon” that continues to plague global and domestic markets. Most importantly, *Inside Job* showcases how nothing has changed – and it’s about to happen all over again if we don’t wise up.

Washington and Wall Street, with the full cooperation of the mainstream media, would have us believe that the details of the meltdown, and subsequent bailouts, are complex and difficult to comprehend. *Inside Job* proves this is patently untrue. If Americans knew just how simple the causation really was, they never would have stood for any bailout of banks or financial institutions that unequivocally deserved to fail.

This outcome would have demanded that appropriate regulations be enforced, or resurrected. The Glass-Steagall Act, which prevented commercial banks from investing deposits, was abandoned during the Clinton administration. Further, both of his Treasury secretaries, Robert Rubin (a 26-year vet of Goldman Sachs) and Larry Summers, along with then-Federal Reserve Bank Chair Alan Greenspan and Securities & Exchange Commission (SEC) Chair Arthur Levitt, vehemently fought against regulating derivatives despite dire warnings from regulators such as Brooksley Born. The very authorities who were duty-bound to respond to the warnings knew what was coming but chose to do nothing. Why? Because wealth beyond imagining was to be gained by an elite few correctly positioned to make it happen.

And as *Inside Job* shows, those who helped perpetuate the whole mess were rewarded with positions of even further and more immense influence and power. Goldman Sach’s CEO, Henry Paulson – the highest paid exec on Wall Street – was named Treasury secretary by George W. Bush, just in time to preside over bailing out his former company and those like it with more than $60 billion in taxpayer-funded debt. And, under Obama, former New York Federal Reserve Bank President Timothy Geithner – who during his nomination hearings stated, “I’ve never been a regulator” – was anointed to succeed Paulson.

Inside Job graphically illustrates how the bailouts did nothing to improve the common man's fate but did improve the assets and power structure of the largest banks in the world. If these companies had been allowed to fail, we would have had a much-needed correction in the market that would have seen this greed go punished, just as true capitalism dictates.

Meanwhile, the economy is in grave jeopardy; our national debt was doubled during Bush's eight years in office, then quadrupled in Obama's 18 months; little credit is still available; few mortgages were saved and more than 6 million foreclosures proceeded; investment/retirement portfolios lost anywhere from 25 percent to 100 percent of their value; housing prices dropped by nearly half in many markets; and jobs were not saved and unemployment jumped to 10 percent. This describes global consequences, not just America's.

The wealth of investors and executive managers of Goldman Sachs, Morgan Stanley, Bank of America, Wachovia Bank, Washington Mutual, Meryll Lynch, Citigroup, Wells Fargo, AIG, Bear Stearns, and even Lehman Brothers was rescued and restored by American taxpayers via Congress' vote to immediately gift $700 billion – billions this government did not have to give.

Over $850 billion was gifted through "stimulus" once Obama was elected. But his role worsens and condemns him to the same ranks of Wall Street favoritism that characterized his predecessors.

What *Inside Job* makes abundantly clear is that while capitalism is not to blame, pure, unadulterated corruption – some technically legal and some completely unlawful, but both corrupt nonetheless – ensued at an unprecedented rate because we had, and still have, "a Wall Street government."

Lax regulators are not the only culprits. *Inside Job* shows how Congress approved myriad variances and exemptions from long-held regulations that would have expressly prevented the nefarious activities of these large banks and investment firms.

The documentary shows how the bond- and derivative-rating agencies literally whored themselves to the big firms such as Goldman Sachs (arguably the worst culprit of all the players, with Morgan Stanley close behind) to give AAA ratings to worthless, extremely risky products that complicit traders peddled to investors until the Ponzi scheme fell upon itself.

What many may not know, and *Inside Job* brings to the forefront, is that as CEO of Goldman Sachs, Paulson successfully lobbied the SEC to ease the leverage standards – the ratio for determining how many dollars can be loaned for every dollar in the vault for banks such as his. Historically, the ratio was 12 to one. The SEC “relaxed” the leverage standard, and when the meltdown occurred, ratios were as high as 40 to one.

Is it any wonder that when companies that over-leveraged, such as Lehman Brothers and Goldman Sachs, were facing bankruptcy, Paulson as Treasury secretary ensured that Lehman, Sachs’ largest competitor, folded, while Sachs was bailed out? Still, the top five executives of Lehman Brothers, after tanking their company, made $1 billion between 2000 and 2007 and kept the money. All the while a new era of mega-banks with too-big-to-fail status emerged, wealthier and more powerful than ever.

Inside Job does a great job explaining the fraud that occurred. For example, Goldman Sachs, including many others in the finance industry, bundled subprime mortgages together with regular mortgages into an investment product called a Consolidated Debt Obligation (or CDO) bond, paid the rating agencies (Moody’s, Standard & Poor’s, and Fitch) to give the CDOs AAA ratings (denoting them as least risky), and then sold them to their unsuspecting clients as sound investments.

Meanwhile, AIG created a new product called a Credit Default Swap (CDS), which insured holders of CDOs should those products fail, as they ultimately did when people could no longer pay back the subprime loans that were part of each CDO.

Goldman Sachs then bought Credit Default Swaps to hedge against their own portfolios full of CDOs. This way, they made huge commissions selling deficient CDOs to clients.

They also bought enormous numbers of CDOs for themselves, but also bought CDSes to insure themselves against those same CDOs defaulting, never mentioning this part of the equation to their clients, who did not have CDSes to hedge their investments. Any way you slice it, it is fraud, especially with the rating agencies complicit in falsely rating the CDOs.

When Moody’s, Standard & Poor’s, and Fitch’s CEOs testified before Congress on this matter of false ratings, they claimed sanctuary under of the First Amendment, justifying their ratings as mere “opinions” relative to risk level and investments. Therefore, they reasoned, they were not liable if investors relied on their process for making decisions about investing in products. It was the height of hypocrisy, and by a kindergartner’s standard, of criminality. However, the laws are written to protect just such villainy, including exemptions, negligence, and deliberate non-action from all parties who might have made a difference.

Inside Job also reveals the numerous bad actors who have occupied the position of Treasury secretary; from Reagan’s presidency through Obama’s, we have a long line of Goldman Sachs alumni occupying one of the most powerful positions in global finance. Once they leave the position of Treasury secretary, they move back to these banks for their just rewards. Let’s review: Donald Regan went from Goldman Sachs to Treasury secretary under Ronald Reagan. Robert Rubin went from Goldman Sachs to Treasury secretary under Clinton then to Citigroup. Henry Paulson went from Goldman Sachs to Treasury secretary under George W. Bush. And Timothy Geithner went from Goldman Sachs to president of the New York Fed to Treasury secretary under Barack Obama. The deputy secretary under Geithner is Mark Patterson, a former Goldman Sachs lobbyist.

This is just a short list of the highly placed Goldman Sachs employees who influence the largest pot of fiat money on the planet, entirely financed by the good faith of American taxpayers. Still, we are supposed to trust that all monetary policy will be implemented with the people’s best interest at heart. Nothing could be further from the truth. We have all the proof in the world to indicate otherwise – even deliberate fraud, sanctioned or not by our government. Yet Americans have done little more than complain about those “damn” Republicans or Democrats from the comfort of their bar stools and blogs.

Inside Job helps us to see that the distinct fraud associated with the financial meltdown is not complicated at all. It is the laws written to protect the fraud and its beneficiaries that are endlessly convoluted and difficult to navigate. (Interestingly, the Virgin Islands government pension fund is suing Goldman Sachs under *common-law* fraud.)

If viewers take nothing else from this documentary, at least they learn that the meltdown was totally avoidable, and as such, demands prosecution. Yet not a scintilla has been meaningfully pursued by those we have elected or appointed since.