Business Briefs

Wall Street

Congressional Democrats Demand Pecora Hearings

As the Obama Administration sheds the last remnants of its campaign commitments to reverse Wall Street's financial looting, two prominent Congressional Democrats—in face of stonewalling from the House and Senate Majority Leaders—have called for a new Pecora Commission to expose the criminal doings of financiers and their collaborators in government.

In mid-March, Rep. John Larson (Conn.), head of the House Democratic Caucus, published a statement in the Congressional tabloid *Roll Call*, calling for the establishment of a Pecora Commission. "We need to know the cause of the problem," he said.

"Our predecessors struggled with the same question after the stock market crash of 1929.... [Pecora's] commission went on to uncover the full range of abusive practices occurring inside the banks and laid the groundwork for a strong regulatory structure." Rather than repeating the mistakes of the past, he said, Congress needs to produce an "investors bill of rights," to protect the lifesavings of our citizens.

On March 30, Sen. Byron Dorgan (D-N.D.) broke open the droning budget debate with a fiery speech on the Senate floor calling for a new Pecora Commission to investigate the crimes of Wall Street.

Dorgan, who is on the Senate Appropriations and Commerce committees, was one of only eight Senators who voted against the 1999 repeal of the 1933 Glass-Steagall Act's provisions that had separated commercial banking from speculative investment banking. At that time, he warned that the result would be massive taxpayer bailouts of a crashing, derivatives-riddled banking system. Dorgan called for a Senate permanent investigating committee, *and* an independent commission like the Pecora Commission. He called for the repealed provisions of Glass-Steagall to be put back in force—in line with the bill to restore Glass-Steagall which he and Sen. John McCain (R-Ariz.) have already introduced.

He slammed the *Washington Post* for running a "news story" claiming that hedge funds had had nothng to do with the collapse of the system. Dorgan thundered, "How do they know that?" He concluded, saying that the present great crisis demands not petty steps, but big actions that deal with reality.

Credit

IMF Reform To Bail Out City of London, U.K.?

The real basket case at the G20 Summit was clearly Great Britain, where the financial collapse of the City of London is sinking the island nation. One might ask whether the call for reforming the International Monetary Fund was a ploy by British Prime Minister Gordon Brown to have it bail Britain out. An article in the April 4 *Daily Telegraph*, "Britain Should Not Fear Asking IMF for Cash," reports that the intention to reform the IMF was to take the "stigma" out of accepting funds from the World Bank, which only fueled further speculation that Britain will seek a bailout.

Financial Secretary to the Treasury Stephen Timms makes the same point saying, "We have gone beyond stigma" and now, even Britain or the U.S. could seek cash.

Japan

Ministries Pan Cuts In Carbon Emissions

The nation that hosted the 1997 Kyoto/Al Gore Greenhouse Gasfest has begun to redeem itself. A Japanese government report released March 27 concluded that if regulations were tightened on carbon emissions, unemployment and personal income levels would be gravely affected. Such measures, the report said, would also harm both industries that produce and industries that consume large amounts of energy.

The "number of jobless would rise substantially should [the government] decide on a substantial emissions-cut goal in line with post-Kyoto Protocol era targets," the report said.

The report, written by a committee chaired by former Bank of Japan Governor Toshihiko Fukui, reflected research conducted under the jurisdiction of the Economy, Trade and Industry and the Environment ministries. It is designed to serve as the basis for public debate before the government decides the nation's mid-term numerical emissions reduction target, following the Kyoto Protocol covering 2008-12.

Speculation

Hungary Fines Soros For Market Manipulation

The country where George Soros received his early training at the hands of the Nazis against his fellow Hungarian Jews has given him a small payback. Soros Funds Management LLC has been fined a record EU1.61 million by the Hungarian Financial Market Supervisory Agency, PSZAF. Soros Funds Management led a speculative attack on Hungary's leading bank OTP last October. The agency levied its highest fine ever, after it found the Soros fund guilty of undue market manipulation.

On Oct. 9, 2008, Soros's London division had offered OTP shares shortly before the stock markets closed, to increase its own option profits with OTP paper. The value of OTP stocks then collapsed by 15% that day. Soros's initial response, was to admit his fund might have possibly done something wrong, and claimed he regretted the action, but that he had not been involved in day-to-day decisions for years, and that he personally never would have "done this."

Not true! As he has admitted to the *Financial Times*, Soros took back personal control of his hedge funds in 2008.