
Jeffrey Sachs: Bankers' Savvy Indeed

President Barack Obama's defense of banking bonuses as reflections of the «savvy» of his banker acquaintances and the workings of the free-market system recalls the Wizard of Oz instructing us to pay no attention to the little man behind the curtain after Toto had exposed the myth of the great wizard. Surely by now we all understand that Wall Street led the world into the worst crisis in seventy-five years, and that rather than congratulating the bankers on their savvy we need to uncover the insider dealings that broke the world economy. We also all understand that a variety of bailouts by the Treasury and Fed during 2008 and 2009, not the «free market,» account for this year's profits, and even for the survival of these firms. The bonuses are taxpayer money.

How did last month's presidential statements about «obscene» bank bonuses become this month's calm justification? Perhaps the [New York Times report](#) that Wall Street is shifting its campaign financing to the Republicans had something to do with it? Or is it simply that Obama's White House and Treasury remain completely aligned with Wall Street? Or is it perhaps just a continuing thank-you for the finance industry's estimated \$89 million in Democratic party campaign financing during the 2008 cycle? Whatever is the explanation, the president's ill-judged comments represent another sad failure to promote probity and decency in an economy suffering from a massive shortage of both.

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