



cultureproject presents
BLUEPRINT FOR ACCOUNTABILITY

Blueprint for Accountability: Wall Street-Washington Connection
March 27, 2012
Gaston Hall at Georgetown University

Panelists and Speakers:

Carolyn Forché (CF)- Introduction- Professor and Director at the Lannan Center

Karen Finney (KF)- MSNBC Political Analyst and columnist for "The Hill"

Anna Kahja (AK)- Actress

Charles Parnell (CP)- Actor

Steven Pasquale (SP)- Actor

Eliot Spitzer (ES)- Former New York Governor

Matt Taibbi (MT)- Editor at Rolling Stone

Ron Suskind (RS)-Pulitzer Prize-Winning Journalist and Author

Van Jones (VJ)- Senior Fellow at the center for American Progress, Senior Policy Advisor at Green for All

Heather McGhee (HM)- Washington Director at Demos

Jesse LaGreca (JL)- Writer and Occupy Wall St. Activist

CF: Good evening. And welcome come to Blueprint for Accountability: The Wall St.- Washington Connection. I'm Carolyn Forché, Professor and Director at Lannan Center for Poetics and Social Practice here at Georgetown University. And we're very pleased to bring the Culture Project to our university for the first time. Tonight's event is the first in the Lannan Center's annual Spring Symposium confronting our present economic crisis and the role of financial and corporate powers in the political life of our republic. In the words of Thomas Jefferson: "I believe that banking institutions are more dangerous to our liberties than standing armies. The issuing power should be taken from the banks and restored to the people to whom it properly belongs."

Many have worked to bring you what we hope will be a very exciting, multimedia, high-powered event of great moment. We would like to thank the Culture Project's Artistic Director, Allan Buchman; and executive producers Andy Karsch and Jody Evans; and also, very especially, Nan Richardson and the Culture Project's Director of Production, Jayashri Wyatt and Caitlin Tyler-Richards of the Lannan Center for their tireless work. We thank our stellar cast of participants and guests and the crew of young people who have connected guest and hall tonight, to the rest of the world. We will be live streaming through Fora.tv and on the Rolling Stone website. Dylan Ratigan, who was to be tonight's moderator, is not here with us due to illness but his colleague from MSNBC, Karen Finney, has graciously offered to stand in for him at the last possible moment.

Finally, I would like to thank the many donors who have made this evening possible. Including support from the Arca Foundation, Panta Rhea, Cynthia Ryan and the Schooner Foundation, Veatch

Foundation, Stewart R. Mott Foundation, and very personally for Georgetown, Patrick Lannan who is with us this evening, and Lannan Foundation of Sante Fe, New Mexico for generous support of Lannan Center.

I will ask you to please turn off or silence your cell phones. The next voice you hear will be that of Karen Finney.

End: 00.02.29

Start: 00.03.19

KF: I just want to kind of go over how this is going to go tonight: We are going to start each of the four sections of this conversation with a film clip, that will kind of set the tone for the conversation; we will come out of that film clip and have a conversation with our distinguished panelists, who I'm about to introduce in just a minute; and then each section will end with a dramatic reading, and then we will move on to the next section. So, without further ado let me introduce our panel:

I have Eliot Spitzer. He prosecuted Wall St. executives as Attorney General for the state of New York and later served as New York's governor. He's now a regular columnist for *Slate* magazine reporting on America's economic situation. Thank you for joining us, Eliot.

To my immediate right, Matt Taibbi, as a contributing editor to *Rolling Stone* magazine, our next guest has been one of the most entertaining and ferocious critics of Wall Street – that is pretty good. Big Banks and Corporate Greed. From his best-selling books to his blog, he continues to shine a light on some of the most excessive injustices of our time. Matthew.

To my far left Ron Suskind. He won the Pulitzer Prize in 1995 for feature writing for a series of articles composed while acting as the Senior National Affairs Writer for the *Wall Street Journal*. In his latest book, *Confidence Men: Wall Street, Washington, and the Education of a President*, he chronicles the White House response to, quote, “a cascade of crises from insolvent banks to collapsing carmakers.” Ron Suskind.

Okay, let us make sure I get this right. Van Jones, who needs no introduction – I am kidding, best known for his environmental work with Green for All as President Obama's special advisor for Green Jobs. Van founded the organization “Rebuild the Dream,” which aims to restore economic opportunity for American families. He also has a book coming out by the same name, *Rebuild the Dream* – is there a copy of that you want to show? – coming out next week. You know, we have got no problem doing shameless plugs up here. Van is also a New York Times bestselling authors and one of Time's 100 Most Influential People.

Heather McGee, having acted as Deputy Policy Director for John Edward's Presidential campaign, our next guest has battled to influence public debate and catalyst change. Now the director of the Washington office of Demos which strives to utilize ideas and action to promote the common good.

And last, but not least, Jesse LaGreca. He has been referred to as “the smartest man on Wall Street.” Giving voice to the Occupy Wall Street movement, he is a daily coast blogger, he is a protester and activist who has attacked income inequality and fought for Wall Street accountability. Jesse LaGreca. We're going to start with our first film clip and it's called *Crash*.

End: 00.6.38.

Start: 00.6.39

[*Crash*]

End: 00.12.00

Start: 00.12.01

KF: All right. I love – One of the things I love about watching that is I read a story from March 2008 just to remind myself how we got here, and at that point president Bush was saying, “It was all going to be fine by the summer,” He just did not say which summer, of course, so we are still waiting. So, I want to start with this idea, taking up this idea in the film – I mean, personally, I do not buy this idea that nobody knew that this was coming, right? It feels like we were sitting on a time bomb the whole time. Eliot?

End: 00.12.30

Start: 00.12.31

(ES): Yeah, absolutely, I think that only those who lived within the intellectual construct of Alan Greenspan and Hank Paulson and perhaps the Democratic Senators who shared that world view, bought the notion that the system that they created could continue forever. Anybody who read history, could understand finance, who looked at the housing market, who looked at the junk that Wall Street was doing understood this game was going to end.

Now, the hedge fund guys who understood that bet against it, made a fortune, the regulators who had the guts to stand up and push back basically got pushed out of the way because the consensus in Washington - this deregulatory market-based faith that had been ingrained since the days of president Reagan - had taken hold in such a fervent, powerful way, that nothing would get in the way of the Alan Greenspans, the Larry Summers, the Tim Geithners, those who had built the very system that was inevitably going to collapse. So it was clear to smart people – some made money on it, some tried to stand up and protest – but those who dominated Wall Street refused to see what was obvious.

End: 00.13.35

KF: Heather, you want to weigh in on that?

Start: 00.13.38

HM: Yeah, I mean, you really have to remember how much, when the deregulatory idea was being sold...the principles that we would all benefit from – everybody, from the least-sophisticated checking account holder to, you know, the multi-bank conglomerate – was going to benefit by getting the strong hand of the government out of the way. And that is how it was sold. I think that it's important for us to remember that, so we that have a sort of a smell test for the same kind of language that's being used today. Because it really was sold and bought very effectively by people from both sides of the aisle.

End: 00.14.11.

Start: 0.14.12

ES: Can I just jump in? Because you are so correct, I mean, the two words that should immediately make your ears perk up: self regulation. Remember what everybody said, I mean everybody said, “Don't worry about excess in the market; they won't sell bad stuff, they won't misrepresent. We the investment bankers,” they said, “will prevent ourselves from doing it because we believe in both the ethics and the integrity of the market. It would be in our long-run...it would not be in our interest to do that.” Of course, we now see what the history is. Those words which unfortunately came back into play last week – but that's a separate conversation perhaps – those are the words that should immediately lead you to recognize that it's all a façade, a Potemkin village which can endanger us.

End: 00.14.48

KF: The “just trust me” argument.

ES: That's right.

KF: Ron, did you want to weigh in?

Start: 00.14.53

RS: Yeah, you know it is interesting. Sometimes there is just a reporter – you just get lucky. And in this last book, I just had a moment of lovely good fortune. I was just walking through Union station here in our town, with Gary Gensler. I don't know if you know Gary, he's the former Goldman guy who runs the Commodity Futures Trading Commission. He has kind of done a little bit of a mini Joe Kennedy; He knows all the rules of Wall Street, he used to help run Goldman Sachs. Now he's turned on them. And Gary is walking through Union Station, a few blocks from here, and walking the other way is the guy who ran structured products, mortgage products, the CDOs [Collateralized Debt Obligations], the CDS-ers [Credit Default Swaps], for Goldman Sachs, 2003-2007. They see each other. I am there with a pad and a tape recorder. They start talking. Gensler knows just what to ask. And it gets right on this issue: of who knew what when. Because the framing of this story that Matt has talked about, and Jessie, and others: "Oh, we got hit, too, on Wall Street. We were surprised like the rest of you." It's false! It. Is. False. And right here you see the evidence.

So Gensler says to this guy, Voigtman: "Alright, you ran structured products. What did you know and when did you know it?" What he says is extraordinary. He says, "In late 2003 we started to see garbage coming into Goldman Sachs. Subprime mortgages, stuff that even Goldman wouldn't buy" - now that's a high standard. "Goldman's going, 'What, are you kidding? Then we're sending it back. We're not taking it.' Then it's being bought at par – essentially at selling price." Gensler goes, "Okay. What did you do then? Did you change your underwriting standards?" .. i.e., did you recognize this? And Voigtman says, "Oh, no, no, we doubled desks on the streets," i.e., "We went hog-wild."

And then what does Goldman do? Goldman then starts talking to AIG [American International Group], to say "We need this credit insurance, credit default swaps." They were sleepy sort of confections, that were built mostly in the 1980's for sleepy corporate bonds. You get a teeny break on the price of the bond cost. If it goes under, if General Motors goes under, God forbid, that you get paid. Well let's use this for arguably the most disastrous products ever created by Wall Street. And the credit defaults stops stop getting pushed, pushed hard. Goldman and AIG across the street.

So now you get the key moment, and Gensler says to Voigtman standing there, "Alright, so when does Goldman make a directional bet on essentially subprime mortgages?" Now, Goldman, in public, has said, "Oh, we've done this..." In late 2007, Gary Cohn, the number 2 guy at Goldman says, "That's when we realized it." What does Voigtman say? He says – a guy who's left Goldman, mind you. He's now at the Royal Bank of Canada. Perfect, he's out from under the Goldman dome of silence – he says, "Well, as a matter of fact, we were more short than long," i.e. a directional bet against the entire mortgage planet in 2004. Early '04. What does that mean? There were some long positions, and Goldman, when the whole thing blew up, said, "Look, we have some of these long positions, but they were way 'more short than long.'" And even at the end, when they're saying, "Oh, we have to be more short," they wanted to dump all the long positions, even the few that were out there mostly as a misdirection for counter-parties, for people in deals with them.

Now this is actionable evidence. That guys like Elliot – well, if there are any prosecutors left in America – guys like Elliot turn into prosecution. But the idea that they didn't know is false. The bottom-line framing is that they knew it would be an explosion. They bought insurance on the whole blast radius. But the blast radius was much bigger than they expected. Plain and simple.

End: 00.18.49

Start: 00.18.50

KF: So, picking up on that, because I feel like I read this in your... I mean, Matt, you chronicled this beautifully. Clearly, the warning signs were there. People were ignoring those warning signs, people didn't, you know, were in great denial; they didn't want to see it, right?

End: 00.19.05

Start: 00.19.07

MT: Well, right, or else they did see it and they chose to profit from it rather than sound the general alarm and I know Elliot has talked about this before, that the whole rationale behind self-regulation was, "Well, the market will take care of this problem. If anything really bad ever comes up, we can handle it. We'll get on the phone, we'll call the regulators, we'll deal with this in-house." But what we saw with the financial crisis was that exactly the opposite happened, that when... you know there certainly were some banks that were blind-sighted, maybe not by the whole possibility of a collapse but by the timing of it.

KF: Like who?

MT: Well, some of the dumber banks, you know, Bear Stearns, you know, Lehman Brothers...

KF: I mean, might as well name names, you know...

MT: Some of these guys got caught warehousing some of the more dangerous structured products and they got blind-sighted, especially by the timing of it. But some of them didn't, I mean, clearly Goldman Sachs – we know that they had meetings in late 2007 where they were discussing whether or not they were too short or too long, they had bet too much on these mortgage products and they actually talked openly about how we have to get rid of this stuff as quickly as possible. Lloyd Blankfein said, quote-unquote "Look, we have to get rid of these cats and dogs because they're weighing down our balance sheet." So instead of sounding the alarm, they went out and tried to find somebody to unload this stuff on, they called it – in-house – they called these "axes." They had these sales axes where they gave incentives to salespeople to dump their crap on unsuspecting clients who they made fun of, they called them "Muppets" and "Pink Elephants" and "Unicorns" and, you know, they made all these... these derogatory names for their clients. So that was what they did, when they had this knowledge, they used it for their own personal gain rather than for the general good.

End: 00.20.52

Start: 00.20.53

RS: Now, Matt, we should mention, we're doing a little reporting don here. I'll give you Voigtman's number.

MT: Sure, absolutely. Maybe they knew even earlier than that.

RS: Well, clearly they did, and what's interesting, at the end of 2007, they were dumping the remaining, fairly modest long positions that they still had. They were mostly short at that point.

End: 00.21.11

Start: 00.21.11

ES: There is a regulatory analogue to what you're seeing in the banks, which is, when I was AG back in '99, we made our first sub-prime case. And we began to open up a series of investigations. And the banks, which literally owned the OCC - it was their fees that pay for the OCC - went to the OCC, the Office of the Control of the Currency, and had the OCC go to court to shut down our investigations of the national banks and their practices and sub-prime debt. So we said, "This is going to metastasize."

And the banks went to court and succeeded all the way up to the Supreme Court and by the time we went to the Supreme Court it was 2008, too late to actually do the investigation, they affirmatively went into the court room. And if you had been to the courtroom you would have seen the lawyer for the OCC sitting near the table, but in the first row were all the lawyers for the banks telling him exactly what to say, it was like a puppet and a puppeteer, one of the most outrageous things I've ever seen. It was horrendous.

End: 00.22.02

Start: 00.22.03

KF: But Heather, to your point, though, this started a long time ago. I mean, this was thirty years, forty years in the making. There were problems just sitting there.

End: 00.22.13

Start: 00.22.14

HM: I think that the other set of people who knew - other than Goldman, other than the AG, were actually people in the housing and economic justice community who were running around in the 1990s and saying "Look at what is happening in Cleveland. Look at what is happening in these working-class neighborhoods where it is suddenly no longer in the bank's interest to sell a mortgage product that is affordable for the borrower." That is what shifted, when you broke that line of accountability.

So a broker could come up to knock on the door of an elderly woman who has had a house for generations and say, "You've got a leak in your roof. Would you like another loan to be able to pay for that? I'm going to add this refinance loan on top of your existing equity." And they - the broker got paid - a kickback for the spread between what that elderly woman qualified for and what they were able to sell her. Then the broker sells that same loan to a bank that then no longer has to keep that loan in its books for thirty years because of the miracle of securitization, and can quickly sell that loan off to the street, and so we have no accountability except for that elderly woman who's sitting in there with a house with a roof that may be patched up, but negative equity immediately and a ticking time bomb.

And the housing advocates knew, and I always say: if we had just gone short on the housing market instead of trying to go to Congress and trying to get the Feds to regulate, we would be - you know, we'd be endowed for generations.

End: 00.23.43

Start: 00.23.44

KF: That is a good place for us to pause. We are now going to hear a reading from the actor Anna Kahja. She is going to read *the Dixie Mitchell Story*, it was adapted from TV interviews and articles.

End: 00.23.56

Start: 00.24.10

AK: My name is Dixie Mitchell and I've lived in my house since 1967. I've raised 50 foster kids and 8 of my own babies in my house. I paid off my mortgage years ago, back in the '80s. We were always getting calls out of the blue about taking a loan out on the house. One day we got a call – it was right around the time that one of my foster kids needed help, and we had a lot of repairs to do on the house. So we took advantage of the call, and we took out a loan.

In the beginning everything was fine and we were able to make the payments. But then my husband had a stroke and lost his job. He got cancer, and is now paralyzed in a wheel chair, and I'm still recovering from cancer too. Right around the same time, the housing market went to pieces and our loan payments went through the roof. Our only income is social security, and we just couldn't pay the loan when the interest rate went up.

We asked for a modification the minute that we got into default. I was just so devastated by them not giving us the modification. They said we didn't qualify, but then who [does] qualify? We went into bankruptcy to save our house from being sold on the steps of the courthouse in Seattle. Isn't it twisted that we had to declare bankruptcy in order to save our home! We didn't have anywhere else to go. They wanted to auction off our home!

Those big banks, they don't care about us itty bitty people. They don't care that the money that they were bailed out with [is ours], and now they're using it against us, and kicking us out of our homes. They're literally throwing us in the street – we have nowhere else to go.

I needed them to look me in the eye and tell me why they think it's better to put people out in the street. They haven't done their share to help. They don't even give you a chance . . . all they do is lose your paperwork and make you send it over and over again. Each time you talk to somebody, you get a different answer.

I don't even know how this happened. We got this loan from one bank, and they gave it to someone else, and gave it to someone else, and gave it to someone else. We couldn't even figure out who the heck we were dealing with. We finally traced it to a bank in Florida! But no matter how many times I tried to save this home, they just kept denying us the modification!

I started reaching out to my community and neighbors for help to collect petition signatures. Washington CAN! And The New Bottom Line both helped me. The banks weren't going to help, so we had to do it ourselves. We organized an action one day at my home here in Seattle and then there were Community leaders down in Florida that delivered my modification paperwork and the petitions to Ocwen (oak-when) Financial and they asked Ocwen Financial to call me. We were all rallied at my house waiting for that call. They told us they got our signatures and our paperwork, but wouldn't promise anything. They said they would call in a few days. So we waited. And we've been waiting! We need to know if we got the fixed interest rate or the loan modification that will be within a range we can afford...

You know, millions of families across the country are going through this just like us. We won't stop fighting. Not until we're able to make the big banks pay their fair share.

End: 00.29.49

Start: 00.29.53

[Film clip: "Homegrown Tragedy"]

End: 00.34.49

Start: 00.34.53

KF: That was called "Homegrown Tragedy", appropriately. Matt, I'm going to start with you. Because what I take out of that is yet again, hearing that regulation: bad, "just trust us:" good. Except people lost their homes. So. What was going on?

End: 00.35.10

Start: 00.35.11

MT: Well, one of the things that happens in regulation...there are a lot of things that happen with regulation. First of all, some of the...some of the pertinent companies were allowed to choose their own regulators.

A great example is AIG [American International Group], which in the late nineties they brought a savings-and-loan in the state of Delaware which allowed them to designate themselves a thrift, or a savings-and-loan. Because of that decision, they were allowed to be regulated, they were allowed to choose their own regulators. So they were regulated by the Office of Thrift Supervision, which is the smallest and weakest of all the financial regulators. The OTS had exactly one insurance expert on its staff, and AIG was a company with a hundred and eighty thousand people on it and it was being regulated by this tiny regulator with one insurance expert. And that's a really good reason why, they didn't notice this gigantic half trillion dollar bet that uncollateralized bet that AIG was making on mortgages leading up to mid crisis.

So that's one thing, another thing, is that - just to tell a story that might illustrate this issue, a couple of months ago I was talking to somebody who worked for one of the ratings agencies and his job at the ratings agency was to rate, mortgage-backed CDOs so essentially he was a math whiz who was in charge of coming up with the mathematical rationale with calling a subprime mortgages of very poor quality a triple-A instrument. So this was a very clever individual, he was a math whiz, he went to Harvard, a very, very smart guy. So that was part of his job and another part of his job was meeting periodically with government regulators. And the way he described it to me is typically this is an intellectual mismatch. The best and the brightest, it's sad to say, do NOT tend to go to work for the FDIC [Federal Deposit Insurance Corporation], the OCC, the OTS, even the Fed, and typically what these meetings were would be 25, 26 year old, 27 year old kid who would come into the office of these rating agencies they would come back brief meeting, they would sort of, wave a magic wand, explain the rationale for rating all these CDOs, and they would get away without asking too many questions. But one time, he said, he got a guy in who was clever who kept asking the right questions, and he made this employee of the ratings agency very nervous. After he left that day, this guy went to his boss and said this wasn't the usual idiot, this guy actually understands what we do here. He says, "Really what's his name?" And a month and a half later this guy worked for that company. And typically this is what happens.

The money, money talks. The, the - and this is the last thing I'll say - the real problem with the revolving door in regulation in Wall Street is that the best regulators know that if they do their jobs well there's an enormously profitable job waiting for them with their very companies they're charged with regulating. Especially in agencies like the SEC [US Securities and Exchange Commission] where if you work in the enforcement division long enough and you get out you can get a 2, 3 million dollar a year partnership with one of the big defense firms that represents these companies. So how hard are you really going to regulate these firms? And that's, that's one of the reasons why this collapsed.

End: 00.38.26

Start: 00.38.26

KF: I want to go back to in terms of the housing crisis, and you know, sort of what happened. Ron?

End: 00.38.33

Start: 00.38.33

RS: Well, you know, it's interesting. Heather and Van have studied this. And they talk about the antecedents of this. How far back it goes. Well, what you're seeing here is something fundamental that changed.

Banks used to hold the risk, that's what banks did. And the bond between borrower and lender, I mean that goes back to Deuteronomy, there are passages there. What they figured out was that they could package and sell the risk off - get rid of the risk, "I don't need to hold the risk anymore," it freed them. Essentially, it freed demons. That allowed enormous profits to flow, obviously, with other people's money.

And - and what's interesting about this whole period of regulation that Matt's talking about and what happened, these guys with the chainsaws, good God, is that an avatar of tough love and regulation of the old school. When people were regulators often their whole life, even the smartest people in the class, they're like, "that's a noble profession." To be the official on the field of play, one of them is a guy like Paul Volcker. Alright, now, Volcker, all six foot eight, standing behind Barack Obama doing the campaign. There's a big reason Barack Obama had a lot of credibility rushing through that election season. Well, Volcker gets fired by Reagan - even after Volcker's tough love, choking off interest rates, killing inflation sets the predicate for much of Reagan's lovely revolution economically - Volcker gets fired in 1987 because Reagan wants to deregulate and Volker's like "that's insane this is not going to help anybody. It's essentially going to break the fundamental bonds that allow for commerce to work in America."

And the last thing I'll say about this issue of framing: the lexicon matters, own the language, if you frame a thing in a certain way you're going to often prevail in public dialogue. Now, the key here is the framing issue. We are not a free market economy and we never have been. Look at the Jefferson quote. From the beginning we have been a regulated free market economy, from the start. And you don't get it to work unless there is regulation. And if Madison was here, and Hamilton even, much less Jefferson, they all would say that in their powdered wigs. That's the way the argument ought to be framed.

End:00.20.54

KF: Jesse you looked like you wanted to get in there.

Start: 00.40.57

(JL): Ron and I have talked about this a couple of times. Because we, attended the last accountability project event that I attended.

RS: Do you have a hat or something for me that I can wear?

JL: I've got to find one for ya. They don't really make these now. I'm looking for one with an American you can imagine the difficulty with that.

RS: [chuckles]

JL: The idea that the financial industries will regulate themselves... I might be the youngest guy on the panel, I am telling you my entire life. This has never happened. Not just that. The more they do it the worse it gets. I tell people to imagine a zoo. The bars are your regulations; these are what keep certain animals from eating alive the other animals. The idea that if we took all the bars out of the zoo and let the animals play with each other, that it will just work out great. What really happens is exactly what you would expect, a bunch of dead animals, rotting corpses, and a bunch of bloated fat cats.

End: 00.41.56

Start: 00.41.58

RS: I just want to give Jesse a little credit here. Because Jesse has arrived in the public stage, obviously the Occupy Wall Street and he's just a killer.

Now there's a moment you can go on YouTube, you can see this, it's a beautiful moment. A lot of the problem here is that a lot of the people who have been rewarded, the elite - I hate that word - but people who are at the top of the pyramid, you know they don't want to be discomforted. So a great moment of discomfort comes from our man Jesse, he's on the Sunday morning ABC show, Christiane Amanpour. And they have Jesse, he's not at the table, he's on they big screen. So they get him on there, right after occupy kicks up, he's got the hat on - the union hat, and all that - and he's there and he starts to talk, and of course, they're, you know, they're all ready, starting to cut the mustard with him. Oh what is this Occupy Wall Street, what are they about? And all of a sudden, Jesse goes, "You know something?" - big face - "I think that I'm the only working-class guy that's ever been on this show."

And the victory is that George Will, and Peggy Noonan, and all the other swells around the table, they absolutely were speechless. That's our man, nice going Jesse.

End: 00.43.05

Start: 00.43.06

JL: Just to say something on that, cause I really laughed, ThinkProgress.org posted an article a couple of months ago stating, that in 2009/2010, fifty-two percent of the people who were guests on Sunday Morning talk shows were conservatives, even though Congress was 2/3 Democrats. Then in 20 - I think it was - 11, 66% Sunday morning talk show guests were conservatives. If you add Joe Lieberman, it's more than that. I want to amend my statement now. Not only am I the only working-class guy on those shows, I'm probably the only progressive, too. So there's that.

KF: Well, there's probably also...

JL: A few other nice folks as well.

End: 00.43.43

Start: 00:43:44

KF: Van. Cause I want to make sure that we're talking about housing – it's easy to talk about – you know, how the banks screwed up, how the right-wingers screwed up, but we still have a problem and we have real people on the ground struggling.

End: 00:43:57

Start- 00:43:58

VJ: Yeah I mean. Part of what you see with the video is these are the people, you said earlier...you said earlier, Heather that we saw this coming. You didn't have to have fifteen PhDs in advanced mathematics to see this coming. We saw it coming in Cleveland. We saw it coming in Philadelphia. We saw it coming in Detroit.

But the problem was that when we said the words “economic justice,” people thought they knew who we were talking about. Those people, those brown people. And there's this view that you kind of know whose going to lose in this economic gain. What we are now seeing is that because we didn't pay attention to the first cracks, we didn't care about the people who were getting hurt in the first cracks the whole dam is starting to come apart. Now you're seeing, not just the traditionally poor, that we all in this room care a lot, you've now got the newly impoverished. 20 million people who used to be in the middle class!

And here's the sick part about it - the very pillars that we were told were the pillars that we were supposed to use, to get out of poverty, to build the middle class, those are the two pillars being used to crush us: home ownership and a college education. You go get into debt to get a home. You see any rap star: first thing they'll say, they'll say “I'm going to buy stock” ... “I'm going to get my mama a house!” Right? “I'm going to get my mama a BIG house!” Why? Why? Because in our community the stock market seems kind of seems like the numbers game. Kind of like a hustle, some kind of gambling thing. No, no. Be responsible. Don't just—get a house. So now you have the entire African-American community - middle class, now! All our wealth stacked up housing and that is devastating. You have all these kids. How are you going to get a job? You don't want to be working in the fast food? Go to college! Now all these kids are graduating off a cliff, with massive debt and no jobs.

And the financial sector is sucking every penny, nickel – there's not a sofa cushion in America that's got a nickel under it because the financial sector's got everything. Now fifty states are all sending their money to one zip code: Wall Street. And surprise, surprise the recovery is slow. Why? You can't go buy a “sody” pop let alone a sofa, a car, a house ... the whole middle class now is drowning under this blanket of debt. And the people who are beginning to fight back – New Bottom Line, we some of the New Bottom Line people – the people who are, they've been fighting back for a very long time.

And there is one solution to this on the housing side and we've got to put his name in the public circulation: Ed DeMarco. Ed Demarco who was a Bush administration hold-over in the Obama administration who won't let Fannie and Freddie reduce principle. It doesn't make any sense at all, if we're taking it; we've had a huge hit. Let the banks share in the pain, and we get out of this thing together. Ed DeMarco is still sitting up there preventing this progress. If Shirley Sherrod is not going to be in the administration, Ed DeMarco should not be in the administration.

End: 00:47:18

Start: 00:47:220

ES: Can I add one thing, Van is just so brilliant in the way he articulates this. There is one other dimension to this, though, and I want to spread the blame around a little bit. I don't want to focus on that guy, guilty as he may be.

The problem really was when we bailed out the banks, and we wrote that blank check, whatever number you put on it 1.5 trillion, the numbers are hard to actually calculate. Nothing was asked back, in other words not only was there no regulatory relief in terms of Glass-Steagall and all the other arcane stuff that only the bunch of us up here could enjoy, nobody said to them back then you must write down the face-values of these mortgages right now. The moment when it could have been done, right at the moment of crisis, when the Treasury department was holding the one thing the banks wanted, the money, nobody did it. Then they went back to them a couple of months later and said, "Well, now lets have a separate conversation," the banks said "Forget it!" It was one of the worst negotiating strategies I've ever seen. It was one of the most fundamental misunderstandings of what was driving the economy then. I think the point is, the folks who were making the decisions thought it was just a financial issue; they still didn't get that this was a housing crisis. And that is their disconnect, they thought the whole economy was just banks and financial institutions; they didn't understand that what was really driving the economy, was both housing and the housing market collapse.

End: 00:48:35

KF: Well but now it's all going to be ok because you can get \$2000 for your home, right? We solved that problem, right?

Start: 00.48.43

MT: Right, I mean, now they know that not only is there not consequences, but they also found out officially that corruption is cheap. You know, they're getting off for \$2000 per person, that's nothing. There's no incentive anymore for them not to continue practicing the same kinds of frauds.

End: 00.48.57

Start: 00.48.59

VJ: Can I say something about this, because you know, this is fundamentally a moral question. This is a moral question. You know, people say, "Well, we can't write the principle because that's moral hazard. These people were foolish, they shouldn't have – They just were greedy, they got too much house, why do these people get... they should suffer, they should...they've got to learn their lesson." Well fine. We've been learning a lesson here for a couple of years now.

I have two children, two boys. Sometimes, they get into fights. I would be a terrible parent if I said to Kabral, "You guys are fighting, you're both wrong, you're both doing things that are terrible. Kabral, you go to time out. Mattai, here's 14 lollipops!" Now, both kids are wrong, they both need to have consequences.

Maybe we were foolish to take the loans, but they were foolish to give the loans. Moral hazard has got to be a two-way street. The problem is we had somebody in our neighborhood who acted like these bankers, right? Who went to Las Vegas and blew all their money gambling, which is what these guys did, then they came back to the neighborhood broke, which is what these guys did, they went door to door asking everybody for money. "Help me, help me." Okay. "Help me, help me, help me," asking for a bailout, which is what these guys did.

And then, next week, you open the door, there they are! Maserati, Lamborghini, yacht, a, what do you call it, a disco ball in the front yard, scantily clad people everywhere having the party of their lives. And you say, "Well, hold on a second, how do you guys have all this money and all this fun? Can

I borrow some flour?” And they say, “Get out of here, you bum! What do you think this is, socialism? Go get a job!”

This is not class war. This is war against people who have no class. That’s the problem, they have no class! And we got to stop at nothing.

End: 00.51.03

Start: 00.51.06

RS: You know it’s interesting, that question you’re asking, Van, we’re all asking, about what would happen to that table.

I asked when that money was lent, I asked some bankruptcy judges from Delaware, which is kind of “Bankruptcy Capital.” “What’s happening in that transaction?”

It’s fascinating, because this notion of other people’s money, of giving up the risk, again what people kind of think, you know: “The banks care if I can’t pay. It’s their money, right?” That’s part of the trick of the light here. Because when you talk to people sitting at the table, they’re like “Well the guy who was lending me the money said I can afford this. They wrote up the equations and the numbers and said, “No, you can afford this.” And actually, interestingly, it’s the same, often, with corporations, with the private equity people, very similar. And what happens is, is at that moment, this sort of an odd kind of makes-no-sense thing occurs, where the person receiving thinks that it’s the other person’s money. That they care if I can’t pay. They don’t.

That’s what happens when you give up the risk. When it’s other people’s money you’re playing with, and when you create a way to never suffer the downside if things go south. If that happens, the government will be there to bail you out. Well, that’s what happens when we stray away from fundamental principles – these are not Democrat or Republican, they’re fundamental principles – of how markets work.

End: 00.52.30

Start: 00.52.33

KF: I have to wrap up soon, but I want to come back to Heather, following up on that point in the story you were telling, because I know from my own experience buying a condo a few years ago, they really do push. I mean they were like “You can qualify for more money,” and “How about *this* loan.” So it’s not even – I mean, this whole accountability piece, and blaming the victim, if you will, is totally disconnected from the reality that if somebody who is supposed to be an expert tells you can qualify... “I don’t know, okay.” And unless you read all that fine print, how would you know otherwise? What strikes me is that a lot of this is, you know again, people being told and pushed into things they just were not ready for.

End: 00.53.13

Start: 00.53.14

HM: Yeah. Well, I mean we have to realize that there was willful fraud at every step of the process. I mean, one of the big pieces that is sort of a missing story - we did a report about this with Demos back in 2005 – when we talk about these underwater homes – why were the homes so inflated? It’s because there was rampant appraisal fraud.

And so you have these people who are supposed to be sort of green eyeshade accountants running around to houses and saying you know, “This house is only worth this much.” And it started to be around, you know, the mid 2000’s, that if I was an appraiser, and I said this home in this cul-de-sac is

only worth \$200,000 because I looked at the math and I didn't see that it was \$250,000, suddenly the bank wasn't going to hire me to appraise the next house.

And so we started seeing on these blogs and these list serves all of these stories about this widespread appraisal fraud. And who was benefiting from it? It was the banks, who wanted the higher loan volume so they could sell them to, you know, the shadow derivatives market.

And so, when you really follow the money and look at the incentives, every single step of the way, people are making more and more money off of the person at the very end of it having the least amount of knowledge about what they're actually getting into, and the least amount of true evaluation of their home, of the balloon payment, of the exploding arm, all of that. And so, the idea that somehow the most responsible party is the one that didn't profit, really, from it every step of the way, is what's so galling I think, and is what is – and I hope we get to talk about this more – is what is making this entire issue a really foundational moral tale for Americans and is animating of politics that I think I really cross-ideological. And you know, if we don't have a government that is on the right side of this moral tale, we've really lost legitimacy of our government.

End: 00.55.09

Start: 00.55.11

KF: So now we're going to [pause for applause] Now the actor Charles Parnell is going to read "Staying Awake Through a Great Revolution" by Dr. Martin Luther King, Jr. It was delivered in March of 1968 at the National Cathedral not far from here.

End: 00.55.30

Start: 00.55.40

CP: We are challenged to rid our nation and the world of poverty. Like a monstrous octopus, poverty spreads its nagging, prehensile tentacles into hamlets and villages all over our world. Two-thirds of the people of the world go to bed hungry tonight. They are ill-housed, they are ill-nourished, they are shabbily clad. I've seen it in Latin America. I've seen it in Africa. I've seen this poverty in Asia. Not only do we see poverty abroad, I would remind you that in our own nation, there are about 40 million people who are poverty-stricken. I have seen them here and there. I have seen them in the ghettos in the North, I have seen them in the rural areas of the South, I have seen them in Appalachia. I have just been in the process of touring many areas of the country, and I must confess that in some situations I have literally found myself crying.

I was in Marks, Mississippi the other day, which is in Whitman County, the poorest county in the United States. I tell you, I saw hundreds of little black boys and black girls walking the streets with no shoes to wear. I saw their mothers and fathers trying to carry on a little head start program but they had no money. The federal government hadn't funded them, but they were trying to carry on. They raised a little money here and there, trying to get a little food to feed the children, trying to teach them a little something. And I saw mothers and fathers who said to me, not only were they unemployed, they didn't get any kind of income. No old-age pension, no welfare check, no anything.

And I was in Newark, in Harlem, just this week, and I walked into the home of welfare mothers. I saw them in conditions, no, not with wall-to-wall carpet, but wall-to-wall rats and roaches. I stood in this apartment and this welfare mother said to me that night after night she had to stay awake to keep the rats and roaches from the children. I said, how much do you pay for this apartment? She said \$125. I looked around and thought to myself, it isn't worth \$60.

Poor people are forced to pay more for less. And the tragedy is so often these 40 million people are invisible. Because America is so *affluent*. So *rich*. Because our expressways carry us from the ghetto, we don't see the poor.

And this is happening in America. The richest nation in the world. This is America's opportunity to bridge the gap between the haves and the have-nots. The question is whether America will do it. There is nothing new about poverty. What is new is that we now have the techniques and the resources to get rid of poverty. The real question is whether we have the will.

In a few weeks, some of us are coming to Washington to see if this will is still alive in this nation. Yes, we're going to bring the poor, the tired, the huddled masses. We're going to bring those who have known long years of hurt and neglect. We're going to bring those who have come feel that life is a long and desolate corridor with no exit signs. We're going to bring children and adults and old people, people who have never seen a doctor or a dentist in their lives. We are coming to demand that the government address itself to the problem of poverty.

We read one day, we hold these truths to be self-evident, that all men are created equal. That they are endowed by their creator with certain inalienable rights. That among these are life, liberty, and the pursuit of happiness. But if a man doesn't have a job or an income, he has neither life, nor liberty, nor any possibility for the pursuit of happiness. He merely exists.

End: 01.00.09

Start: 01.00.15

[Film Clip: "It's a Wall Street Government"]

End: 01.06.00

Start: 01.06.07

KF: That was appropriately titled "It's a Wall Street Government." So, a couple of things I want to get into there. Matt, I think I'm going to start with you since you had the choice phrase about one of the people that we saw in there. Alan Greenspan. "Oops!" That's the best he could do? Really?

End: 01.06.27

Start: 01.06.28

MT: Yeah. Well, you now it's funny. We saw the picture of Ayn Rand in that clip. I would actually argue that Alan Greenspan departed a little bit from her philosophy in his time in government. I think the problem that we saw with Greenspan's tenure in the Fed wasn't so much that he insisted upon a rigid separation of the government and the economy. It's that he melded the two in a way that was very, very destructive. What we consistently saw was that he helped create this moral hazard. Every time Wall Street misbehaved and created bubbles, he threw gasoline in the fire by making money more available and slashing interest rates. So it was essentially, he turned the Federal Reserve into sort of the unofficial insurance program for Wall Street. After the collapse of the tech bubble in the beginning of the last decade, what did Greenspan do? He didn't come in and sweep in and institute an austerity program, he slashed interest rates thirteen consecutive times, and he allowed Wall Street essentially to drink itself sober. It was exactly the wrong thing to do.

And then what did we see happen after this latest crisis, where we had the mega-Greenspan, Ben Bernanke, they went one step further than that. They went two steps further that. Not only did they slash interest rates, they took them all the way down to zero, so money is now essentially free. When that didn't work, when that didn't turbocharge the economy enough, they started printing money. They – I'm sorry, what's that program called again? – The Quantitative Easing program, the two different quantitative easing programs.

So again, there's this fusion of government and Wall Street where now, these guys have their own unofficial implied bailout for any of their own speculative mistakes. And that is really the legacy of Alan Greenspan.

End: 01.08.24

Start: 01.08.26

ES: You know, this reminds me of a story. I haven't told this in public before. I was invited to a dinner, Alan Greenspan's autobiography literally had just come out the day before, and there was a dinner on Park Avenue where there were 6 or 7 CEOs from the major financial institutions, and I guess I was the skunk at the garden party. And, I was invited to join them, and Greenspan gave us a little story about his intellectual life. And I had actually bothered to read some of the book, and I said to him, "Mr. Greenspan, Chairman Greenspan, I'm confused by something. How can you be a fervent advocate of Ayn Rand and the Libertarian philosophy, and be Chairman of the Fed? The two seem fundamentally inconsistent. I just don't get it." And there was an uncomfortable pause, and he gave an answer that was frankly no more coherent to me than most of his testimonies before Congress used to be.

But I will tell you, the two, from the very beginning, never made sense. And we were living in a false bubble, a Potemkin village that - to come back to your very first question, Karen, people who really understood what was going to happen - the only question was when, not whether.

End: 01.09.26

KF: Jesse.

JL: If I could just make one point on Ayn Rand.

KF: Make a few, come on, get in there!

Start: 01.09.32

JL: If I came on this panel and told these fine people that I based my entire political economic worldview on green eggs and ham, you'd think I was freaking crazy. If I was like, "Everything I believe is from a work of fiction from fifty years ago," you'd be like "Why the hell is this guy on stage? Tell me this!"

We have facts, we have statistics, we have all these numbers that point out that wages have been stagnant since the 1980s, debt has increased, as the cost of living has increased we've used easy money to fill the gap. And as wages have maintained stagnant, we say "Oh, just more credit, more credit." Where do you think this debt's come from?

I laugh because the consumer has to take all this down because they can't earn a decent wage. Just look at the budget for the one percent that Paul Ryan is offering. It makes my bills more expensive, and it makes me hard to make an income. Well what did you expect was going to happen? So just to make the point that the idea that we can have an entire financial system based off of some crazy lady's scribbles in her notebook?

End: 01.10.36

KF: Hey, why not? Matt, did you have something you wanted to add to that?

Start: 01.10.42

MT: Just one really quick thing, just to the point of how could an Ayn Rand devotee become the greatest banking regulator in the world – at the end of her life Ayn Rand was even – even she was unimpressed with Alan Greenspan. One of her last quotes with about Greenspan was, "I think Alan basically is a social climber." So this tells you a little bit about what she thought of his intellectual seriousness.

End: 01.11.06

KF: Alright, so, Ron, who's accountable? Who's accountable?

Start: 01.11.09

RS: Well, you know, it's interesting because I think he's a social climber, but a political climber. Greenspan's a guy who thought about the political calculus every morning after he decided which side of the bed to roll out of. And what you've got here is a problem that is existing now, as Jesse points out, as all of you guys point out. Basically, what we've had for decades because the US economy is not growing, it's not inventing, it's not building like it used to be in the global economy because we didn't do the things that people talked about in the 70's – invest in job training, invest in infrastructure, all of those things that, frankly, Jimmy Carter talked about until Reagan said it's morning in America. Because of that over three decades, what happened is that debt, risk, was underpriced in America. Fundamentally underpriced, because money became cheaper and cheaper until the point it was free. When that happens, and it is still existing today, you, by definition, like the law of physics, have a bubble-bust economy. There's not another way to do it.

The question now is where is the next bubble inflating? And ultimately, the Wall Street model – you remember Warren Buffett, and remember Peter Lynch in the 80's? You talk about, you know, my wife came up with something interesting in the kitchen, I'm going to buy that stock, buy and hold. Because there's value, I've teased out value on some company that does something good for someone. That's over! Now what we're in is a bubble-bust economy. And the bubble-bust economy is one that built an enormous debt-trading machine. Equity, yes, it's out there, the stock market. But the real money over thirty years was made in debt. And the bottom line business model of Wall Street that grew up

incredibly profitably was basically, “Short America.” Our investment in the great pool of capital we allocate, it’s all going overseas. It’s going to India, it’s going to China. America, we’re going to short America. What’s the business model for America? Load them up with debt that ultimately will collapse them. At which point the moral hazard will be such the government will have to pay. That’s still the business model.

And the problem with the Greenspan legacy is it’s being carried forward by Bernanke. We’re living in it now. Ultimately, we’ve got to figure out a way to make debt properly priced. It’s hard for people because it’s going to mean real suffering for real people. But until we start to move out of this wildly abnormal situation of free money creating bubbles and busts – we’re in it now – we’re going to remain in trouble. It’s the key question of do we have leadership in this town to make the fundamental changes that would allow America to be a sustainable business model and a sustainable ideal. And right now I don’t see it.

End: 01.13.53

KF: [Points to Van Jones]

Start: 01.13.55

VJ: Well you know, I tend to agree with you, I want to say something about Ayn Rand. I learned how to say her name apparently it’s “Ayn” and not “Ann.” And I can remember because it’s “mine mine mine mine,” the ideology of selfishness.

But, this is an actual problem. You know, there is deceit and trickery on the economics side, but it only works because of the trickery and deceit on the political side. And this is a very big problem, this libertarian ideology. I am beginning to wonder if it is possible to be a libertarian and a patriot. I don’t know if you can be.

Actually, this is a very serious problem, you have people who have taken a wrecking ball, and painted it red, white, and blue and they are using it to smash down every American institution, every institution that made us great. That our parent fought for, that our grand-parents fought for, that our great grand-parents fought for the safety net, ladders of opportunity, the civil rights, the public education. Every single American institution that made us great, they want to smash it down, they smash it down with this red, white and blue wrecking ball and they call themselves patriots.

And anytime you say what about justice, what about the people they say you are anti-American. America is about liberty, and liberty means economic liberty which means...but hold on a second. The last time I checked the pledge of allegiance doesn’t stop with the word “liberty.” It says “liberty and justice for all.”

Now, the problem is this is not a pause line. This is a deep philosophical problem. The problem is if all you care about is liberty, economic liberty and you don’t care about justice you run into problem. If you are on the left and all you care about is justice and you care nothing about individual liberty and rights, the last century teaches you, what you get totalitarianism. That is the lesson of the last century. Justice without liberty gives you totalitarianism. But we are beginning to see the lessons of this century, is that if all you care about is economic liberty, and you care nothing about justice, you deliver the people into a different form of domination: corporate domination. Corporate tyranny. And so the liberties of the people are actually under threat. The Tea Party is right.

But it is not that the government is trying to take over the economy, “Obama is a socialist.” No. It is that the corporations are trying to take over our government. And, the ideology that is being put forward which says it is a patriotic ideology is actually blindfolding us and actually accelerating the process by which we are being dominated. This is a very serious problem in politics.

End: 01.16.53

Start: 01.16.54

KF: So I want to keep going on that thread. I want to ask you governor, former governor Spitzer, Governor Spitzer. To that point, why is nobody in jail? I mean, where is the justice? Right, I mean, to the point that Van is talking about, where is the justice?

Then I want to come back to something that Matt said earlier because I think apart of the problem is compounded by the point, this point about the revolving door. That it is all the same people, you know, buddies hanging out, they're working together they're regulating each other. So, where is the justice?

End: 01.17.27

Start: 01.17.28

ES: First, I think the short answer is there has not been justice. And I think we all know that and that is why we are here in this room.

I think the...I can tell you again for personal experience this goes back in 2002. We brought first sort of the mega case against all the investment banks based on the Internet bubble stuff. The chief of enforcement of the SEC called me and said don't do it. They said don't do it. If you get the injunction, this probably was just a civil case against the company saying, "Stop committing fraud." He said if you do that you are going to shut down Wall Street.

Now, whose side were they on? The opposition we faced from every federal agency, when we wanted to go through sequentially enough investment banks, insurance, mutual funds and all the pockets of deep-seated fraud. The opposition we got was so deep-seated because the folks here in Washington had been socialized into believing what Alan Greenspan was saying. And I will tell you that it was staggering to see the vehemence with which they would stand up and say, "Don't bring the case."

As Harvey Pitt, you remember, was brought in as chairman of the SEC by President Bush. He gave a speech to the securities agency in which he said, "We the SEC are going to be a kinder, gentler SEC." That is a direct quote. I remember at the time saying, "This is insane," kind of like having somebody like Ayn Rand running the fed. A kinder, gentler SEC, notice the dissonance there is so deep seated that when you try to do these things you run into huge opposition.

Now. With that behind said I want to drop a footnote. As prosecutor we brought as many cases as we could, sometimes it is really hard. We – Ron and I were talking about this before: you have what I call the facilitators who surround the CEO the facilitators, the lawyers, the investment bankers, the auditors. You know these very high priced professions are there to create a buffer around corporate decision-making to create an air of legitimacy. So that by the time you break through to the CEO, the CEO says "Wait a minute, I have my lawyers here present me with these documents; how can I be charged with criminal conduct?" And the very purpose of these very sophisticated industries has been to rationalize and justify whatever the client wants. And so the whole system has sort of a metastasizing cancer growing within it that makes it possible for people to do just this stuff and then walk away with impunity.

End: 01.19.48

Start: 01.19.48

KF: Which is back to the point you were making. Half the time those same lawyers, right, were maybe the regulators a few years earlier, were maybe somewhere else in the system.

End: 01.19.57

Start: 1:19:58

MT: Look at the current director of the SEC, Robert Khuzami, what was his job before he became the enforcer of the SEC? He was General Counsel of Deutsche Bank, which at the time he was General Counsel, he was doing the same kind of deals that Goldman Sachs got in trouble for with the Abacus deal. The same sort of “renting the platform” crime where they were creating bad mortgage deals to help hedge fund gamblers bet against them, and they were unloading those deals on unsuspecting clients. Robert Khuzami was involved with - he was overseeing those exact same kinds of transactions. And now he’s the chief regulator of the enforcement division of the SEC. What kind of regulation are you really going to get when it’s the same people from these companies who are in charge of enforcement?
End: 01.20.46

Start: 1.20.47

ES: Yeah, one quick footnote I want to add. Because I think what Matt said is so important. But also, the word we don’t talk about often enough is “remedies.” Very often, if you think back to the Abacus case when Goldman was caught red-handed selling ugly stuff and betting against it’s own product that it sold to it’s client – the remedy in that case was pay a fine of \$550 million, which was merely the sales tax for them on the \$12.9 billion check they got when their AIG credit default swaps were paid back, right? With taxpayer money. So they said, “This is a good deal; we’ll do it over and over again.” What they should have done at the SEC was say, “We’re going to prevent you from ever again participating in this sort of conflict of interest. Take the business apart, change your business model.” Instead, when you only impose a financial penalty, it is diminutive compared to the profits they’re making, and then they have the federal, the taxpayer backstop. Their message is, the message then, talking about moral hazard, is “keep doing it over and over and over again.” That’s why we’re failing.
End: 01.21.39

Start: 01.21.42

KF: So Ron, I want to come to you. I want to come to you, but – hold on, hold on. What I want – what I want you to also respond to is this point that it’s intentionally complicated, right? I mean, the whole point is, there are trap doors sort of written *in* the legislation, or *in* the rulemaking - but you have got to look to find it.
End: 01.21.57

Start: 1:21:58

RS: Yeah, and it’s interesting because you know we live in a town of lawyers. This is Washington. You know, I mean God bless you all, but you know it’s a town of lawyers. What happens, lawyers who call themselves lobbyists? You know, on my street up near Chevy Chase Circle, it’s all lobbyists. I live on the DC side, let’s be clear on that. You know you get a big American interest that’s being attacked by a notion of greatest good for a greatest number – government’s role.

Well you know what happens? On my street there are new additions. There are cars in the driveway. These people who have made a choice – and it’s a moral issue – are saying, “My job is to carry forward an interest. An interest that may subvert the larger interest of the greatest good for the greatest number.” And there’s a moment when you’re talking about penalties. You know, what a penalty does, a real penalty, a take-them-down penalty, is it creates cultural change. What we’re dealing with here is Wall Street is inside of America. We’re talking about wider cultural issues.

You know, and there’s a fascinating moment that I reported in *Confidence Men*. I just stumbled into it – where, in the late 80’s, cause we’re talking about the passage here, the guys in Congress said,

“Boy, something’s changed here on Wall Street. I don’t know what it is.” It’s about giving up risk, and other people’s money and all these things we now know. But they want an explanation. So what they did, was they put their heads together, and one of the kids – it was staff run, this committee, one of these House committees – his uncle was this fellow Seagull, one of Ivan Boesky’s guys. “Hey, my uncle is that guy.” “Really, can we have him come down here?” “No, no, that’s my uncle. I can’t have him come down.” Who’s out there? Now, three or four guys got convicted; some of you are old enough to remember that. Mike Milken, Ivan Boesky, Denis Levine was one of them, one of the Drexel guys, I believe. So what they did was they said, “Where is Levine now?” He’s in prison somewhere. So they called the Bureau of Prisons, and they got him out of prison in New Jersey. Now, Levine can’t be forced to come, he has to come voluntarily. So they say to Levine, “Look, we want you to come and edify us here in the House. There will be a closed session in a little conference room. Anything we can do, you know, for you as a kind of gift” It was a kind of gift. He’s like, “Wow! Actually, a Big Mac and a chocolate shake would be fabulous. And some fries. You know that ‘s what I think about every day here in my prison blues.” So they got him the Big Mac. And he’s sitting there eating the Big Mac, you know in the jumpsuit, and he’s like “Look, look, the rewards are so great by these conflicts of interest that we’ve now baked into the system, that it’s worth taking the risk. There are only a couple of us in jail, there are thousands of people profiting. And ultimately, the difficulty is you’ve got to create a kind of explosion. A cultural change that’s going to really make sense.” And they say to Levine, “What would you do?” He says, “Well here’s what I’d do. I’d get about a hundred of the nastiest prosecutors I could find. You know, guys like Spitzer.” [Laughter] “Alright? Get them in a room. I’d send out 300 subpoenas, to all the heads of all the big investment banks, all the banks in America. And the key is, do it on a sunny day. About 3 o’clock. Okay? And then you go in there, and you handcuff them, and you per-p-walk them all out of the office, right out in the street, just like one of those Sicilian mob trials. You know where they’re all there. And get cameras, a lot of cameras.”

Because here’s the key: Every guy left behind - and they’re all guys, frankly, mostly – they’d all say the same thing at the same moment. “Oh jeez, if that happened to me, my mother would be so ashamed of me.” That’s how cultural change works. It means governing is vigorous. It shows that the notion of greatest good for the greatest number is not just playing around. It’s an ideal, it’s a principal. And we’re going to work with that.

End: 01.26.03

[Applause]

Start: 01.26.09

KF: Before we close out, I want to – this is for Jesse and Heather – so, kind of going back to what you were talking about, this moral issue, right? I mean, because, from a moral standpoint what’s essentially happened is: actions, consequences, totally separated for the people at the top. The rest of us are left to sort of shake it out and deal with it. So, and to Ron’s point, how do we move that into action? How do we hold our democracy, our government, accountable when we don’t have access to the same tools that the folks at the top do?

End: 01.26.43

Start: 01.26.44

HM: I think it’s really, we have to start with fixing our democracy first. We cannot continue to let the gravy train keep rolling and expect different outcomes when we get these historic moments like we had in 2009.

I worked, I gave a year of my life, to help pass the Dodd-Frank Act. It was a historic moment, but frankly, the financial lobby was spending \$1.5 million a day to make that law into their own image. And the forces of good, the public interest folks, Americans for Financial Reform and so on had about \$1.5 million for the entire fight. We simply cannot expect to have the greatest good for the greatest number if our mechanics of translating that is bought and sold.

So the first thing we have to do is publicly finance our campaigns. [Applause] We have to do campaign finance reform. Because if I'm buying a product, I get to dictate what color it is, you know, I get to say I want to buy this shoe, right? And so I get to dictate what color it is, I get to shape it. So how can we say that the people with the most wealth should be the ones buying our elections, and then act surprised when they are dictating the outcome, and the shape and the color of it. So that's the first thing I think we have to do.

And also, you talk about rewards Ron, I think it's so important. It's going to be very difficult if it continues to be possible to make and keep billions of dollars a year, for there to be an incentive to not cheat. It's going to be very difficult. When we have – I don't believe that tax policies should be used as a punishment. I think taxes are the price that we pay for the great society that we live in. They're investing in our future and our people. But at the same time, we're going to have to use executive compensation laws and tax laws to make the rewards a lot smaller on Wall Street. Or else we're never going to have the incentives we need.

End: 01.28.47

Start: 01.28.48

KF: So, Jesse, we have to incentivize people to not cheat. Meaning, we can't trust people to do the right thing when they have the opportunity to do so?

End: 01.28.57

Start: 01.28.58

JL: I would say it goes above and beyond that for me, at least only because in my eyes these issues are very immediate. I have friends who are losing their homes. And I won't lie to you, I get really, really pissed when you try to make my friends homeless. That's just how I am, call me crazy.

If the Supreme Court thinks that money equals speech, I am here to tell you that poverty is laryngitis. And if the wealthiest 1% of Americans are millionaires, and 46% of our members of Congress are millionaires, then we don't have a voice in this country.

Now, many activists who might not be as aware of the issues, they may not be able to elocute exactly what the matter is. They know there is something wrong, and they want it changed. And if they don't find a proper avenue to change it, they will shut it down. Now at a certain point, if the machine gets so broken, maybe you should shut it down. I'm not the one to say that, I'm just speaking of the concerns I hear from people within my community. Or, what I call, the poor. It's a four letter word, you don't hear that too often in DC, but – sorry guys – but I would say that the number one thing for me is money in politics. And I think the other side of that door is consequences. If I were to rob someone in this audience, I would go to jail. They would not go to me, "Jesse, could you pay like a tenth of what you robbed from that guy and a fine and then you'll be fine? You're too big to fail. We can't have you risk the global economy. That's crazy, it's just insane. To say that we would apply those consequences to the wealthy people, but everybody else has to share a sacrifice. You know if Sheldon Adelson could flush down \$10 million on Newt Gingrich's failed campaign, screw shared sacrifice. I want to see the millionaires go first, and that's respect to the gentlemen in this room and the ladies in this room who are successful. But I would love to see these guys go first. If you're in the luxury suite on the Titanic and

the ship starts to sink, you know what? You have to share the lifeboat, you can't just put your luggage on it and let the steerage go down with the ship. [Applause]

End: 01.30.59

Start: 01.31.05

KF: We're going to close out this section with a reading from the actor Steven Pasquale, who is going to read a speech by Robert F. Kennedy that he delivered in March of 1968 at the University of Kansas.

End: 01.31.19

Start: 01.31.21

SP: I'm glad to come here to the home of the man who publicly wrote: "If our colleges and universities do not breed men who riot, who rebel, who attack life with all the youthful vision and vigor, then there is something wrong with our colleges. The more riots that come out of our college campuses, the better our world for tomorrow." And despite all the accusations against me, those words were not written by me, they were written by that notorious seditionist, William Allen White. But when he lived and wrote, he was reviled as an extremist and worse. For he spoke, he spoke as he believed. He did not conceal his concern in comforting words. He did not delude his readers or himself with false hopes and with illusions. This spirit of honest confrontation is what America needs today. For we as a people, we as a people, are strong enough, we are brave enough to be told the truth of where we stand. This country needs honesty and candor in its political life. I don't want America to make the critical choice of direction and leadership this year without confronting that truth. I don't want to win support of votes by hiding the American condition in false hopes or illusions. I want us to find out the promise of the future, what we can accomplish here in the United States, what this country does stand for and what is expected of us in the years ahead. And I also want us to know and examine where we've gone wrong. And I want all of us, young and old, to have a chance to build a better country and change the direction of the United States of America. All around us, all around us, men and women have lost confidence in each other, it is confidence which has sustained us so much in the past. And if we seem powerless to stop this growing division between Americans, who at least confront one another, there are millions more living in the hidden places, whose names and faces are completely unknown. I don't think that's acceptable in the United States of America and I think we need a change. If we believe that we, as Americans, are bound together by a common concern for each other, then an urgent national priority is upon us.

And this is one of the great tasks of leadership for us, as individuals and citizens this year. But even if we act to erase material poverty, there is another greater task. It is to confront the poverty of satisfaction - purpose and dignity - that afflicts us all. Too much and for too long, we seemed to have surrendered personal excellence and community values in the mere accumulation of material things. Our Gross National Product, now, is over \$800 billion dollars a year. Yet the gross national product does not allow for the health of our children, the quality of their education or the joy in their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country. It measures everything in short, except that which makes life worthwhile.

And it can tell us everything about America except why we are proud that we are Americans. If you believe that the United States can do better. If you believe that we should change our course of action. If you believe that the United States stands for something here internally as well as elsewhere around the globe, I ask for your help and your assistance. I want the next generation of Americans to look back upon this period and say as they said of Plato: "Joy was in those days, but to live." Thank you very much.

End: 01.35.33

Start: 01.35.35

[Film clip: "Conflict of Interest"]

End: 01.41.25

Start: 01.41.32

KF: So in the context of our conversation, and just having watched that, what we're talking about in terms of our democracy and the future of our democracy – if you consider it a democracy, still – or corporatocracy; how do we the people - Van, I'm going to start with you – how do we get a return on *our* investment?

End: 01.41.50

Start: 1:41:52

VJ: Well, I mean, first of all, I think we have to recognize that - it's been said many times, and it's as true today as it was a hundred years ago – the way to deal with organized money, the power of organized money, is the power of organized people. And we just can't get away from that, we keep – well maybe there's some app we can get, or there's just got to be some way to do it cheap and easy.

And we kind of went from "hopey" to "mopey" real fast. Because people thought they were going to go vote for Obama and they were going to work really hard. They had to go check that box – "Whoo, that was hard." And then, they were going to open the curtain when they came out, and there was going to be five rainbows everywhere, and the polar bears walking around thanking you for stopping global warming, and everything was going to be just *done*, with that one vote. And we tried to win in one day.

Democracy is tough work, you got to win every day. And we have not set ourselves up to do that. I wanted to say I'm a member of an activist organization and we are doing some stuff. And I'd like to just take a few minutes and tell you the stuff we're doing. I hope Jesse will do the same thing. We're not just laying down. There's going to be this 99% Spring, maybe you should talk more about it than I can. But there are lots of organizations inspired by Occupy, including Rebuild the Dream, MoveOn.org, SCIU, New Bottom Line, Domestic Workers Alliance, that are, as we speak, getting ready to get back in the streets and to say 'Listen, we are not going to put up with this.' And what you saw is for all the power and all the money and all the bribes and all the lies, and the power that a TV station named after a sneaky furry mammal, or whatever that TV station is..

JL: Ferret.

VJ: Ferret? What is that?

JL: Fox.

VJ: Fox! Fox. For all the power of that, some young people with some sleeping bags got out here and changed the whole national conversation, and broke the drive toward austerity with the power of their voice and the power of their example. The 30 million American people who voted for Obama, most of those people are here in the United States, I don't think they left. We have the ability to turn the tide. The two things we're focused on: We're going after Wall Street, we're going from anger now to answers. Wall Street has its straw in the pockets of every American with these underwater mortgages and these student loans. Those were the two ways out of poverty. They've now become the two ways into poverty. And it's wrong.

And so at Rebuild the dream, we're going after Ed DeMarco – I know he's not the only bad actor, but we don't think anybody in the Obama administration should be holding the American dream under water. Holding homeowners underwater and not letting Fannie and Freddie reduce the principal on mortgages. We think that's wrong, and we are going after it. We're also going after the idea that July 1st of this year we're going to double – DOUBLE – the interest rate on student loans for American students. We're going to go from 3.4 to 6.8% on our *poorest* students, sucking \$20 billion out of the pockets of eight million of our most vulnerable students. That is wrong.

And so if we can't secure the American dream by creating jobs and putting money *in* people's pockets, we can at least save part of the American dream by stopping people from robbing us and taking money out of our pockets. We've got a moral obligation to do that. We're going to do that no matter who wins in November. We have a moral obligation to do that.

End: 01.45.21

KF: Jesse, you want to talk about the Spring?

Start: 01.45.23

JL: The funny thing for me, and the thing that gladdens me in a large way, is that the politicians and many of the pundits will say "I'm the expert, come to me. Come here, this is where all of the answers will be found." And then people take it to the streets and say, "Well how will you fix it?" Wait a minute, did I just take that job? Did I get elected for that? Am I here to fix the world economy? I would say that it's gotten to the point where there's such a disconnect in leadership for many reasons, that, you know what, people have to come up with the answers now.

And the great thing about the Spring coming forward, is that in a sad way people have gotten desperate. There are no answers. There are bills stacked up to the roof. And, you know, when people say, What's Occupy Wall Street's message? I'm like, You know all those things you keep blaming the President for? Yeah, we're kind of upset about some of that stuff too. Not the crazy "Socialism, where's his birth certificate" nonsense, but you know, the real things. The great thing is, we have this wonderful system our founding fathers left us with, and it's called "one man, one vote." Or "one woman, one vote." Or "one person, one vote." And I tell people, you only get once every two years to use that vote. The time in between you can actually *do things!* It's not to just wait like, "Oh, they gave me my five minutes of democracy for the two years and now I don't have any more democracy." Get out there and do something. Talk to your neighbors.

You know, I wrote at DailyKos.com, my friends used to ask me before Occupy kicked in: "Why do you care so much about this? Why are you obsessed with politics? What do you think you're going to do by talking about this?" I tell people, "Well, in order to fix these problems we have to identify them, and then we have to find like-minded people to work with work together for this combination of issues." I never get that question from my friends anymore. They've seen what getting out there and speaking to people, and putting your neck on the line for what you believe in – they've seen what that inspires, and I

can only implore every kindhearted patriot who cares about their neighbors and their family and their friends, who really believes that they are their brother's keeper, get out there and fight, man, because this is about the future, and we're not getting a second chance.

End: 01.47.21

Start: 01.47.22

KF: So it strikes me that essentially what been happening-if you look at, I mean yes we had a record turn out in 2008, but I think part of the issue here is a smaller and smaller number of people are participating in the system, meaning a smaller and smaller number group of people are deciding what's happening to the rest of us. So at the same time we know the cooperate interest... it's... huge amount of money. And it feels sometimes I think for a lot of us hopeless. When we are dealing with that kind of money and I'm going to ask you about that- and I also want to put to the panel: do we have the right infrastructure at this point – cause I think there is a lot of a thing going on - but do we have the right infrastructure at this point with the organizations that we have to really deal with the challenges we are faced with.

End: 01.48.10

Start: 01.48.11

ES: Karen I want to give you a thought that maybe is an affirmative thought against this back drop of incipient doom, and Citizens United, and money and everything washing over the system. There is an answer to it, and the answer is technology. And, I don't mean to be...you know, paint an imagery of a Panacea that somehow renders the Coke brother's money somehow irrelevant or Sean Idols who was able to do with Gingrich and some of the primaries. Of course that is a hugely problematic moment or problem in our politics. But, the capacity to communicate via the internet, the social media, we have seen across the world what it can be in terms of an organizing mechanism that renders the bought TV ads that much less potent. And so I think the answer – look, Heather - I wish we had public financing of campaigns. It is certainly the right answer philosophically, ethically in is so many different levels. We are not going to get there anytime soon given the political realities. But where we will get I think is where the next generation and maybe I on the wrong side of this curve. But I think those who are under 40 and, you know, a little bit beyond that are going to use new technologies to get their political information. Not only is it going to be Jon Stewart and Steve Colbert as opposed to standard network television, it is going to be Facebook and all the other stuff out there. So I think that's good.

One other point I want to come back to; this comes back to something that I think Ron articulated close to an hour, hour and a half ago: the fundamental divide is the misunderstanding of how the economy really works vs. the mythology that has been created by the imagery of President Ronald Regan. The Marlborough man riding on a horse who individually created the railroads and all the computers. We have also had an economy depended on not only regulation but government help to people who create. And if we don't get back to that understanding we are not going to be able to ride the ship.

Finish: 01.50.07

Start: 01.50.07

KF: So how do we change – I mean, I agree with you, but at the same time that is not the message we are bombarded with. So, how, Matt, do we better communicate that that's really how the economy is suppose to be?

End: 01.50.20

Start: 01.50.22

MT: I just want to step back for a moment and make another point which is there is an area where we are not looking for solution where could look that is actually Wall Street itself. I mean in the last 3 or 4 years I have spent a lot of time talking to people on Wall Street. There are a lot of good people on Wall Street and a lot of these people do not want to make a living selling over-priced phony mortgages to the state pension fund in Mississippi. They are against this rapid financialization of the economy, where they are making money, essentially gambling through transactions and fees. They want to invest in America. They want to invest in good companies and they want to compete, legitimately against each other. But they're being help back because of this continual ability of these too-big-to-fail companies to depend on government support.

So all the leaders of these corrupt companies that are bent on making money through short cuts and fraud and all these other things that are counterproductive, they are able now to compete – not in the area of banking and customer service – but through political influence. And that is depriving us of an obvious solution to all of our problems which is we are losing the ingenuity of all these people on Wall Street who are really are a lot of very smart people and very creative, because the best people are not allowed to compete with each other.

And I think if we were to simple step back and stop giving these banks billions and billions of dollars of free money whenever they get into trouble and we stop giving them bailouts, we will have this flowering of solutions there as well. And I think that is just and over-looked area for potential renaissance.

End: 01.52.06

KF: Heather?

Start: 01.52.06

HM: I actually think that we should be a little more optimistic, I am a little more optimistic than Mr. Spitzer.

KF: That's good, you're the youth.

HM: Oh right, exactly, is that my job? About and because of reasons a lot like what Matt is saying, I think that the fault lines, the people who are actually disgusted with the status quo - it isn't just former regulators and liberal activists and journalists, it actually is a lot of people who feel that they are really losing something of a shared American project – and I think what is missing is leadership. If you look at the numbers on whose supports really dramatic campaign finance reforms that even democracy experts, like the people that I work with say that is actually a little bit too far, that would not be constitutional even if in our version of the constitution, thing like total bans on private money - that is extremely popular with people. I mean so I think this is a place where the professional advocates are actually a little behind where people are across the ideological spectrum.

And I'm a little pessimistic about this Facebook idea, because it is true that sort of the personal media is not going to be created by the consultant firm, today. But we know that Facebook is a free product because we are the product and our information is the product. And so there is no reason why the ads of tomorrow won't just look like wall post from me to Jesse, right. There's no reason why just because the technology seems flat that there won't be a lot more sophisticated ways to push this information. And it usual is negative information, but to get to each of these bubbles in our Facebook

community, I'm just... I'm not as optimistic about the sort of flowering of social networks to sort of get rid of the campaign machines.

End: 01.54.01

Start:

KF: I want to pick up on your optimism, so that we can move towards an optimism end. You know, I like to think about the model of the civil rights movement where you had a broad landscape of different organizations kind of who each had their own lane, right? You would have had the Occupy Wall Streeters, you would have had the legal strategy, there is the social strategy.

So, Van, I'm going to come back to you on this question. Do we have that infrastructure that we need in a time like this to essentially try to take up that movement? And, I think that the other challenge that we have, I think that you are exactly right: people thought that by February first of 2009 it's all done, we're post-racial, it's all good, everybody's happy. But people forget how much time it can take to make these things happen. The second piece, though: we can't let it take too much time.

End: 01.54.54

Start: 01.54.55

VJ: Right. Well, I mean, I'm glad that you've mentioned the civil rights struggle and I think that certainly what happened with Trayvon gives a sense of how long these kind of changes can take. And I think you are going to see a sobering - not just economically - but now we have this young man who was killed.

My view about this is pretty straight forward. This "99%" idea - you know there is Occupy, and that's kind of a smaller number of people - the Occupiers and they go out and you know they get out there and get pepper sprayed and stuff and I'm like, "That's good." I'm not signing up for that program, but I get it. It's not good that you get peppered sprayed, but there's that part of it. But you've also, I think, opened a door for a lot of people who support the idea and who believe in what the stand that was taken last fall is going to be taken again. And the polling said that that's about a third of Americans, about 100 million people. There's 100 million people who pretty much agree with everything here. That's a lot of people, that's a lot more people than at the start of the civil right movement.

So the question is to Heather's point: What is the right combination of kind of high-tech and high-touch approaches? Cause there's no app. There is no Facebook that is going to be a part. Again, I am apart of an organization, Rebuild the Dream; we are trying to solve some of these problems. Here is what I think is the fundamental thing we ran up against. When we got into the Washington DC 2009 moment we thought, and we were wrong, but we thought that if you had the white house, if you had Nancy Pelosi running the house, the best speaker ever, Nancy Pelosi, and if you had 60 votes in the Senate you had enough to govern. And we were wrong. That's only one third of what you need, that's one third. The other two-thirds: you've got to have media - they got their furry mammal TV station, good for them. But we've got to have media. And you've got to have a movement in the streets. What we saw was the Tea Party march while we sat down and munch popcorn and complained about Obama. And they moved the tight rope. Obama the president is a tight rope walker; like any president you can only lean so far to the left or the right. The tea party moved the whole tight rope. Occupy has begun the process of moving it back.

Now, I am one of the people who was a grassroots outsider, so I know a little bit about protest politics. And then I became a White House insider for about six months - best six months of my life, followed by the worst two weeks. But it gave me a perspective, and it's a much more optimistic perspective. I saw how the people in the White House side did not understand the social movement, and

I saw how the people on the social movement side did not understand the White House. That's one of the reasons why I wrote this book, not to promote it, but to promote it, *Rebuild the Dream*. I tried to take an honest sober assessment, what did we do wrong on the inside, what did we do wrong on the outside, so we can do better going forward.

I have a lot of optimism. This is a great country. I get the chance to go all over the place and I get the chance to give speeches. People who show up at my speeches are progressives and Tea Party people. The Tea Party people come to protest. But, Jesse, Heather, and everybody else will tell you within five minutes we are on the same page. There is a massive constituency out here for reform. This country is a much better country than it looks like on television. And I am confident that if we take that long view of the civil rights movement, but with that urgency that was brought forward with that generation, we can get it done.

End: 01.58.36

KF: Jesse do you want to pipe in?

Start: 01.58.40

JL: First of all, well said brother. You know I come off a little angry sometimes. Hey, that's how I respond when my friends are getting under fire by the bad guys.

At the same time, I remain tremendously optimistic because history has proven that America goes through these cycles, and that every 30 or so years we expand more rights. We seek a more perfect union. And, I think we are at a cross now again. We had the Regan revolution. Regan was a crappy president and he is dead. I know that is going to some hurts people's feelings, but it is true. And we are coming back around other way. They pushed so far; the pendulum is swinging back now. And they are in total panic mode. America is going to be a little browner, it's going to be a little sexier, we are going to like some different music, we might have some gay friends. I am cool with this. The people who can't handle that, I'm not worried about hurting their feelings. I'm not. I'm just speaking on my own behalf here.

I have friends in Occupy who says you know we need to work with the Tea Party guys, we need to reach out; I agree with that spirit. But there is this guy name Barack Obama and I think he tried that, I'm not sure if it's working. Maybe if we could just have a conversation with our sane friends, I think we can do this, just saying. 23% of America though Bush did a heck of job at the end of his presidency. I think the other 77% are governing majority.

And...more to the point I'm tremendously optimistic for two reasons. 1) We can't screw it up, it's the whole future. When Ron and I spoke months ago and you said to me, "They're trying repeal the 20th century," I've told every single person I've met that one, it just nails it. Look at the war on women, look at the war on civil rights. They are trying to repeal our right to vote, for god sakes. It's Jim Crow 2.0, and you know what? I don't want anybody in this country living under that. We did it last century, not enough. And in some parts of the country that resonates. Guess what the union hats are for; I am going to drag this out kicking and screaming into 1866 and I'm going to work on the 21st century after that. So smile, drink, eat, be merry; you're young, it doesn't last forever and it could be worse, your heart could end up in Dick Cheney's chest.

End: 02.01.02

[Applause]

KF: If the twitter verse was not already buzzing that sure are now. Ron?

Start: 02.01.13

Ron: Yeah, here's my plate of my life that says, try to be more hopeful. You know, the thing that I think is hopeful is that this is really at its core not a political issue. I've got friends who are Republicans, many of my best sources are Republicans. Paul O'Neil, Elliot Richardson – that community – I mean, they would be liberal Democrats right now. You know, and that fact is even folks on the Republican right - late at night when they confess sins – say, “You know, we need some tough love here, we need government to work.”

You know what's interesting here when you hear everybody talk is that everybody up on this stage has sort of stepped into the breach a bit in their life. They say, “I'm going to sort of trust truth and maybe get myself into a little bit of trouble,” but the fact is that we can't really source out the democracy and part of the hopeful thing that I think we've all seen in the past, well, certainly, few years, is that - as you talk about, Van, President Obama - but President Johnson says to Martin Luther King, just like Franklin Roosevelt said to various people, “Make me do it.” Make me do it. Moral energy tends to bubble up from the bottom in America, it just does. It's part of the miracle: this whole system where the people are actually in charge of this whole circus. And what's interesting is that you see how the Occupy Wall Street crowd kind of puts some steel in Obama's spine. “They made do it.” That's just a process now that's unfolding; when a political system doesn't work, people take to the streets. That's our model, and it's happening now.

I mean, when I look out at all of you out here, you know I think of a guy who, you know, most people don't know: this guy Theodore Parker. Now, you get blank looks. He was a 19th century abolitionist. A white guy who was mostly like a 19th century blogger. Just kind of a trouble maker. He was a preacher, he had a pulpit. He got up there, he wrote his things, some of them got published. Well, in 1850 he is out there doing his thing just like some of the people in the panel and some of you. He was involved in his times involved public events. He writes that this is a democracy of the people by the people for the people, 1850. There is lawyer from Illinois, not too sure about his future, big gangly guy who hears that. Decade plus later, he is dedicating a cemetery in Pennsylvania and there is it of, by, and for the people. This Parker guy, again just like a lot of people I know on Washington, like a lot of people I think all of us know. Said, “Look I am a citizen. I just want to be involved in the times which I live. I believe in this stuff.” He wrote another phrase. Thank god someone wrote it down: that “the arc of the moral universe is long but it bends towards justice.” He added a couple words but that was basically it.

Well this phrase impresses the young preach a hundred years later for Atlanta. And of course Martin Luther King says the arc of the moral universe is long and it bends towards justice. He says it all through the early 60's. He says it in 1965. As people prepared to cross the bridge in Selma walking into billy clubs and the country changed. We all push each other forward. And the fact is – is that - this person most people don't know...well, that phrase about the arc of the moral universe is stitched in the rug of the oval office. One of Barack Obama's favorite Phrases, something that speaks to him, speaks to the possibility, like it speaks to all of us. Who we might become.

But it's interesting because as we talk about that arc and how does it bend. Couple years ago I was driving through Cleveland Park, again an “arc” town. And I heard that, for the first time, I heard King says it in a geranian type on NPR, and I'm just sensing a few NPR listeners out here. And I'm in the car and we're driving and my wife and I and the kids were in the back and we hear this. He says it in a church on his tape. And people hadn't heard it at that point. It's the early 60's. You know and it's interesting because he is talking first about the idea that “we shall overcome” will be the anthem of the movement. The movement were talking about here. The great social movement of the 20th century. And even in this backwatered church there is confusion because, you know, he says to them in a kind of

speech; in the old churches it's always "I shall overcome," a statement of personal testimony, but says it should be "we," because we will need each other in what we're about to face and what's up ahead. Cause we will be reviled. We will be spat upon, we will be hated, and some of us, he says, will have to suffer physical death so others will not know the psychological death of ignorance, of racism, of bigotry. Then you hear in the church everyone got quiet as though their champion dropped his sword. And King picks it up. "No, no, be not deterred. The arc of the moral universe is long and it bend towards justice." And as we are hearing this in the car we start bawling. And of course the kids are terrified. "Dad's crying! What's wrong?" My wife's like, "This is progress, this progress, this is good, this is good." But I thought about that for months later as it rocked around in my head. And I think Barack Obama might agree, after the very difficult lessons that man has learned in the last few years. That the arc does not bend on its own, it bends because people of shared purpose grab it and pull with all of their might.

Jesse and his group they created change. Imagine if 1000 lawyers from Washington marched on the capital. What would that look like? Everyday. Everyday. Well, that would be different. The arc bends because people pull with all their might and it's nights like this that are apart of it, and it's what you do when you go home, it's what you tell you kids. This night makes me feel is a kind of strength and I wish everyone here strength to grab that arc and to pull with everything you got. God bless you
End: 02.08.50