



## Jack Lew and Citigroup: How the Corrupt Rich Get Richer with Cronyism

By Daniel Mitchell - March 1, 2013

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If you're an amoral person with political connections, it's possible to make a lot of money.

Warren Buffett lined his pockets by making a government-subsidized investment in Goldman Sachs during the financial crisis.

The rest of us suffered and he got richer, but the left seems to be okay with that perverse form of redistribution because he supports class-warfare tax hikes. Sort of like buying an indulgence in the Middle Ages.

Hey, nice work if you can get it.

But Buffett may be an amateur compared to the crony capitalists at Citigroup.

The just-confirmed Treasury Secretary Jack Lew was given a huge bonus for leaving Citigroup several years ago. Did the company give Lew a bonus because they were happy to shed his \$1.1 million salary after he presided over gigantic losses at the firm's alternative investments division?

Don't be silly. He was showered with money specifically for leaving the company to take a "high level position with the United States government"

Again, nice work if you can get it.

But Lew's loot is pocket change compared to the \$115 million that former Clinton Treasury Secretary Robert Rubin received for helping to steer the company into financial collapse.

So is this evidence that the private sector is systematically stupid?

I wish that was the explanation.

Instead, this is tragic evidence that it's possible to "earn" a very high return when you "invest" in cronyism.

According to the Treasury Department's Special Inspector General, Citigroup got \$45 billion of TARP handouts and \$301 billion of guarantees.

Not to mention an estimated \$13.4 billion subsidy thanks to the government's too-big-to-fail policy.

Since we're talking apples and oranges, I have no idea how to compare the value of the payments to Lew and Rubin with the value of all the handouts and subsidies that Citigroup got (and is still getting) from taxpayers.

But I do know that mere mortals like you and me don't have a prayer of "earning" the incredibly high returns that Citigroup received by "investing" in Robert Rubin and Jack Lew.

And let's not forget what Goldman Sachs "earned" by "investing" in the previous Treasury Secretary, Tim Geithner.

Hey, nice work if you can get it.

And you can even be absolved of your sins by supporting higher taxes! What's not to love. You get millions of dollars that you could never earn in a genuinely capitalist economy, and all you have to do is agree to give back an extra 5 percent or so if tax rates go up.

But if you're someone like Tim Geithner, maybe you can avoid the extra burden by cheating on your taxes. Of course, you'll be taking a risk of having your wrist slapped if you get caught. And that can really sting for 10 seconds.

Remember, rules and laws are for the peasants, not the cronyist 1 percent.

Nice work if you can get it.