

The Coming “Tea Parties” Against J.P. Morgan

• October 28, 2009, 11:30 AM ET

By Michael Corkery

The protests at the American Bankers Association Conference in Chicago are over, but the campaign of venting anger and criticism against the nation's largest banks continues.



James Mumm

James Mumm: Power to the People

Today, protesters in Oregon and Washington are planning to walk into local branches of J.P. Morgan Chase and cancel their personal checking and savings accounts. The act is meant to protest CEO James Dimon's opposition to the Obama Administration's proposal to create a new consumer protection agency. [Dimon has said the new agency would create cumbersome, costly restrictions and the banks will likely pass those costs onto the consumers.]

The protest groups urge the public to switch their accounts in big banks to community banks. But the financial crisis has tarred small banks, too. Many are reeling from their own excessively risky lending practices, mostly to commercial real-estate developers. About half of the 106 banks to fail this year are small banks with \$250 million or less in assets.

We spoke with James Mumm, Director of Organizing at National People's Action, one of the groups heading the Chicago protests, in addition to the Service Employees International Union.

Deal Journal: Why are you targeting JP Morgan?

Mumm: JP Morgan has been a leader in trying to quash financial reform. That's my personal bank, but not for long. These banks are charging exorbitant credit card fees, while they are borrowing money cheaply from the government and lobbying to stop the formation of a consumer protection agency.

DJ: Isn't a good thing that these banks are making money again. Wasn't that one of the goals of the bail out?

Mumm: We are not against capitalism. But a lot of their ability to get back on their feet comes from charging consumers additional fees. When you are borrowing money from the Fed at 2.5% and then charging these higher rates to your customers, it's not right. Since banking was invented, there have been great ways to do banking. There are a lot of great community banks that know their costumers and serve their customers fairly. But the top 20 banks control 70 % of the market. It's tough to go somewhere else. I would like to have a choice.

DJ: Do you think that the large banks should be broken up?

Mumm: We do need to bust up the big banks. When we broke up the telephone industry, great things happened. We need to get back to banks that are a manageable size and are helping the American people start business or buy homes, not banks that are making most of their money from fees. That is not a sustainable business. We think you can be a profit center and a moral center. You can do both. You don't have eight boats and four houses, but you do quite well....But if the government is going to designate banks that are too big to fail. We need to know who they are. They need to name which ones are getting special protection. It's only fair to us and the other banks that won't qualify for special protection.

DJ: Were these protests dominated by labor union members to further a political agenda, as some critics have suggested?

Mumm: The protestors included everyday people, farmers and home owners who have faced foreclosure. I would say to the critics that they are sitting in front of a computer not paying attention to reality. We talk to people all the time and you ask them, do we need stricter safeguards on the financial system, and the answer is yes. Our affiliate group is organizing its ninth meeting between Federal Reserve officials and members of the public, in Brockton, Mass. We've held these meeting in New York, California and Kansas City. We had 500 people meeting with [Federal Reserve chief Ben] Bernanke in central Illinois recently. These people weren't bused there. They got there themselves because they were concerned.

DJ: What was the highlight of the Chicago protest for you?

Mumm: It was seeing 1,000 people gathered outside of the Goldman Sachs office. A few months ago, I would say that 90% of Americans didn't know what Goldman Sachs was. But they should know. The public should know who Lloyd Blankfein is and that the firm is going to pay billions worth of bonuses this year. If Goldman gave up that money they could lift 4 million people out of poverty or prevent hundreds of thousands of foreclosures. Goldman could be the hero. They could use half that money and be a hero.

<http://blogs.wsj.com/deals/2009/10/28/the-coming-tea-parties-against-jp-morgan/>