

Evolving Global Financial Crisis. Selling “Foreclosed Homes”

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The government is preparing to package and sell foreclosed homes. We do not know what discount to the current market there will be but you can guess it will be 20% or more. This event will cause home prices to trend lower dependent on whether the houses are put up for sale or rented. These homes will only be available to big buyers such as hedge funds and others with enormous amounts of capital. It is expected that the homes will be sold in lots of 5,000 to 10,000 and the minimum bid would be \$1 billion. This is corporatist fascists busy at work. You could call it the largest transfer of wealth from the private to the public sector in history. Fannie Mae and Freddie Mac could be sellers of 250,000 or more homes with more in the wings, perhaps another 250,000. Can you imagine what further damage that would do to home prices? In the auction process the big winners will be the big NYC money center legacy banks, hedge funds and other mega investors. Others playing a big part will be management and marketing contractors that presently manage government properties. The owners and officers of these firms are former high-ranking government officials. The goal is to rent these residences, creating cash flow and then roll the bundles into REITS, real estate investment trusts. At that juncture the public can then participate as investors.

We have friends who are still alive that flew US bombers in WWII. We mention this because writing about Europe and the world financial and economic situation is like being in one of those bombers and you are being thrown around not being able to know when the next shock will hit.

All of Europe is tensing up and we see noncompliance in Greece, Portugal and again in Spain as the new PM Mariano Rajoy stands alone in his refusal of the dictates of the European commission by refusing to comply with austerity demands. He says he will ignore the deficit target of 4.4% of GDP for 2012 and has set his own target of 5.8%. that figure in 2011 was 8.5%. His plan should produce a 1.7% contraction in 2012. He said this is not the 1930s. Spain does not stand ready to be humiliated by the German Chancellor. We are at a point that we refuse to be the subject of heavy handed meddling. Remember, Spain is suffering the worst depression since the 1640s.

Ten years ago we can only remember one other European journalist exposing the scam that Goldman Sachs had pulled for Greece and Italy to falsely qualify them for euro zone membership. Everyone else looked the other way and now we found out that this is why both countries are in serious debt problems. Mind you, this was all done in secret but European insiders knew what was going on and looked the other way. They wanted the exports and for the euro zone to be the foundation for world government. Goldman disguised a \$793 million loan as a derivative transaction. Now the bill for the Greek government from Goldman is \$6.8 billion. Goldman and the Greek politicians sold out the

Greek people. That year Goldman made 12% of their revenues from Greece. Worse yet Greek authorities didn't report the transaction to Eurostat. Simply put this deal was handled on both sides by criminals. Hopefully, as he has promised when elected, Mr. Samaras will investigate back to 1974 to see who broke the laws. That, of course, would include the mid-1980s when George Papandreu's father was president and thoroughly looted the country of billions.

As we write we are still a day away from private investor acceptance of the debt swap such a debt swap is supposed to be neutral in as much as all it does is move up debt repayment on a more limited basis, but doesn't recognize that under any circumstances Greece can never afford to pay it off. We understand that the Greek debt is a pittance in a worldwide sovereign debt market of \$40 trillion, but it will in part affect the value of bonds issued in Europe, because of losses and contingent liability. Worse yet, the ECB tells us they can change the rules anytime they please. The ECB has stated they are not taking any losses on these bonds. We wonder what will happen on March 20th when \$18.4 billion in Greek debt comes due, which the Greeks cannot pay? Selling this and other PIIG debt is not going to be easy when the ECB has immunized itself from loss. This is as fragile as markets get. Waiting in the wings are five more countries in serious trouble. If Greece defaults, Ireland and Portugal will quickly follow. After that it is \$4 trillion to bail out Spain and Italy. We suppose the Fed will provide those funds and inflation will rocket, unless, of course, the European economy collapses.

In the middle of all this is the financial nerve center, the ECB, which over a recent 10-week period has dumped \$1.4 trillion into 800 banks courtesy of the Fed and the American taxpayer. The collateral for these 1%, 3-year loans, was piles of near worthless debt instruments. You could go so far as to call these liars loans.

What the Europeans in their socialist mindset have done has cast Europe, the UK and US into a cauldron that could take down the entire financial system. Few are thinking about the grinding nature of these years of financial and economic turmoil and the price it has cost Europe and will continually cost Europe. Europe and its Monarch bankers figure if they cannot fix or escape this calamity, they will take everyone else along with them as well. Both the ECB and the Fed have horrible balance sheets, but they could get worse. The bottom line here is if the euro goes under, so could the pound, the US dollar and many other currencies. Remember, 60% of sovereign reserves are in US dollars. If the dollar falls they'll be negativity impacted as well. After the \$1.4 trillion Fed infusion bankers feel smug and comfortable again. We say, not so fast. This game is nowhere near over.

Greek orders for banks to join the debt swap have brought in Société Générale, France's second biggest bank, Uni Credit Union and Assicurazioni Generali. Greece expects the bondholders to accept the offer, but if it fails the official sector will not finance Greece's economic program, then Greece will have to restructure its debt. These are the same bankers who just borrowed billion, so they wouldn't fall into bankruptcy. Supposedly these are the same lenders that will rekindle European growth. They know that is not the way it is going to happen when European debt is unpayable.

As the ship of the EU-euro zone heads for certain eventual disaster led by a group of 4 Bilderbergers all unelected, we have to ask ourselves how do these things happen? These are the same people, among others of their ilk that caused these problems in the first place.

They all are alumni of Goldman Sachs, which was responsible for Mickey Mousing the balance sheets of Greece and Italy, which allowed them illegally to enter the euro zone. One world government was more important.

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