

Is THIS How the Bank Bailout Money is Being Used?

Where is the bank bailout money ultimately going?

By [Prof Michel Chossudovsky](#) and [Bonnie Faulkner](#)

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Michel Chossudovsky, interviewed by Bonnie Faulkner, Guns and Butter

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Who Picks up the Pieces in the Wake of the Financial Meltdown?

An internal war within the financial system is unfolding. Lehman Bros goes bankrupt, Merrill Lynch is bought up... Mortgage giants Fannie Mae and Freddie Mac are taken over by the government.

Bear Stearns collapses, America's largest insurance company AIG's share collapse from \$22.19 on September 9 2008, to less than \$4.00 at the close of trading on September 16, a decline of more than 80 percent of its value.

With the collapse in stock market values, listed companies experience a major collapse in the price of their shares, which immediately affects their creditworthiness and their ability to borrow and/ or to renegotiate debts (which are based on the quoted value of their assets).

Bankruptcies and Foreclosures constitute a money-spinning operation for the financial giants.

Among the companies on the verge of bankruptcy are some highly lucrative and profitable operations. The important question: who takes over the ownership of bankrupt giant industrial corporations?

The institutional speculators, the hedge funds, et al have cashed in on their windfall loot. They are the ultimate creditors.

They trigger the collapse of listed companies through short selling and other speculative operations. They then cash in on their large scale speculative gains. They transform their paper money wealth into real assets, through the purchase of real economy companies.

In this regard, there was evidence that the November 2008 plunge of the US automobile industry was in part the result of financial manipulation, including the short-selling of GM shares: "General Motors and Ford lost 31 per cent to \$3.01 and 10.9 per cent to \$1.80 despite hopes that Washington may save the industry from the brink of collapse. The fall came after Deutsche Bank *set a price target of zero on GM.*" 4 (Financial Times, November

14, 2008, emphasis added)

The financiers are on a shopping-spree. America's Forbes 400 billionaires are waiting in limbo.

Once they have consolidated their position in the banking industry, the financial giants including JP Morgan Chase, Bank of America, *et al* will use their windfall money gains and bailout money provided under the Bush and Obama "bank bailouts", to further extend their control over the real economy.

The next step consists in transforming liquid assets, namely money paper wealth, into the acquisition of real economy assets.

In this regard, Warren Buffett's Berkshire Hathaway Inc. is a major shareholder of General Motors. Following the collapse in stock values in October and November 2008, Buffett boosted his stake in oil producer ConocoPhillips, not to mention Eaton Corp, whose price on the NYSE tumbled in late 2008 by 62% in relation to its December 2007 high. 5 ([Buffett's Berkshire Boosts Stake in ConocoPhillips](#) Bloomberg, November 14, 2009).

The target of these acquisitions are the numerous highly productive industrial and services sector companies, which are on the verge of bankruptcy and/or whose stock values have collapsed.

The money managers are picking up the pieces.

Michel Chossudovsky, September 21, 2009.

The Economic Depression had been foreseen in this 2003 international best-seller

The Globalization of Poverty and the New World Order

by Michel Chossudovsky

✘ In this new and expanded edition of Chossudovsky's international best-seller, the author outlines the contours of a New World Order which feeds on human poverty and the destruction of the environment, generates social apartheid, encourages racism and ethnic strife and undermines the rights of women. The result as his detailed examples from all parts of the world show so convincingly, is a globalization of poverty.

This book is a skillful combination of lucid explanation and cogently argued critique of the fundamental directions in which our world is moving financially and economically.

In this new enlarged edition -which includes ten new chapters and a new introduction- the author reviews the causes and consequences of famine in Sub-Saharan Africa, the dramatic meltdown of financial markets, the demise of State social programs and the devastation resulting from corporate downsizing and trade liberalisation.

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