

## 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.

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The Globalization of Poverty and the New World Order

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[Michel Chossudovsky](#) is Professor of Economics at the University of Ottawa and Director of the Centre for Research on Globalization (CRG), which hosts the critically acclaimed website [www.globalresearch.ca](http://www.globalresearch.ca) . He is a contributor to the Encyclopedia Britannica. His writings

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## **TO ORDER**

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### About the author:

Michel Chossudovsky is an award-winning author, Professor of Economics (emeritus) at the University of Ottawa, Founder and Director of the Centre for Research on Globalization (CRG), Montreal, Editor of Global Research. He has taught as visiting professor in Western Europe, Southeast Asia, the Pacific and Latin America. He has served as economic adviser to governments of developing countries and has acted as a consultant for several international organizations. He is the author of 13 books. He is a contributor to the Encyclopaedia Britannica. His writings have been published in more than twenty languages. In 2014, he was awarded the Gold Medal for Merit of the Republic of Serbia for his writings on NATO's war of aggression against Yugoslavia. He can be reached at [crgeditor@yahoo.com](mailto:crgeditor@yahoo.com)

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