

It's Not the "Great Recession". It's the Great Bank Robbery

By [Washington's Blog](#)

Global Research, November 11, 2010

[Washington's Blog](#) 11 November 2010

Region: [USA](#)

Theme: [Global Economy](#)

In case it's not crystal clear, this isn't the "Great Recession".

It's really the Great Bank Robbery.

First, there was the threat of martial law if the \$700 Billion Tarp bailout wasn't passed. Specifically, Treasury Secretary Hank Paulson warned Congress that there would be martial law unless the Tarp bailouts were approved.

As I [pointed out](#) last October:

The New York Times [wrote](#) on July 16th:

In retrospect, Congress felt bullied by Mr. Paulson last year. Many of them fervently believed they should not prop up the banks that had led us to this crisis — yet they were pushed by Mr. Paulson and Mr. Bernanke into passing the \$700 billion TARP, which was then used to bail out those very banks.

Congressmen Brad Sherman and Paul Kanjorski and Senator James Inhofe all say that the government warned of martial law if Tarp wasn't passed:

Bait And Switch

Indeed, the Tarp Inspector General has [said](#) that Paulson misrepresented some fundamental aspects of Tarp.

And Paulson himself has [said](#):

During the two weeks that Congress considered the [Tarp] legislation, market conditions worsened considerably. It was clear to me by the time the bill was signed on October 3rd that we needed to act quickly and forcefully, and that purchasing troubled assets—our initial focus—would take time to implement and would not be sufficient given the severity of the problem. In consultation with the Federal Reserve, I determined that the most timely, effective step to improve credit market conditions was to strengthen bank balance sheets quickly through direct purchases

of equity in banks.

So Paulson knew “by the time the bill was signed” that it wouldn’t be used for its advertised purpose – disposing of toxic assets – and would instead be used to give money directly to the big banks?

And see [this](#) and [this](#).

But at least the bailout money was used to help the economy by stabilizing the financial sector, right?

Sorry.

As I [wrote](#) in March 2009:

The bailout money is just going to line the pockets of the wealthy, instead of helping to stabilize the economy or even the companies receiving the bailouts:

- Bailout money is being used to [subsidize](#) companies run by horrible business men, allowing the bankers to receive [fat bonuses](#), to [redecorate](#) their offices, and to buy [gold toilets](#) and [prostitutes](#)
- A lot of the bailout money is going to the failing companies’ [shareholders](#)
- Indeed, a leading progressive economist [says](#) that the true purpose of the bank rescue plans is “a massive redistribution of wealth to the bank shareholders and their top executives”
- The Treasury Department [encouraged](#) banks to use the bailout money to buy their competitors, and [pushed through an amendment to the tax laws](#) which rewards mergers in the banking industry (this has caused a lot of companies to bite off more than they can chew, destabilizing the acquiring companies)

And as the New York Times [notes](#), “Tens of billions of [bailout] dollars have merely passed through A.I.G. to its derivatives trading partners”.

In other words, through a little game-playing by the Fed, taxpayer money is going straight into the pockets of investors in AIG’s credit default swaps and is not even really stabilizing AIG.

But at least the government is trying to help the struggling homeowner, right?

Well, PhD economists [John Hussman](#) and [Dean Baker](#) (and fund manager and financial writer Barry Ritholtz) say that the only reason the government keeps giving billions to Fannie and Freddie is that it is really a huge, ongoing, back-door bailout of the big banks.

Many also accuse Obama’s foreclosure relief programs as being backdoor bailouts for the banks. (See [this](#), [this](#) and [this](#)).

But certainly quantitative easing is helping the little guy?

Unfortunately, QE only helps [the big banks and giant corporations](#), and the small number of investors who hold [most of the stock](#). See [this](#), [this](#), [this](#), [this](#) and [this](#).

And now, the government has announced that it will [maintain tax breaks for the wealthiest while considering slashing social security and medicare](#).

Warren Buffet famously [said](#) a couple of years ago:

There's class warfare, all right, but it's my class, the rich class, that's making war, and we're winning.

The proof is in the pudding: a small handful of people have ended up with [a lot more loot in their safes, while everyone else has gotten a lot poorer](#). And, unfortunately, radical concentration of wealth is [destroying both capitalism and democracy](#).

The government has not only [failed to enforce any laws](#) to prevent theft, but has been so busy helping the big boys carry their bags of cash that - even with the sheriff's badges - it is [difficult to tell who is who](#).

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