

# More Troubled Banks in America

By [Dr. Paul Craig Roberts](#)

Global Research, May 04, 2023

Region: [USA](#)

Theme: [Global Economy](#)

All Global Research articles can be read in 51 languages by activating the Translate Website button below the author's name.

To receive Global Research's Daily Newsletter (selected articles), [click here](#).

Click the share button above to email/forward this article to your friends and colleagues. Follow us on [Instagram](#) and [Twitter](#) and subscribe to our [Telegram Channel](#). Feel free to repost and share widely Global Research articles.

\*\*\*

*As I reported at the time, the banking crisis is not limited to **Silicon Valley Bank**. Silicon Valley Bank's failure was followed by the failures of **New York Signature Bank** and **First Republic Bank** of San Francisco. Now three more banks have had their stock prices collapse—**Western Alliance**, **PacWest Bankcorp**, and **Metropolitan Bank**.*

As I have emphasized, the Federal Reserve's higher interest rates are the cause of the bank troubles. The decade of zero interest rates left banks with portfolios of low interest rate assets on their balance sheets. As the Federal Reserve raised rates, these assets declined in value. Depositors saw that the banks were technically insolvent and withdrew funds. Others withdrew funds because they can now get higher interest rates from money market funds.

Banks losing deposits are subject to runs. Expecting the worse, shareholders sell their holdings of the banks' stocks. As the banks lose market value, troubles increase.

The Federal Reserve is causing a banking crisis, because the Federal Reserve imagines that the inflation is a monetary inflation and not an inflation resulting from supply disruptions caused by Covid lockdowns and Russian sanctions. If the Federal Reserve succeeds in throttling the economy with higher interest rates, supply problems are aggravated by reductions in production. In other words, as usual, the Federal Reserve's policy is counterproductive.

I have always been amazed that Americans look to government entities for solutions when incompetence is the main attribute of government.

\*

Note to readers: Please click the share button above. Follow us on Instagram and Twitter and subscribe to our Telegram Channel. Feel free to repost and share widely Global Research articles.

**Paul Craig Roberts** is a renowned author and academic, chairman of The Institute for Political Economy where [this article](#) was originally published. Dr. Roberts was previously associate editor and columnist for The Wall Street Journal. He was Assistant Secretary of the Treasury for Economic Policy during the Reagan Administration. He is a regular contributor to Global Research.

The original source of this article is Global Research  
Copyright © [Dr. Paul Craig Roberts](#), Global Research, 2023

---

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: **[Dr. Paul Craig Roberts](#)**

### **About the author:**

Paul Craig Roberts, former Assistant Secretary of the US Treasury and Associate Editor of the Wall Street Journal, has held numerous university appointments. He is a frequent contributor to Global Research. Dr. Roberts can be reached at <http://paulcraigroberts.org>

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)  
[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)