Obama Inauguration: Slide on Wall Street. Where have all the Creditors Gone?…

"When Will We Ever Learn?"

By Prof Michel Chossudovsky
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Across the land, an atmosphere of hope and optimism prevails. The Bush regime has gone. A new president is in the White House.

While America had its eyes riveted on the live TV broadcast of Barack Obama's presidential inauguration, financial markets were sliding.

A major "market correction" had occurred. Removed from the public eye, virtually unnoticed, a new stage of the financial crisis has unfolded.

Immediately following the inauguration, the Dow Jones plummeted, largely affecting the share prices of major financial institutions.

The quoted stock values of major Wall Street banks plummeted. Citigroup fell by 20 percent, Bank of America by 29 percent and JP Morgan Chase by 20 percent. The Royal Bank of Scotland fell by 69 percent in New York trading.

Related Quotes

Symbol
Price
Change

BAC
5.10
-2.08

BK
19.00
-3.96

C
2.80
-0.70

FITB
4.22
-1.21

JPM
18.09
-4.73

Source: Yahoo

The difficulties and book value losses of major banks were known well in advance of the inauguration of President Obama.

So why now?

The inauguration of a president Obama was expected to provide confidence to financial markets. Exactly the opposite occurred.

There was nothing spontaneous and accidental in this collapse of the stock values of amjor financial institutions.

Obama's speech outside the Capitol, had been drafted well in advance. Its contents was carefully prepared.

President Obama made explicit reference to the global economy's woes, while emphasizing that: **"without a watchful eye, the market can spin out of control."**

> "Obama warned the economic recovery would be difficult and that the nation must choose "hope over fear, unity of purpose over conflict and discord" to overcome the worst economic crisis since the Great Depression." (Associated Press, January 20, 2009)

There were "high expectations" on Wall Street. Many Wall Street brokers, who were not privy to the contents of Obama's speech, were "betting" President Obama's statements would help stabilize financial markets.

Those who drafted Obama's speech were fully aware of its possible financial repercussions.

> "High expectations for details on how the new administration would address the growing banking crisis and faltering economy were dampened after the inauguration speech."(Reuters, Jan 20, 2009)

Coincidentally, the chairman of the Securities and Exchange Commission, Christopher Cox, appointed by Bush in 2005, resigned on the very same day of the presidential inauguration, leading to vacuum in the adoption of crucial financial regulatory decisions. His successor, Mary Shapiro, will only take office following lengthy Senate confirmation hearings.

Those who had advanced knowledge and/or inside information regarding the text of Obama's speech and who had the ability to "move the market" at the right time and the right place, stood to gain in the conduct of major speculative transactions on stock markets and currency exchanges.

Were these speculative transactions planned in advance of January 20th? (See Video)

Was there a concerted and deliberate effort to "short the market" on the very same day as the presidential inauguration?

On currency markets, the movement was in reverse, the US dollar was rising, the Euro, the British Pound and the Canadian dollar were plummeting. Canada's Central Bank Governor chose the date of the presidential inauguration to announce a cut in the interest rate in an apparent "bid to stimulate the economy and boost lending to consumers and businesses". The impact: the Canadian dollar declined dramatically in relation to Greenback.

Were have All the Creditors Gone?

The largest financial institutions are said to be in troubled waters, indebted to unnamed creditors. Since the onslaught of the financial meltdown, the identity of the creditors remains a mystery.

Over the years, the financial establishment has set up private hedge funds invariably registered in the name of wealthy individuals. Large amounts of wealth have been transferred from the large financial institutions to these privately owned hedge funds, which largely escape government regulation.

Why are the banks indebted? To whom? Are they the victims or the recipients? Are they the debtors or the creditors?

America's largest banks have, over the years, sifted off part of their surplus profits to various proxy financial outfits, hedge funds, accounts registered in tropical offshore banking havens, etc.

While these billion dollar transfers are conducted electronically from one financial entity to another, the identity of the creditors is never mentioned. Who is collecting these multibillion debts which are in large part the consequence of financial manipulation?

The collapse in bank stock market values was in all likelihood known in advance. The banks had already moved their loot to a safe financial haven.

The banks are in troubled water after having received hundred of billions of dollars of bailout money.

Where is the bailout money going? Who is cashing in on the multibillion dollar government bailout money? This process is contributing to an unprecedented concentration of private wealth.

The financial press acknowledges the existence of billions of dollars of "inter bank debt". But not a word is mentioned about the creditors.

For every debtor, there is a creditor.

Is this not money which the financial elites owe to themselves?

Whoever holds these trillions will eventually pick up the pieces. They will transform their enormous paper wealth into the acquisition of real assets.

Waking up the Day After

And the day after the hopes and promises of the presidential inauguration, Middle Class

Americans who had invested in "safe" bank shares, will come to realize that part of their lifelong savings have once again been confiscated.

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