

Treasury Secretary Geithner's new plan: Wiping out the shareholders?

By [Global Research](#)

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PhD economist Dean Baker [has](#) the best quote of the day regarding Treasury Secretary Geithner's new plan for the banks:

We don't have to follow the individual trades to know whether the taxpayers are being ripped off. We just need to ask some more basic questions like "How much will this thing cost?" If the answer is anywhere much more than zero — as Geithner suggested it will be — and we still see that bank stocks carry significant value and bank executives continue to hold on to their high-paying jobs, then we will know that we have been had.

The basic point is extremely simple. We have a large number of bankrupt banks. We have a public interest in keeping the banks functioning, but we have zero public interest in giving taxpayer dollars to bank shareholders or to the executives that wrecked the banks they ran.

Geithner can design as complex a dog and pony show as he wants, but if his plan takes up hundreds of billions of taxpayer dollars and does not involve wiping out the shareholders and sending the bank executives packing, then he has ripped us off.

Source:

<http://georgewashington2.blogspot.com/2009/02/economist-on-geithner-plan-if-it-does.html>

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