

Video: US Coronavirus ‘Bailout’ Scam Is \$6 Trillion Giveaway to Wall St - Economist Michael Hudson Explains

Part I of the interview with Prof. Michael Hudson

By [Prof Michael Hudson](#), [Ben Norton](#), and [Max Blumenthal](#)

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Facing the Covid-19 pandemic, the US Congress rammed through the CARES Act — which economist Michael Hudson explains is not a “bailout” but a massive, \$6 trillion giveaway to Wall Street, banks, large corporations, and stockholders.

Max Blumenthal and Ben Norton discuss the enormous financial scam with Hudson, who reveals how the economy actually works, with the Federal Reserve printing money so rich elites don’t lose their investments.

Full transcript follows.

MICHAEL HUDSON: Just think of when, in the debates with Bernie Sanders during the spring, Biden and Klobuchar kept saying, ‘What we’re paying for Medicare-for-All will be \$1 trillion over 10 years.’ Well, here the Fed can create \$1.5 trillion in one week just to buy stocks.

Why is it okay for the Fed to create \$1.5 trillion to buy stocks to prevent rich people from losing on their stocks, when it’s not okay to print only \$1 trillion to pay for free Medicare for the entire population? This is crazy!

The idea is that only the rich should be allowed to print money for themselves, but the government should not be allowed to print money for any public purpose, any social purpose — not for medicine, not for schools, not for personal budgets, not for full employment — but only to give to the 1 percent.

People hesitate to think that. They think, ‘It can’t possibly be this bad.’ But for those of us who have worked on Wall Street, for 60 years in my case, that’s what the numbers show.

But you don’t have the media talking about actual numbers. They talk about just words, and they use euphemisms. It’s a kind of Orwellian vocabulary, describing an inside-out world.

(Intro - 1:58)

BEN NORTON: The world is suffering right now from one of the worst economic crises in

modern history. Definitely the worst crisis since the 2008 financial crash. And many economics experts are saying that we're living through the worst recession actually since the Great Depression of 1929.

Well joining us to discuss this today, we have one of the best contemporary economists, who is really well prepared to explain what has been going on in this global recession during the coronavirus pandemic. And specifically today we're gonna talk about the \$6 trillion bailout package that the US Congress has passed.

The Trump administration is basically taking Obama's corporate bailout on steroids, and injecting trillions of dollars into the corporate sector. And today to discuss what exactly the coronavirus bailout means, we are joined by the economist Michael Hudson.

He is the author of many books. And in the second part of this episode we're gonna talk about his book *Super Imperialism: The Economic Strategy of American Empire*. So that'll be much more in the vein of kind of traditional Moderate Rebels episodes, where we talk about imperialism, US foreign policy, and all of that.

Michael Hudson is also a former Wall Street financial analyst, so he's very well prepared to talk about the financial thievery that goes on on Wall Street. And he is a distinguished research professor of economics at the University of Missouri, Kansas City.

So Michael, let's just get started here. Can you respond to this global depression that we're living through right now amid the Covid-19 pandemic? And what do you think about this new bailout that was passed?

(3:50)

MICHAEL HUDSON: Well the word bailout, as you just pointed out, really was used by Obama and only applies to the banks. The word coronavirus is just put in as an advertising slogan.

Banks and corporations, airlines, have a whole wish list that they had their lawyers and lobbyists prepare for just such an opportunity. And when the opportunity comes up — whether it's 9/11 with the Patriot Act, or whether it's today's coronavirus — they just pasted the word coronavirus onto an act, which should be called a giveaway to the big banking sector.

Let's talk about who's not bailed out. Who's not bailed out are the small business owners, the restaurants, the companies that you walk down the street in New York or other cities, and they're all shuttered with closed signs. Their rent is accumulating, month after month.

Restaurants, gyms and stores are small-markup businesses, small-margin businesses, where, once you have no sales for maybe three months and rent accruing for three months, they're not going to have enough money to earn the profits to pay the rents that have mounted up for the last three months.

The other people that are not being bailed out are the workers — especially the people they call the prime necessary workers, which is their euphemism for minimum-wage workers without any job security. There have been huge layoffs of minimum-wage labor, manual labor, all sorts of labor.

They're not getting income, but their rents are accruing. And their utility bills are accruing.

Their student loans are accruing. And their credit card debts are mounting up at interest and penalty rates, which are even larger than the interest rates. So all of these debts are accruing.

The real explosion is going to come in three months, when all of a sudden, this money falls due. The governor of New York has said, "Well we have a moratorium on actually evicting people for three months." So there are restaurants and other people, individuals, wage-earners, who are going to be able to live in their apartments and not be evicted. But at the end of three months, that's when the eviction notices are going to come. And people are going to decide, is it worth it?

Well, especially restaurants are going to decide. And they're going to say, "There is no way that we can make the money to pay, because we haven't had the income to pay." They're going to go out of business. They're not going to be helped.

The similar type of giveaway occurred after 9/11. I had a house for 20 years in Tribeca, one block from the World Trade Center. The money was given by the government to the landlords but not to the small businesses that rented there — the Xerox shops and the other things. The landlords took all of the ostensible rent loss for themselves, and still tried to charge rent to the xerox shops, the food shops, and ended up collecting twice, and driving them out.

So you're having the pretense of a bailout, but the bailout really is an Obama-style bailout. It goes to the banks; it goes to those companies that have drawn up wish lists by their lobbyists, such as the airlines, Boeing and the large banks.

The banks and the real estate interests are going to be the biggest gainers. They have changed the real estate law so that the real estate owners, for a generation, will be income tax free. They are allowed to charge depreciation, and have other fast write-offs to pretend that their real estate is losing value, regardless of whether it's going up and up in value.

Donald Trump says that he loves depreciation, because he can claim that he's losing money, and gets a tax write-off, even while his property prices go up.

So there's a lot of small print. The devil is in the small print of the giveaway. And then President Trump has his own half-a-trillion-dollar slush fund that he says he doesn't have to inform a Congress or be subject to any Freedom of Information law. He gets to give to his backers in the Republican States.

And states and municipalities are left broke. Imagine New York City and other states. Most states and cities, have balanced budget constitutional restrictions. That means they're not allowed to run a deficit.

Now if these states and cities have to pay unemployment insurance, and have to pay carrying charges on the schools and public services, but are not getting the sales taxes, not getting the income taxes, from the restaurants and all the businesses that are closed, or from the workers that are laid off, they're going to be left with a huge deficit.

Nothing is done about that. There has been no attempt to save them. So three months from now, you're going to have broke states, broke municipalities, labor that cannot, whose savings was wiped out.

As I'm sure you've reported on your show, the Federal Reserve says that half of Americans do not have \$400 for emergency saving. Well now they're going to be running up thousands of dollars of rent and monthly bills.

So the disaster is about to hit. They will not be bailed out. But no major investor, really will lose. You've seen last week, the stock market made the largest jump since the depression — the largest jump in in 90 years. And that's because Trump says, "The economy is the stock market, and the stock market is the One Percent."

So from the very beginning, his point of reference for the market and for the economy is the One Percent. The 99 Percent are simply overhead. Industry is an overhead. Agriculture is an overhead. And labor is an overhead, to what really is a financialized economy that is writing the whole bailout.

It's not a bailout — it's a huge giveaway that makes them richer than they ever were before.

(10:48)

BEN NORTON: Yeah and Michael, related to that — you mentioned that fine print is important. But I also have a kind of bigger question. And I don't really know where exactly these numbers come from.

Officially the bailout is \$2 trillion. Many media outlets reported it as effectively \$4 trillion. But actually, according to Larry Kudlow — who is the director of the US National Economic Council, he's the Trump administration's kind of chief economist — Larry Kudlow is now saying that it's actually \$6 trillion in total, which is a quarter of all of US GDP.

And that includes \$4 trillion in lending power for the Federal Reserve, as well as \$2 trillion in the aid package.

So there is discussion of this aid package, but actually the aid package of \$2 trillion is actually half the size of the \$4 trillion that is given to the Federal Reserve.

What exactly is that \$4 trillion that the Federal Reserve has? Is this some kind of slush fund, or how does it work?

(11:52)

MICHAEL HUDSON: No, the Federal Reserve was given special powers to create 10 times as many loans or swaps as others. The Federal Reserve represents the commercial banks and commercial investors.

Now here's the problem: a lot of companies were issuing junk bonds. They were going way down in price, especially junk bonds for the fracking industry. The Federal Reserve says, "We're going to be backed up by the Treasury. We can just create — as you know, Modern Monetary Theory — we can just create money on a computer, and swap. So we will, say, 'Give us your poor.' It's like the Statue of Liberty: 'Give us your poor, your oppressed,' or Aladdin's old lamps for new: Give us your junk bonds, and we will give you a bona fide Federal Reserve deposit."

So the Federal Reserve has been pumping trillions and trillions of dollars into the stock market. That's what's been pushing up the stock market, the Federal Reserve. The bailout

has gone to the stock market. As if the stock market got coronavirus! Stocks don't get coronavirus! They don't get sick on the virus! And yet it's the stock market that's going up through the Federal Reserve.

There's also another \$2 trillion dollars, \$2 to \$4 trillion that the US government has, over and above the \$2 trillion that's going to the people. So most of the calculations that have been published cite it as a \$10 trillion bailout. Of which the newspapers, to avoid embarrassing Mr. Trump, only refer to the money given to the the wage earners. And they're sort of embarrassed that the vast majority are given to the financial sector that doesn't need a bailout, but that doesn't want to lose a single penny from the virus.

So when you see the stock market recovered almost to what it was before the virus, while the economy is going down, you realize, wait a minute they're saving the 1 percent, or the 10 percent of the population that own 85 percent of the stocks and bonds. They're saving the banks. They're not saving the people, and they're not saving the economy; they're not saving industry; and they're not saving small businesses.

So it's an amazing hypocrisy that the mainstream press is not discussing, which is why your show is so important.

(14:29)

MAX BLUMENTHAL: Yeah and here in Washington, DC, we got I think \$500 million from the, I guess what you accurately describe as the stock market bailout. And that's a lot less than a number of red states that are less populous than Washington, DC got. So there's a massive shafting here.

And then the city has only been able to provide for certain parts of the economy. Undocumented immigrants, who do a lot of work here, got nothing from the city. Vendors, which are a big part of the informal economy in DC, even though they have to be regulated, got nothing.

And then you mention all of these sectors of the economy — young people, college-educated young people who are deep in debt, and therefore less inclined to spend — are getting shafted here.

So you have called for a solution — well I guess, knowing so many of those people, they contribute so little to the economy because they can't; they're just putting all their money into debt. So you have called for a debt jubilee.

You say that debts that can't be paid won't be, and this is the best way out.

Maybe you can explain to our viewers and listeners what that is and why it would be the best remedy?

(15:42)

MICHAEL HUDSON: Well here's what happens if you don't write down the debts that are just going to accrue in the next three months: If you don't say, "The rents will not have to be paid, and workers will not have to pay the debts that mount up," if you leave those debts on the books, and you make the workers liable to keep paying the student debts, and the other

debts, and the mortgage debts, and the rents, then they're not going to have any money left to buy goods and services.

When it's all over, they're going to get their paychecks, and off the top is going to be the wage withholding, and the tax withholding, and the Medicare, and if they don't want to get kicked out of their houses, they're going to have to pay all of this money that's accrued while they're not making an income.

So you're going to have a shrinkage of the economy, a vast shrinkage. How can they afford to buy anything but the most basic necessities, the cheapest food, the necessary transport? Obviously they're not going to buy the kinds of goods and services that are supposed to be part of the circular flow.

Economics textbooks say employers pay the workers so the workers can have enough money to buy what they produce. But the workers don't spend their income only on what they produce. They spend most of their income on rent, on debt service, on taxes, on finance, insurance, and real estate. And this is the only part of the economy that is being enabled to survive.

So how can you have the superstructure of rents and debts, of insurance charges, on an economy that doesn't have the income to buy goods and services? And if they can't buy goods and services, you're going to have the stores closing down, because people can't afford to buy what the stores are selling.

You're going to have a whole wave of closures. And you're going to go down the streets, and certainly in cities like New York, or where I live in Queens, just outside of Manhattan, where block after block, they're going to be "For rent" signs. It's going to be empty.

And the only way to avoid that is for a debt write-down.

Now you've had this occurring for 5,000 years. I'll give you an example that may be easy to understand.

In Babylonia, we have the Laws of Hammurabi, in 1800 BC. One of the laws says that when you would buy beer or other things, they would write it on a tab in the bar, in the ale house, and all the debts were owed when the harvest was in. You'd pay the debt seasonally.

Well Hammurabi said, if there's a drought, or if there's a flood, then you don't have to pay the debts. Most debts were owed to the palace, and others.

The implied policy is that, "The reason we're doing this is, if we don't do that, then you're going to have these debtors become debt servants, bond servants to the creditors; they're going to owe their labor to the creditors; they're going to lose their land to the creditors; and they won't be able to work on public infrastructure projects; they won't work for Babylonia; they won't serve in the army, and we can be invaded; and they won't be able to use their crops as taxes, because they'll owe the crops as debts. So we're going to write it down."

So the whole idea for thousands of years, of every Near Eastern ruler starting his reign by writing down the debts, was to begin everything in balance.

Because they realized, just mathematically, debts grow at compound interest. You've seen

the coronavirus increase at an exponential rate. That's how debts accumulate interest, at an exponential rate.

But the economy grows in an S-curve, and then it tapers off. The American economy, the GDP since the Obama bailouts of 2008, the entire growth of the GDP has only accrued to 5 percent of the population. 95 percent of the GDP. But the population for 95 percent, the industry and agriculture, that's actually gone down.

So we're already in a 12-year depression, the Obama depression, that they like to call a recession, because most of the media are Democratic Party people.

But you're going to have this recession turn into a genuine depression, and it will continue until the public debt, that is state and local debts, are written down; the mortgage debts written down; and the personal debts written down, starting with the student loans, the most obviously unpayable debt.

And the choice is, do you want to depression, or do you want the banks to be able to collect all the economic surplus for themselves? Well Donald Trump, supported unanimously by the Democratic Congress, says, "We want to protect the banks, not the population, not the economy. Let the economy shrink, as long as our constituents, the donor class, are able to avoid making a loss. Let's make the loss borne by the 99 percent, not our donor class."

(21:17)

BEN NORTON: Yeah, and Michael, you mentioned something, getting back to the Federal Reserve and understanding how this whole system works. I mean frankly it seems to me to kind of be a house of cards.

But you mentioned this idea of Modern Monetary Theory and just kind of creating money out of nothing. Can you talk more about that? You know this is a term that's become more prominent, especially on the left: MMT, modern monetary theory.

There are socialists who argue in support of MMT and then there are others who are kind of skeptical of the whole notion that you can just print all this money to fund these social programs that you want to create, and that it won't create inflation.

But at the same time, you and other people point out that that's exactly how the economy already works. Where for instance, you want to fund a war, there's never — you know frequently when someone on the left asks for universal health care or free public education, members not only of the Republican Party but many neoliberal Democrats often say, "Well yeah, where are you gonna get the money from?" And the response of some of the MMT supporters is, "Well we just fund the program, and we just create the money because we control the creation of the dollar."

And we see that same attitude used actually by the Federal Reserve right now, but to bail out Wall Street. "Yeah we're just gonna print" — they printed \$1.5 trillion, and then just gave it, they just injected it right into Wall Street.

So does that not create inflation, or what exactly is happening economically there? I mean to me, it seems like a scam; it seems like totally a scam.

(22:59)

MICHAEL HUDSON: Since 2008, you have had the greatest inflation of money in history. And you have also had the greatest inflation in history, but it's entirely asset price inflation.

You're absolutely right: the money has gone into the stock market and the bond market, to support bond prices, meaning you've had the biggest bond boom in history. You've had a huge stock market boom. But consumer prices have gone down. So here you have an enormous amount of money creation, and consumer prices and real wages have been drifting down.

So they are really two economies. The question is, are you going to create money for public purposes by spending it into the economy, on industry, agriculture, and the goods and service production and consumption economy Or, are you going to put it into the financial economy?

Well the whole way of our banking system is that banks create credit. If you go into a bank and you take out a loan, you say, I'm gonna borrow \$5,000 for something. The banker doesn't go and say, let me see if we have any money to loan you; he says, okay I will write a loan on my computer. I will credit your deposit with \$5,000, and you will sign this IOU, and we have an asset. And the asset is \$5000, on which we're going to charge interest on what we pay you.

So it's just done by computer, on a balance sheet. And as long as money is created on a computer, the only cost is the electricity used to make that debt record.

Now the banks, when they make loans, 80 percent are against real estate. So they say, in case you can't pay, you're pledging your real estate - the home you're buying, or the commercial building you're buying, as collateral. So we'll lend you up to 80 percent, maybe 100 percent, of the value of what you're buying, and that's the collateral we have.

So they lend against collateral. Well, if you lend the money against collateral to buy a building, or to buy stocks and bonds, which are the other collateral, then obviously this money you're creating to buy houses, or commercial real estate, or stocks and bonds are going to bid the price up.

Banks don't give loans for people who say, I want to go shopping and buy more goods because I need the money. That may be a little bit, that's what credit cards are for, but that's a small portion of the overall money supply. So banks don't make loans to buy goods and services; they make loans to buy assets that obviously inflate the price of assets.

And the more money that you pay for houses that are rising in price, or medical insurance, or stocks and bonds, to make a retirement income for your pension fund; the more money you pay for houses that are inflating in price because of bank credit, the less money you have to buy goods and services.

So actually, the more money they create, the more consumer prices for goods and services fall. It's the exact opposite of the usual theory.

On my website I have many articles about that, and I have something today in *Counterpunch* on that. It's on how the economy works the opposite of the way the textbook says.

Now unfortunately the left-wing doesn't really study finance and money much. The

discussion of finance and money has been monopolized by the right-wing, so left-wingers think, they don't realize that they're picking up a kind of junk theory of monetary relations and debt relations that's all picked up from the right-wing of the political spectrum.

It's a kind of parallel universe. That's not how the economy really works, but in a way that sort of is easy to understand. And it's very easy to make an erroneous, oversimplified view of the world easy to understand.

And when it's repeated again and again and again, in the media, the New York Times and MSNBC, people really think that, well, maybe that's how the world works — more money is going to push up prices, so we better not push for it, we better go along with trickle-down theory.

And most of the left believes in trickle-down theory. The Democratic Party leadership is absolutely convinced, if you just give enough money to the top 1 percent, or 5 percent, or Wall Street, it'll all trickle down.

(27:49)

BEN NORTON: Well of course the Democratic Party is not the left.

MICHAEL HUDSON: That's right, but it pretends to be. And it has crowded out the left. You can see in the recent election primaries that its job is to protect the Republican Party from any critique by the left, interjecting itself in between the Republican Party and any possible reform movement.

BEN NORTON: Exactly.

(28:20)

MAX BLUMENTHAL: Well they stood up really strongly against the bailout — I mean what was it, 96 to nothing? And in the voice vote, I was listening to the voice vote last night in the House; I didn't hear AOC's voice against it.

MICHAEL HUDSON: They did a voice so that everybody could say, "Oh it wasn't me!"

MAX BLUMENTHAL: No, no! So you mentioned that foreclosure king Steve Mnuchin gets like a \$500 billion slush fund. I haven't heard much discussion about that. What will he do with this sort of opaque slush fund, and how will this — I mean it's a leading question, but how will this kind of reinforce or consolidate inequality for the next generation?

(29:10)

MICHAEL HUDSON: Well gee, I hope he gives some of it to Kamala Harris, who was the attorney general who let him do all of this, and who thoroughly backed him and led the foreclosure, was the iron fist behind his foreclosure program. So I'm sure he'll press for Kamala to be the vice president on the ticket.

The Democrats have a problem. How can they guarantee that they have their candidate win? Their candidate is Donald Trump. How can they make sure that they have such a weak candidate that he's sure to lose to Donald Trump? And the choice is, we'll get a vice president that's so unpopular that they're sure to lose.

Now it's a race between Kamala Harris and the Minnesota lady.

MAX BLUMENTHAL: Klobuchar? The one who throws staplers at her staff. She seems very charming.

MICHAEL HUDSON: Uh, I don't know about that. But my wife can't even look at her on television. But I think that the pretense is that she'll help get Minnesota, as if Minnesotans, where I'm from, are so dumb just to vote for somebody from there. But by getting Minnesota, they'll lose the whole rest of the country.

So I think she'll be the vice president, because that guarantees a Trump victory. And that will enable the Democrats to say, here — they'll have the president they want, that is for their donor class, but they can say, "That's not us; that's the Republicans." So that's the Democratic strategy.

MAX BLUMENTHAL: Right, then they can raise loads of money for the "Resistance," and all of the outside think tanks. And that was the old Republican, William F. Buckley strategy, is we're better throwing rocks outside the building and raising a ton of money for the National Review than actually having to govern. And that seems like the Democratic strategy.

But I guess I was asking about how you see the economy transforming, because the Obama bailout sort of transformed it or consolidated the gig economy, where everyone has to work three to five jobs, and what was supposed to be a highly educated middle class is deeply in debt.

Where do you see it after this next tranche of stock market bailouts?

(31:29)

MICHAEL HUDSON: Ok, let's look at three months from now. Smaller companies are going to be squeezed, because all of their expenses are going to go up. Small companies have had to run up debts, and they have all sorts of other problems, and their earnings, their prospective profits, are not going to look that good. Because there's not going to be a market for the things that they sell, because of the debt deflation that I talked about.

So what's going to happen? You're going to have a bonanza for private equity capital. The liquid, the 1 percent that have access to bank credit and have their own equity capital are going to come in and pick up a lot of real estate that's going to be defaulted on — just like they did after Obama evicted his constituency, the mob with pitchforks, and evicted them.

Blackstone will pick up more real estate. Big companies are going to pick up small companies. You're going to emerge with a highly monopolized economy, much more centralized.

The important thing to realize about free-market economics and libertarianism, is libertarians advocate central planning, The Chicago School of monetarists advocate central planning; the free marketers want central planning. But the banks are to be the planners, not the government. They want to exclude the government from planning, except to the extent that they can take over the government, as Trump has done, and plan all of the income to be transferred to themselves from the rest of the economy.

So we're going to have a much more centrally planned by a coalition of monopolies and the

government. In the 1930s, that was called fascism.

MAX BLUMENTHAL: It's what we call a "public-private partnership" or something.

MICHAEL HUDSON: Right.

MAX BLUMENTHAL: Just really quickly, and maybe we can kind of transition after this, but you mentioned Blackstone. I think this is one of the key components of the bailout. They own so much stake in so many of the companies getting bailed out. Can you just describe their role and what they are?

(33:38)

MICHAEL HUDSON: It's appropriate that they were put in charge of bailout. So if they're the largest company buying up defaulted real estate and buying, picking up the weak — it's called moving assets from the weak hands to the strong — then they might as well be put in charge, because they're going to be the company doing all the grabbing. So of course they're in charge of it.

It's called grabitization. That was the Russian word for privatization in the 1990s. So grabitization is I think a better word than public-private partnership. It's not really a partner; it's sort of a one-way partnership; there's one subsidiary partner. It's really financialization and grabitization.

MAX BLUMENTHAL: Right, just the looting of state assets.

BEN NORTON: Going back one step here, Michael, you were talking about the way that people should think about how the economy actually works. And I mentioned MMT. Can you kind of just walk through that again? Because you were talking about how actually, when the Fed creates — I mean really to me, as someone, I'm definitely not an economics expert, I just don't understand really how this whole process works, because to me it just seems simply like, they're literally just creating money and just giving it to banks, and corporate elites, and rich people.

I mean maybe that's what it is. But I don't understand, this is like the biggest scheme I can imagine, where the Federal Reserve is creating all of this money, printing — they're physically printing money is my understanding. And then they're just giving it to these banks, to bondholders. And then, but you said that what does is, instead of actually creating inflation, all that does is, if I understood correctly, it boosts the value of assets like real estate, while at the same time deflating wages and commodity prices.

So if that's the case, then how should people who are advocating for socialized programs like Medicare for All, free public education, and maternity leave, and childcare, and all of these programs that the Bernie Sanders campaign and movement have been advocating for, how should we talk about the way to pay for all of those programs, if the reality of the economy is that the Fed is printing trillions of dollars, and then just giving that cash to banks?

(36:11)

MICHAEL HUDSON: Well I think the reason you're having trouble understanding MMT is because what you described is what's happening, but you think, "But that's unfair!" And

there's a tendency to think, if it's unfair —

MAX BLUMENTHAL: It's not just unfair. It's the biggest scheme I can imagine. There's no other word other than just a con scheme.

MICHAEL HUDSON: Yes, and the brain recoils from thinking, "Can the government really be doing that to us?" Well, yes it can.

And just think of when, in the debates with Bernie Sanders during the spring, Biden, and Klobuchar keep saying, 'What we're paying for Medicare-for-All will be \$1 trillion over 10 years.' Well here the Fed can create \$1.5 trillion in one week just to buy stocks.

Why is it okay for the Fed to create \$1.5 trillion to buy stocks to prevent rich people from losing on their stocks, when it's not okay to print only \$1 trillion to pay for free Medicare for the entire population? This is crazy!

The idea that only the rich should be allowed to print money for themselves, but the government should not be allowed to print money for any public purpose, any social purpose — not for medicine, not for schools, not for personal budgets, not for full employment — but only to give to the 1 percent.

People hesitate to think that. They think, 'It can't possibly be this bad.' But for those of us who have worked on Wall Street, for 60 years in my case, that's what the numbers show.

But you don't have the media talking about actual numbers. They talk about just words, and they use euphemisms. It's a kind of Orwellian vocabulary, describing an inside-out world that they're talking about.

They will buy stock; they'll say we're going to buy a million shares of Boeing; they'll just write a check, and the check will be from the Federal Reserve, and Boeing will get the money. The Federal Reserve can create a deposit, just like a banker will write you a loan when you go in and borrow. It's done on a computer — without levying taxes. The Fed can do the same thing.

Stephanie Kelton, my department chairman for many years at the University of Missouri at Kansas City, describes this. The University of Missouri's website, *New Economic Perspectives* has a description of it. So if people want to google either her, UMKC, or what I've written, or Randall Wray at the Levy Institute, you'll get walked through.

If you're not already thinking in terms of balance sheets, which most people don't, you have to sort of just read it again and again, and then all of a sudden, "Ah, now I get. It's a ripoff! It's created out of nothing. Now I get it."

BEN NORTON: It's just a house of cards. To me it proves the kind — there used to be this kind of very blunt orthodox Marxist view that the economy strictly follows politics, and it seems to me this is a case where the economy is just created by politics.

MICHAEL HUDSON: That's true, and that's not an un-Marxist position. Marx did distinguish between oligarchies and democracies, and finance capitalist economies and industrial capitalist economies.

MAX BLUMENTHAL: Right. And the \$17 billion for "urgent national security measures" was

straight into the pockets of Boeing, which had its 737 maxes falling out of the sky, and had been clamoring for this bailout for a long time.

I mean you saw 3M, the maker of these masks which are suddenly unavailable, gained a total exemption from lawsuits, if the masks that it mass-produced now somehow failed.

So all of these things stuffed into the bailout were what industry and finance had been clamoring for for years. And they finally had the opportunity to do it.

(Outro - 40:38)

BEN NORTON: All right, we're gonna take a pause there. That was the end of part one of our interview here with the economist Michael Hudson. He is a Wall Street financial analyst, a distinguished research professor of economics at the University of Missouri Kansas City, and of course the author of many books on economics.

You can find some of his work at michael-hudson.com. We will link to that in the show notes. He has interviews with transcripts and articles.

You can also find some of his economics work and the work of some of his like-minded colleagues at the economics department at the University of Missouri Kansas City website. I will link to that as well in the show notes. You can find the show notes at moderaterebels.com.

In part two of this episode, we're going to continue our discussion of the house of cards that is the international financial system, the economic system. And in the second part we're going to talk about his book "Super Imperialism: The Economic Strategy of American Empire."

This is an incredible book. You know here at Moderate Rebels, Max and I frequently talk about the political and military side of imperialism. Michael Hudson just spells out, in easy-to-understand terms, how imperialism works at an economic level, how the US government and the Treasury, through the backing of military force, force countries around the world to buy US bonds, Treasury bonds, and how there's basically just a con scheme where countries pay for their own US military occupation through buying US Treasury bonds.

Michael Hudson explains that all in really simple terms. And we also talk about the rise of China, and how China does pose a so-called threat, in scare quotes, to not the American people but rather to the hegemony of the US financial system — and the main financial instruments, the weapons that the US uses to maintain that hegemony, the International Monetary Fund, the IMF, and the World Bank.

And Hudson describes how, in his terms, the IMF, and the World Bank, specifically, are some of the most evil institutions that are really maintaining the American dictatorial, authoritarian chokehold on the global financial system.

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