

The World's Money Is Draining Away ... Where's It Going?

By [Washington's Blog](#)

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Theme: [Global Economy](#)



Spiegel [asks](#):

“Is The World Going Bankrupt?”

That is an odd question.

If some people are losing money, others must be gaining money, right?

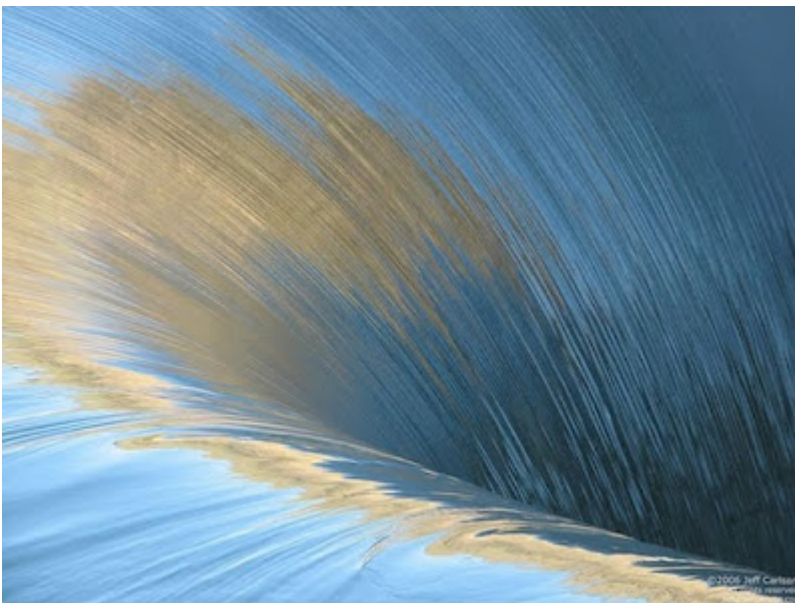
But where is all the money going?



Bloomberg's Jonathan Weil [hints](#) at the answer in a post entitled "Is There Enough Money on Earth to Save the Banks?"

Two years ago the central planners convinced investors that the biggest surviving financial institutions would be able to earn their way back to health, in part through low interest rates and taxpayer support. The pressing question soon may be whether there is enough money on the planet to save the system as we know it, and if so, how much longer it will be before a crisis comes along that finally swamps the ability of governments to contain it.

One-hit wonders such as Fed-induced stock-market rallies can induce euphoria momentarily. They don't fix the big problem.



As I've previously [noted](#), the giant banks are drawing the American and world economy down into a black hole. If we don't break up the giant banks now, they'll be bailed out again and again, and virtually all independent economists and financial experts say that will drag the world economy down with them.

Indeed, many economists and financial experts say that we'll have a [never-ending depression](#) or perpetual zombification unless the banks and bondholders are forced to write

down their debt.

But the question remains: if all of the world's money (of the Western world, anyway) is draining out, where's it going to?



Economists [note](#):

A substantial portion of the profits of the largest banks is essentially a redistribution from taxpayers to the banks, rather than the outcome of market transactions.

Indeed, all of the monetary and economic policy of the last 3 years has helped the wealthiest and penalized everyone else. See [this](#), [this](#) and [this](#).

A “jobless recovery” is basically a [redistribution of wealth from the little guy to the big boys](#).

The Bush tax cuts and failure to enforce corporate taxes also redistribute wealth to the top 1%. See [this](#) and [this](#).

Economist Steve Keen [says](#):

“This is the biggest transfer of wealth in history”, as the giant banks have handed their toxic debts from fraudulent activities to the countries and their people.

Nobel economist Joseph Stiglitz [said](#) in 2009 that Geithner's toxic asset plan “amounts to robbery of the American people”.

And economist Dean Baker [said](#) in 2009 that the true purpose of the bank rescue plans is “a massive redistribution of wealth to the bank shareholders and their top executives”.

The money of individuals, businesses, cities, states and entire nations are disappearing into the abyss ...



... and ending up [in the pockets of the top .1% richest people](#).

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