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Geithner Plan: A Massive Taxpayer Transfer to Bank Shareholders

Jeffrey Sachs

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Geithner Plan: A Massive Taxpayer Transfer to Bank Shareholders

Jeffrey Sachs

Summary

“This column explains how the Geithner public-private scheme to buy toxic assets at inflated prices is – in expected value terms – a hidden subsidy to bank shareholders paid for by US taxpayers. If the toxic assets turn out to be good investments, there is no transfer, but if they turn out to be bad loans, the taxpayer is left holding the damage while the private investors walk away.”

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