

The bailout is a given. Its needed to introduce liquidity into the system. I wonder why no one is defining what happens after the 700B of mortgage and other assets are purchased by the Fed.

Has everyone forgotten that we didnt trade in last year's bankers for a new team. **The bankers that we hope will reflate the economy with loans to the people and companies who need it ARE THE SAME BANKERS THAT GOT US INTO THIS MESS.** These are bankers that dont know how to bank the right way .

**Not only are they the same bankers, but they now work for companies in an industry that has been completely turned upside down. WHAT MAKES ANYONE THINK THEY ARE ACTUALLY GOING TO MAKE LOANS TO MAINSTREET CONSUMERS ?** What makes anyone think they are going to set standards that any normal American can meet, and then actually loan them money at terms they can afford ?

They wont. No chance, no how unless the Fed sets standards that makes them lend to Mainstreet America

You heard it here first. If the BailOut has not requirements for how the money is used, this is how its going to go down:

1. The Bailout Hits. Euphoria on Wall Street. Stock Market goes up.
2. Banking Balance Sheets improve, Banks of all types say the problem is solved. They loan money to their biggest corporate and very rich clients. They have to, they dont want to lose their business. Of course, those corporate and rich clients borrow as much as they possibly can because they dont know when and if credit will dry up.
3. Wall Street Analysts say they are optimistic that retail sales will be stable with last year, and possibly even up as consumer confidence has shown increases
4. We start to hear complaints from consumers and small businesses that loans are not available to them , or when they are, the terms are unreasonable.
5. Dec sales for retailers are below last year and below analyst expectations. Retailers say its due to lack of credit availability to consumers.
6. Mortgage default rates start to increase
7. Stocks fall hard
8. The Treasury Department says it underestimated the amount of money that needed to be pumped into the system in order to create liquidity for MainStreet. They announce they will use the ANTICIPATED profits from the 1st bailout to fund the next 500B of bailout
9. They time the 2nd 500B "investment for the taxpayers" to be on the 101st day of the new administration.
10. The Recession grinds on and on and on

Bottom line is this. If the 1st Bailout doesn't set standards for allocation of proceeds so that corporate clients dont consume all the liquidity from the BailOut, those corporate clients will consume all the credit. They would be stupid not to try and take all the credit extended to them.

In addition, there must be credit standards set so consumers know what will allow them to qualify for loans (assuming there is any cash available for consumers) . The last thing we need is the redlining and redzoning of consumers. It may be 20pct down for a home and a given credit score. 10pct down for a car and a minimum credit score. But there needs to be some minimum standards so that consumers know if they are being taken advantage of, and banks feel the pressure to loan the money to qualified consumers. This needs to happen

***I dont know why anybody thinks that the Bankers who got us into this mess are going to take 700B of taxpayer money and know how to loan us out of this mess. It makes no sense at all. We need to set standards for how the money will be used by banks***