In an unusually frank article published in Saturday's New York Times, the newspaper's economic columnist, Joe Nocera, reveals what he calls "the dirty little secret of the banking industry"--namely, that "it has no intention of using the government bailout money to make new loans."

As Nocera explains, the plan announced October 13 by Treasury Secretary Henry Paulson to hand over $250 billion in taxpayer money to the biggest banks, in exchange for non-voting stock, was never really intended to get them to resume lending to businesses and consumers--the ostensible purpose of the bailout. Its essential aim was to engineer a rapid consolidation of the American banking system by subsidizing a wave of takeovers of smaller financial firms by the most powerful banks.

As Nocera notes: "Read that answer as many times as you want--you are not going to find a single word in there about making loans to help the American economy."

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