

## Editorial

### *It's the System*

Remember James Carville's 1992 Clinton campaign mantra, "It's the economy, stupid"? Bill Clinton followed Carville's advice and waltzed into the Oval Office, sending George "41" Bush back to Texas—not because he bucked Israel's Yitzhak Shamir and the American Zionist Lobby, but because the American electorate became convinced that Bush was out of synch with their mounting economic worries.

A decade later, the United States and the world are plunging headlong into the worst financial, monetary and economic crash in more than a century, and the updated version of Carville's Hall of Fame campaign slogan is now: "It's the system, stupid."

Indeed, the entire global dollar-based floating-exchange-rate system—the post-Bretton Woods system of speculation, deregulation, and free trade—has reached the end of the road. During the week of Jan. 21, there were a plethora of road-signs, signalling that the end is near:

- Glenn Hubbard, the "last man standing" among President George W. Bush's economic policy team, abruptly announced his resignation—less than a week before the President's State of the Union address. If there was ever a sign of panic and chaos at the top of the economic policymaking apparatus, Hubbard's departure is it.

- It took less than 72 hours for five Republican Senators to come out, earlier this month, opposing President Bush's so-called "stimulus package," which addresses none of the dire economic crises facing these United States. The President appears to be clueless, fixated on a senseless Iraq war, and stubbornly committed to his tax breaks for the super-rich. No one has bothered to tell him that his loony tax cut scheme is already dead-on-arrival at the Senate floor, and that if it were to miraculously pass the Congress, it would only accelerate the rate of collapse of what remains of the U.S. real economy.

- Three prestigious voices sent out S-O-S warnings about the doom of the present global financial system. The Bundesbank in Germany, in its January monthly survey, warned of a blowout of the credit derivatives

market, noting that the multitrillion-dollar unregulated derivatives market—which U.S. Federal Reserve Chairman Alan Greenspan holds sacred, as the pillar of global monetary stability—could trigger a global meltdown, far beyond the near-miss crash of September 1998, when Long-Term Capital Management (LTCM) went bust. The world could survive the collapse of one of the 60 financial institutions that sit at the derivatives gambling table, but the simultaneous collapse of two or more financial institutions would spell curtains for the entire system, the Bundesbank warned.

*Barron's* magazine, in a feature story in its Jan. 20 edition, under the heading "Debt Bomb," zeroed in on the \$32 trillion in combined government, corporate, and household debt in the United States, a bubble which is near implosion. And the Danish journal *Politiken* published a study by a Copenhagen University professor, citing the mushrooming U.S. balance of payments deficit as a near-certain trigger of a global depression.

- With the dollar down by 15% for 2002 against a basket of six leading currencies, European investors have begun to pull out their holdings of U.S. Treasuries and other investments in America. So far, this pullout has been offset by a net increase in Asian investments, but there are growing signs that Asians are ready to take flight—as their worries mount of a new oil shock, detonated by Bush's Iraq mis-adventure; and fears of an equally insane American flight forward into a confrontation with North Korea have them ducking for cover. A dollar crash—the most likely outcome of such a net capital outflow—would not just impact on the United States. The dollar, after all, is still the global reserve currency.

Of all of the declared candidates for the U.S. Presidency in 2004, Lyndon LaRouche is the only one who is prepared to address this real live crisis of the system, with well-conceived solutions to the worldwide bankruptcy, and a plan for global economic reconstruction. The best advice anyone could give George W. Bush would be: Listen to LaRouche, because, "It's the system, stupid."