

# BIS: It's Time To Drag Out the Chopping Block

by John Hoefle

“The current market turmoil in the world’s main financial centers is without precedent in the postwar period. . . . [F]ears are building that the global economy might be at some kind of tipping point. These fears are not groundless.”

That quote is from the 2008 annual report of the Bank for International Settlements (BIS), which presents a bleak picture of the state of the financial system, and warns that the crisis is far from over. It was issued on June 30.

Economist Lyndon LaRouche, who noted in his webcast of July 25, 2007, that the financial system was already dead, and has watched the decaying system rotting away over the past year, called the BIS report “a valid warning shot of the sudden change in the world financial system for the worse, which is in progress.”

The BIS report, which is remarkably blunt for a statement from a central banking institution, contains an analysis of the precarious state of the global financial system, and warns that the attempts to bail out the banks are dangerously inflationary, and that the banks will have to take substantial losses. “If asset prices are unrealistically high, they must eventually fall, . . . and if debts cannot be serviced, they must be written off. Trying to deny this through the use of gimmicks and palliatives will only make things worse in the end,” the BIS said.

The warning from the BIS, together with recent warnings from the Bank of England that “the nice decade is behind us,” and from the oligarchic Royal Bank of Scotland that “a very nasty period is soon to be upon us,” reflect the growing realization that the system has, as LaRouche identified a year ago, died, and must be replaced.

The issue facing the bankers—indeed facing all of us—is that the bubble has popped and is not coming back. The giant securities market, in which unpayable debts were packaged and repackaged into securities and then traded among “investors,” as if they had value, has died, and sealed the doom of the great trading floors of Wall Street, the City of London, and elsewhere. As the business vaporizes, so inevitably must the banks which depended upon that business. This is what the BIS is implicitly admitting: The game is over.

As LaRouche has repeatedly observed, the issue which must be faced is far larger than a mere financial crisis: It is a breakdown crisis of civilization as a whole. The financiers of the Anglo-Dutch Liberal system, of which the BIS is a key institution, are using the collapse of the bubble as a weapon against the population of the world, to destroy nation-states and dramatically reduce global population. The issue is no longer saving the financial system, but saving the world.

## The Fools of Olympus

The BIS, headquartered in Basle, Switzerland, acts as a sort of central bank for the world’s central banks. It was created in 1930 to handle the punitive reparations demanded of Germany under the post-World War I Treaty of Versailles, and thus helped create the conditions which led to the emergence of fascism under Hitler. The BIS was, in fact, a key institution of the global financial cartel set in place by the Anglo-Dutch Liberal financiers, and serves in that role today, representing some of the nastiest financial interests in the world, a mouthpiece for the oligarchs who view themselves as the Gods of Olympus.

“The simmering turmoil in financial markets came to the boil on 9 August 2007,” the BIS said in its annual report, adding that, “when and where it will end, no one can say with certainty.” The problems with subprime mortgages and the securities based upon those mortgages—which it correctly identified as the “trigger,” not the cause—of the financial crisis, had actually begun in 2005, when the delinquency rate of subprime mortgages began to rise. The turmoil began to boil in the Summer of 2007, with the crisis at two hedge funds run by Bear Stearns. “From this small beginning, the financial disruption then fanned out to virtually every corner of the system,” and on Aug. 9, “a number of central banks felt compelled to take extraordinary measures in an attempt to restore order,” the BIS said.

These “extraordinary measures” accelerated as the crisis spread, to the point where the major central banks have made over \$3.7 trillion in loans to commercial and investment banks, and taking in huge quantities of worthless paper as collateral, in an attempt to plug the hole in the financial system. These interventions have failed miserably to stop the hemorrhaging. Since the crisis began, the world’s major banks have written off some \$400 billion in asset values and raised some \$300 billion in emergency capital, but the losses are growing and the capital is getting harder to come by every day, as the system shrinks.

## Pirate Equity

The latest scheme being pushed by these self-styled Olympians is to have the private-equity funds—or *pirate*-equity funds—invest in the banking system. This nonsense was floated in the July edition of Britain’s *Prospect* magazine, reporting on a roundtable discussion, which included the deputy governor of the Bank of England, a pair of top British financial propagandists, and imperial parasite George Soros, among others. Soros suggested that “private equity funds will replace the investment banks as the dominant force in the economy.” The same basic line was pushed in the June 26 *Wall Street Journal*, now owned by the bankers’ media mogul Rupert Murdoch, in a news article which reported that the Fed had been meeting with some of the big private-equity funds, and in an op-ed by two managing directors of the Carlyle Group, who asserted that the pirates were ready to step in and



unfair to the hyenas, but it does make a valid point about the nature of the international financier oligarchy, in terms of both method and cultural development. They are a nasty and brutish bunch, who consider themselves the Kings of Beasts, and view the rest of humanity as cattle to be herded. These beasts have now decided that the human herd has grown too large and must be culled, from the current level of more than 6 billion people down to 1 or 2 billion.

Such a world will have no need for the big investment banks of today, with their football-field-sized trading floors and row upon row of securities and derivatives speculators. What the oligarchs have in mind is a world dominated by a handful of giant global banks, working in concert with a handful of global cartels, to rule the world as a one-world empire, free of nation-states and nationalist interests, ruled from a collection of feudal city-states, with Venice, at the height of its power,

*“Comparing international bankers to hyenas may be a bit unfair to the hyenas, but it does make a valid point about the nature of the international financier oligarchy, in terms of both method and cultural development.”*

fund the banks, but only if the banking system were even further deregulated.

This argument is absurd on its face, since the private-equity funds are just as bankrupt as the banks, and their assets just as worthless. It should be obvious to all by now that the financial system cannot bail itself out by shifting funny money from one of its pockets to another, and the people behind the private-equity scheme know that.

What is being proposed here, it would appear, is to use the private-equity investments as a cover for a dramatic restructuring of the financial system. The idea would be to direct enormous amounts of petrodollar and other hot-money flows through the pirates as a way of determining which banks survive and which do not, favoring the imperial banks and either absorbing or closing those banks deemed too closely associated with national interests.

## Open Warfare

As we indicated before, the financial system is dramatically and inexorably shrinking, and the issue of which institutions will survive and which won't, and what form the survivors will take, is the subject of open, if somewhat discreet, warfare among competing factions. The dynamic among the factions is much like that of a herd of hyenas, which grew large during a period when food was plentiful, then fell upon hard times and began to fight among themselves over the shrinking food supply.

Comparing international bankers to hyenas may be a bit

as a model.

Therefore, the war is not merely between the hyenas in the pack, but between the pack of hyenas and the rest of the world. It is interesting to watch the hyenas fight among themselves over who gets to eat, but that battle is irrelevant to the prey the pack is eating.

That is the problem facing humanity—all of us, collectively and individually—today. The financial system is gone, and the real fight is over what type of system will replace it: a system run by the hyenas of the oligarchy, or a system run by principle; the law of the jungle, or the power of reason.

Do not be fooled by all the financial maneuvering, the soap operas about which institutions will survive and which will fail. The banks, securities firms, hedge funds, private equity funds—the whole mess is finished, just as surely as were the dinosaurs, because the world in which they exist has rendered them obsolete. Forget about them, and worry about the future of mankind, the future of our children and the generations to come. Let us not abandon them to the hyenas.

If we want humanity to prevail, we must begin by acting like humans, using and developing the power of reason of our minds. The solution is before us, if we have the sense and the courage to grasp it. Lyndon LaRouche has laid out in great detail what must be done. It is up to us to determine whether we are on the cusp of a great victory, or living out a great tragedy.

Are we humans, or are we hyenas?