

# The Defense of National Sovereignty: What a New Pecora Commission Must Do

by John Hoefle

Jan. 9—The crucial battle facing the United States is the need to re-establish its national sovereignty in the face of an all-out push by the Anglo-Dutch Liberal/Saudi empire to destroy the nation-state system in favor of a new global empire. It is in this context that Lyndon LaRouche has called for a new Pecora Commission.

The original Pecora Commission, an investigation into the financial machinations which led to the Great Depression, conducted by the Senate Banking and Currency Committee from 1932 to 1934, exposed the way in which a cabal of powerful bankers dominated the U.S. economy, and manipulated it to suit their own goals. The investigation was run by Ferdinand Pecora, a former prosecutor who hauled some of the most prominent bankers in the nation before the committee and revealed them to be, under their pompous, self-righteous veneer, a pack of self-serving, arrogant, and corrupt hyenas who had little regard for the interests of the nation and its people. In doing so, Pecora smashed the myth of public service the bankers and their publicists had so carefully crafted, and helped build the public support President Franklin Roosevelt required to force Congress to pass tough regulatory reforms.

The situation today is even worse than the one faced by FDR. Then, the U.S. still had a strong agro-industrial base and a citizenry which understood that infrastructure and production were the pillars upon which the economy stood. Today, those pillars have been severely weakened by deindustrialization and globalization, and our people blinded by the myth that economics is based upon finance. Rather than hauling the hyenas before Congress to demand answers, our Federal government is lavishing them with money, saving the banks while selling the nation down the river.

If this bailout continues, the United States will cease to exist as a sovereign nation, and become just another

satrapy in the imperium. We will have abandoned the promise of the American Revolution, which lifted mankind to a new level of freedom and prosperity, and have fallen back into that against which we fought.

We must once again expose the nature of the financier parasites which infest our economy, so that our people will understand the need to cast them off. To that end, we need a new Pecora Commission.

## The Nature of Empire

The most pernicious myth about the financial system is that it is basically honest, if corrupted here and there by a few bad apples. The truth is just the opposite: The system itself is corrupt—corruption is the way the empire works, and the empire is what runs the global financial system.

In a recent discussion with his staff, LaRouche stated that “an empire is not based on a nation. An empire is based on being *atop* of a number of nations. That’s an empire. All other uses of the term ‘empire’ are nonsensical. So now we’re dealing with the British Empire, which is a *Venetian* empire, an Anglo-Dutch Liberal/Saudi empire, and these forces, which are the central political elements in there, coordinate all these banking forces. . . . The empire is this system.”

The operational center of this empire, as LaRouche has defined it, is the City of London, but the empire itself is stateless, with operations in every part of the world, in every financial and political center. LaRouche describes it as a slime-mold which constantly adapts to changes, creating new structures and shedding others to maintain its power.

“The essential slime-mold is the idea of *money as having an intrinsic value*, either by dictate or by approximation, by evolution. And that you run economies based on money,” LaRouche said. “Thus, you set up the financial systems, and the financial system has always been the core of every empire from Babylon to

the present time. That's the thing that has to be understood—you have to *destroy* the slime-mold."

## Get Serious

After every financial crisis there are investigations and prosecutions of high-profile people, designed to persuade the population that the laws are being enforced and the crooks punished, when they are not. Such investigations tend to occur well after the fact, when the activity being investigated has ceased to be profitable, and often involve individuals who are prominent but not particularly important to the empire.

Perhaps the best example of the latter is the prosecution of Martha Stewart for insider trading, in the wake of the stock market crash of 2000. The case garnered huge publicity, allowed for much posturing on the part of regulators, but accomplished little else. It was a classic show trial.

Another good example is the case of Enron, the energy-trading scam which collapsed in 2001. A number of top Enron officials were sent to prison—and rightly so—but the overall investigation and prosecution into the activities of the company was run as a cover-up, to protect those who steered Enron from behind the scenes. This cover-up began with the initial revelations of trouble at the company, through a press campaign which effectively focussed public attention on one area of the company's operations, and continued with a special internal company investigation of just that area; that investigation, in turn, became the basis for the Congressional hearings and the Federal prosecutions of company officials. The officials who went to jail were expendable, but so in fact was Enron, which had served much of its purpose.

What Enron really was, was a battering ram to force a deregulation of the electric-power industry, to allow for the creation of a spot-market pricing structure similar to the spot market in crude oil. Enron was largely steered in this imperial endeavor by two banks, Lazard and Rothschild, which had also played major roles in the creation of the oil spot market. Rothschild had a man on Enron's board at the time of the collapse, and one of the two men brought in to handle the company's internal investigation was a former Lazard banker, while the company itself was a long-time Lazard client. With the cover-up in place, the allegations of widespread bribery of public officials to grease the skids for deregulation and other crimes were never investigated, and the controllers of the operation

walked away, leaving the insiders to twist in the wind.

Already, we see signs that a similar cover-up is in the works. Lists of targets are appearing in the press, along with sanitized exposés of "what really happened" at places like Bear Stearns, Lehman Brothers, and AIG, all of which have the characteristic of blaming forces inside the companies, while hiding the way these companies were operating as creatures of the larger system. The puppets are being thrown to the wolves, while the puppetmasters are protected. If we are to save this nation, it is imperative that the puppetmasters also be exposed.

As LaRouche said, "You don't destroy the empire, by putting some of its members in jail. You destroy the empire, by putting the whole oligarchy in prison!"

## Targets

One of the prime targets of the Pecora hearings was J.P. Morgan, both the man and the bank. Through its direct and interlocking directorships, Pecora said, Morgan had "incomparably the greatest reach of power in private hands in our entire history." The hearings revealed that Morgan maintained what it called "preferred lists" of powerful men in finance, business, politics, and public life, to whom he would offer securities at less than market value and provide other favors. Morgan insisted that these were simple business transactions, for which he expected nothing in return!

The House of Morgan was, in truth, a British operation from its inception. It began life as George Peabody & Co., a bank founded in London in 1851 by American George Peabody. A few years later, another American, Junius S. Morgan, joined the firm, and upon Peabody's death the firm became J.S. Morgan & Co. Junius Morgan brought in his son, J. Pierpont Morgan, to head the New York office of J.S. Morgan, and the New York office became J.P. Morgan & Co. From its original role in helping the British gain control of American railroads, the Morgan bank became a leading force in the oligarchy's war against the American System, using the deep pockets of its imperial masters to become a powerhouse in not only finance but steel, automobiles, railroads, electricity generation, and other industries.

In taking on Morgan, along with Kuhn Loeb, Chase, National City Bank, and others, Pecora was serving notice to the empire that, in the United States at least, its activities would be subject to the laws of

the nation. Pecora's efforts were rewarded with the passage of the Banking Act of 1933, commonly known as Glass-Steagall, which founded the FDIC, and prohibited the mixing of commercial and investment banking. Glass-Steagall forced J.P. Morgan & Co. to break up into two separate companies, the commercial bank J.P. Morgan and the investment bank Morgan Stanley.

Glass-Steagall helped keep the bankers in check, until the 1980s, when its restrictions began to be eroded; by 1999, when the commercial bank-investment bank prohibition was repealed, it was already being ignored. Today, the top U.S. commercial banks are all part of financial conglomerates with heavy investment-banking and related speculative activity. Pulling the proper banking functions out of these monstrosities will require considerable effort.

The activities of Morgan Chase, as the leading British bank based in the U.S., should be at the top of the investigators' list, along with Citigroup, Bank of America, Wells Fargo, and the American arms of Britain's HSBC and the Royal Bank of Scotland. Add to the list, the activities of those investment banks turned bank holding companies, Goldman Sachs and Morgan Stanley, and their departed brethren Bear Stearns, Lehman Brothers, and Merrill Lynch.

Special attention should also be paid to the activities of Lazard and Rothschild, with their long histories of subversion. Though much smaller than the giants, these two banks are in many ways far more powerful, and played a critical role in the creation and steering of the speculative bubble. Lazard's longtime banker Felix Rohatyn has made a career of aiding the empire's takeover of the United States, and virtually everything he's touched should be examined. Rohatyn's board positions and merger deals provide a road map to guide investigators.

Other targets of a new Pecora-style investigation should include the hedge funds and private equity funds, the derivatives trade, and the "structured finance" instruments—the collateralized debt obligations and such—which have proved such a disaster. How did these operations come into being, who protected them, and why did the regulatory and ratings systems fail so spectacularly?

Among the hedge funds, special attention should be given to the activities, political as well as financial, of George Soros, the Rothschild-connected drug-pusher whose specialty is undermining nations through

political and financial warfare. Pulling the Soros thread will do much to expose how our nation has been destroyed.

The relationship between the illegal drug trade and the financial system should be thoroughly investigated. It is widely known that the dope trade would choke on its own cash were not a significant portion of the international banking system devoted to laundering drug money. And here the list of suspects reads like a Who's Who of International Finance. Who's laundering the money? In whose pockets does it wind up, and what do they do with it?

We know that drugs and the drug money have played major roles in the imperial assault on the nation-state. Shutting down the drug trade is a necessary part of defending our sovereignty. A new Pecora Commission could easily pay for itself out of the illegal drug profits that could be confiscated as a result of such investigations.

Then, there is the way in which the oil markets have been rigged via the spot market, which created a huge pool of dollars in Europe, which the empire also used to fund its assault on our nation, and the concept of nation-states in general. This petrodollar market has allowed the empire to not only flood the U.S. with speculative money, but also to exert considerable control over the dollar itself. We must protect ourselves from this predatory apparatus.

An included aspect of this, perhaps better left to law enforcement agencies, should be a thorough investigation into the British-Saudi arms-for-oil deals, the slush funds spawned in those deals, and the role of British arms company BAE Systems.

Just as the original Pecora Commission paved the way for reform by showing the American people the nature of the financial system which triggered the Great Depression, a new Pecora Commission must show the public how the empire foisted deregulation and globalization upon the nation, with the collusion of a corrupted political class. It must show that the so-called "free market" system is actually a corrupt looting operation which has bankrupted our nation and our people; that the highly touted "financial innovation" was a fraud; and that only a return to the American System of sovereign credit, regulation, infrastructure, and production can lead us out of this new Dark Age. It won't solve all our problems, but it is a necessary step in the right direction.

*johnhoeffe@larouchepub.com*