

Want To Destroy the U.S.A.? Then Let the Bailouts Continue

by John Hoefle

March 27—The financial bailout scheme released by Treasury Secretary Tim Geithner this week is an unmitigated disaster, one which will bring down the Obama Administration—if not reversed. It is the financial equivalent of giving more crack to junkies, when what they really need is to be forced to go “cold turkey.” The scheme is fundamentally a continuation—and a significant expansion—of the disastrous policies implemented by the Bush Administration and its Goldman Sachs Treasury Secretary Henry Paulson.

“There is no way the President could expect to survive, politically, from this policy, even in the relatively short term,” Lyndon LaRouche said of the scheme in a statement released yesterday. “First of all, it is incompetent, it is un-Constitutional, and it will destroy the United States.”

We have said it before, and we will say it again: The bailout scheme is the greatest financial swindle in history, a policy which is monstrously corrupt. In the name of saving a bankrupt international financial bubble, it is bankrupting the United States, economically, politically, and morally. This is a crime against humanity, and it must be stopped.

Fraudulent Arguments

The concept of the bailout itself is a fraud, based upon the false premise that the financial system is “fundamentally sound,” suffering mainly from a “crisis of confidence,” in the wake of the “subprime” debacle. Therefore, what we need to do, the experts insist, is to

inject sufficient Federal funds into the markets to keep them functioning until everyone calms down, and everything returns to “normal.”

The belief that the system is fundamentally sound and that our prosperity depends upon reviving it, is the heart of the fraud. Over the past four decades, we have seen the physical productivity of our nation destroyed, in favor of the biggest financial bubble of all time. We transformed our nation from one which produced its wealth by building things, into a nation which made its money by financial manipulation. In short, we abandoned the American System in favor of British-style financial parasitism. That British system, is what has failed.

Once you buy into the Big Lie of the bailout, all the rest falls neatly into place. Since we have to save the system, we have to bail out the banks, and if we have to bail out the banks, we will have to pay enormous salaries and bonuses to the bankers and derivatives traders who run the system. God forbid they would leave banking in favor of becoming greeters at Wal-Mart, or take similar lucrative positions!

People who disagree with this scheme are dismissed as “populists” who just don’t understand how the system works. As with all the best lies, there is some truth in that argument. Not everyone who opposes the bailout does so for serious principled reasons; some do, and others are just angry that the “fat cats” are getting help, while they are not. But the fact that some people oppose it for less than lofty reasons, doesn’t make the bailout

any less crooked, and certainly won't make it any more successful.

The point is, we are now spending trillions of dollars to bail out derivatives and related financial bets that should never have been allowed in the first place. We were insane to allow the creation of a financial system based upon derivatives speculation, and we are even more insane to try to bail that system out, now that it has, inevitably, blown up.

Rather than compound our mistakes, we should correct them, by shutting down the derivatives market. Don't bail out derivatives deals—cancel them! Send the derivatives traders, and the executives and regulators who allowed them to operate, packing. We don't need you, we don't want you, and we're damn well not going to subsidize your bonuses.

Corruption

Cleaning up this mess is a necessity, and we have repeatedly laid out our views on how it should be done. The emergency steps—the passage of the Homeowners and Bank Protection Act, the return to a Constitution-based credit system, and a Four Powers (U.S., Russia, China, India) agreement to reorient the world along those principles—are absolutely necessary, but they alone are not enough. We must also address the corruption within the financial system, and within ourselves, which allowed this tragedy to occur.

The slime mold known as the British Empire, or more properly the Anglo-Dutch Liberal Empire, is the highest level of organized crime on the planet. The philosophy of this slime mold is that man is a beast, and that the oligarchs are the kings of beasts. To them, the world is a jungle, where they are free to kill and eat as they wish. The rest of mankind, in their view, is little more than prey. Thus the empire thinks nothing of stealing the raw materials of impoverished nations, of profiting from trading in slaves and illicit drugs, of treating the world as if it were a giant plantation run for their benefit. Neither does it hesitate to ruthlessly loot nations, when its imperial financial games blow up in its face.

For the empire to demand a bailout, to put us all in servitude as debt-slaves, to bankrupt and destroy the nation, is to be expected. It is, after all, what they do. The real question is: *Why do we let them do it?* What is wrong with us, as a nation, that we capitulate to such inhuman demands, instead of treating them with the contempt they so richly deserve?

The answer is that we ourselves have been cor-

rupted. Con men say you can't cheat an honest man, and the empire knows that even better. The best marks, the con men know, are greedy people who want something for nothing, whose desire to con someone else makes them vulnerable to being conned themselves.

That is the secret of the derivatives market, where financial obligations are created out of thin air, and whose "values" are based upon the greed and gullibility of the fools who buy them. Take as an example, a mortgage-backed security. Its value, theoretically, is based upon the income streams of the mortgages in the pools upon which the securities are based, but those income streams are already spoken for, as the repayments of the mortgage loans themselves. The mortgage-backed security is really nothing more than a debt issued by a mortgage speculator, the value of which depends upon ever-increasing housing prices. And if the mortgage-backed security is a scam, what about all the other securities piled on top, such as the collateralized debt obligations? The further you get from the original mortgages—which are not without their own financial problems—the deeper you get into pure fantasy.

We, as a nation, shut down the mightiest industrial engine the world had ever seen, one which gave us the highest standard of living in history—and *for what?* This junk! Now it's blown up, and we're supposed to bail it out so it can blow us up again? That's insane!

Shut It Down

It is this junk, and bets that are even wilder, that the bailout schemes are designed to protect. Their goal is not really to save our banks, but to save the multi-trillion dollars of fictitious values being held by the banks, the insurance companies, the hedge funds, the private equity funds, and others. Our government, which has been captured by the financiers, is spending trillions of dollars and promising trillions upon trillions more, to keep this scam going, while insisting to us that it is for our own good.

Bull! If our government really cared about the people it supposedly serves, it would shut this atrocity down, put the financial system through bankruptcy reorganization, and turn its attention to rebuilding and upgrading the real economy. What we need is honesty, in our government and in ourselves. We need to admit we've been conned, and correct the weaknesses that made us vulnerable. First tell the truth, and then go fix the problem. No more lies, no more scams.

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