
Movie Review: 'Inside Job'

A Missed Opportunity? Or a Deliberate Coverup?

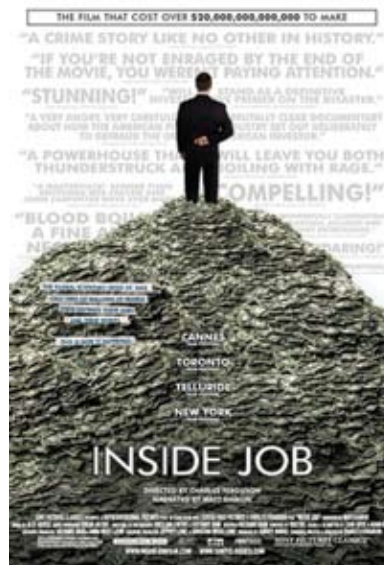
by Harley Schlanger and John Hoefle

There are two glaring omissions in the much-ballyhooed documentary, "Inside Job," directed by Charles Ferguson, which raise an important question: Are these disturbing omissions merely the result of "honest errors" on the part of movie-makers trying to understand something outside the realm of their expertise, or is the fallacy of composition which permeates the movie the reflection of a more nefarious intent? Is "Inside Job" merely flawed, or is it a carefully crafted coverup?

The film, which won an Academy Award in 2011, has been praised as "the definitive documentary" on the ongoing collapse of the U.S. economy and financial system. In its opening, the narrator states, authoritatively, "This is how it happened."

There is a good deal of useful, interesting detail on aspects of the financial collapse, which demonstrates a quality of muckraking journalism which, no doubt, caught the attention of many of the film's viewers, who had been scratching their heads and asking, "How did we get here?"

But the omissions lead the viewer to a false set of conclusions as to the actual cause, and cover up, and therefore, protect, the real predators responsible for the deepening crash, leaving the viewer with little more than a sense of justified, but impotent, anger. Even the *New York Times*, in its review—which was otherwise, not surprisingly, laudatory—acknowledges this, concluding that "this film may leave you dispirited as well as enraged."



The documentary "Inside Job" was promoted as a sensational exposé of the 2007-08 blowout of the financial system, but it appears to have actually been a coverup.

First, we will examine the fallacy of composition which underlies the film.

A Promising Start

The film opens with the still-unresolved crisis of Iceland, which demonstrates the absurdity of the monetarist policy of loading up the banking systems of nations with hundreds of billions of dollars of worthless debt, then demanding that the nation reimburse the bankers, when the bubble, built by the buying and selling of the worthless paper, pops. In the case of Iceland, a nation with a GDP of \$13 billion had bank losses of \$100 billion, collapsing its banks in 2008, and leading to intense pressure on the government to pay back the holders of the debt, mostly British and Dutch investors.

(Readers should note that the people of Iceland, showing more courage than their American or continental European counterparts, have twice voted, in referenda, to reject paying off the investors, instead leaving them holding the now-worthless paper!)

The narrative continues, making two further accurate, and useful, points. First, it states that this crisis "was not an accident. It was caused by an out-of-control industry," referring to the rise of the U.S. financial sector. Second, under the heading "How We Got There," the narrator reports that the tight regulatory standards imposed during the Great Depression, under the Glass-Steagall Act, which was passed under President Franklin Roosevelt in 1933, provided fi-

financial stability, which prevented a financial crisis for 50 years.

The story then jumps to the administration of President Ronald Reagan, who took office in 1981, claiming that this financial stability was lost, beginning with Reagan, due to “30 years of deregulation.” The film then documents some of the key moments in that process, detailing some of the effects of the take-down of deregulation. For example, the 1982 banking deregulation bill, Garn-St Germain, is identified as the precursor to the mid-1980s savings-and-loan crisis, in which the S&Ls lost \$124 billion, and virtually disappeared as a factor in home lending, opening the way for commercial banks and even less-regulated institutions to jump into the mortgage business, with disastrous results.

The creation of financial derivatives, and the role of these instruments, are also partially explained, along with the role of AIG, which created Credit Default Swaps (CDS) in its London Financial Products Division, as a speculative, phony insurance scheme, to back up inherently worthless derivative obligations!

Other moments in this process of degeneration are highlighted, especially the rotten role played by former Federal Reserve chairman Alan Greenspan, from his defense of Lincoln Savings and Loan swindler Charles Keating in 1985, before Greenspan was appointed chairman of the Fed; through his vigorous defense of derivatives, against the warnings of Commodity Futures Trading Commissioner Brooksley Born in 1998, when he stated, “derivatives regulation is unnecessary”; to his active support for the 1999 Gramm-Leach-Bliley Act, which repealed Glass-Steagall, leading to the gigantic speculative bubble, which popped in September 2008.

Interspersed are interviews with some of the collateral villains, who were allies of Greenspan and the deregulators, such as David McCormick, a Bush Undersecretary of Treasury, and Scott Talbott, chief lobbyist for the Financial Services Roundtable, both of whom appear clueless on camera. Also effective were the in-

terviews with Martin Feldstein, chief economic advisor to Reagan, and currently an economics professor at Harvard; and Glenn Hubbard, chairman of the Council of Economic Advisors to Bush, Jr., and presently Dean of Columbia University Graduate School of Business, both of whom came off as the fools they are.

The Phony ‘Arc of History’

Yet, as much as one might take some pleasure watching the squirming discomfort of the clearly idiotic and sleazy Hubbard, or the venal Talbott, it is Ferguson’s choice of an arc of history, which begins with Reagan, that is at the heart of the problem with this film. All the “facts” presented about the evils of derivatives, the perfidy of investment banks, such as Goldman Sachs, and the conscious fraud in AIG’s CDS trafficking, cannot make up for the devastating error in his choice of the time frame. As anyone who has been paying attention, from the standpoint of real, physical economy, knows, the roots of this existential crisis predate 1981.

Our present-day crisis began, in its most continuous and virulent form, with the assassination of President John F. Kennedy in 1963, and then his brother Robert, in 1968. As physical economist Lyndon LaRouche has pointed out repeatedly, it was the elimination of JFK, by a team of assassins directed by the British financial empire, which ended the rapid physical-economic progress taking place under Kennedy’s Moon-Mars manned space mission, and led to the devastating U.S. involvement in a long, colonial war in Asia, in Vietnam.

The 1964-71 period was one which saw the initiation of the post-industrial, and anti-science, direction of policy, which has produced the long-term collapse in the per-capita, per-kilometer output of productive wealth in our economy, as well as the recruitment of the members of the “Baby Boomer” generation to the pleasure/pain, anti-technology outlook, which was fully compatible with the destruction of the U.S. as the world’s leader in science-oriented industrial and agricultural productivity. The “made in London” Boomer



JFK Library and Museum/Tom Fitzsimmons

Brooksley Born, chair of the Commodity Futures Trading Commission (1996-99), repeatedly warned against the systemic threat posed by derivatives.

outlook, fed by the Congress for Cultural Freedom, and fostered by networks associated with the degenerate British Lord, Bertrand Russell, was modeled on the British Liberal “pleasure/pain economic calculus” of Jeremy Bentham and his protégé, that enemy of the American System, the free-trader Adam Smith.

These same British financial networks, operating through Prime Minister Harold Wilson, orchestrated the “dollar crisis” of the late 1960s, which culminated in the decision by President Nixon—under the “guidance” of Austrian School economic fascists such as Arthur Burns and George Shultz, and their flunky Henry Kissinger—to pull the plug on Franklin Roosevelt’s post-war Bretton Woods system, and the U.S. dollar, on Aug. 15, 1971.

That decision, ending the regime of fixed exchange rates which had advanced world trade and development, despite the efforts of the British Empire to undercut them, imposed a new regime of floating exchange rates. This new, post-Bretton Woods system created an open field for speculators, such as George Soros, to loot nations, with both cash and intelligence provided by their City of London masters. Soros’s “Open Society,” i.e., a world without sovereign nations, has developed into the nightmare of “globalization” today.

This globalized system received a further boost with the hapless President Jimmy Carter, whose administration, under the direction of his Trilateral Commission controllers, introduced deregulation (not Ronald Reagan). It was under Carter, with backing from Democrats, such as Sen. Edward Kennedy (Mass.), in an alliance with right-wing Republican advocates of free trade, such as Sen. Jesse Helms (N.C.), that deregulation of trucking, rail, and airline traffic was introduced. It was Carter who signed the first significant bill which began chipping away at Glass-Steagall regulations, on March 31, 1980, with the Depository Institutions Deregulation and Monetary Control Act of 1980.

Again, much of the inspiration and impetus for this came from London, this time, through the not-so-invisible hand of the Iron Lady, British Prime Minister Margaret Thatcher, whose drive for deregulation and privatization influenced U.S. policy decisions under Carter, and later, even more so, under Reagan. Under Thatcher, U.S. banks and other financial institutions discovered the benefits of unregulated, offshore banking, before the repeal of Glass-Steagall. Further, it was the “Big Bang”—the sudden release from regulation of City of

London banking interests—which provided additional impetus for Greenspan and the advocates of deregulation in the U.S.

The Two Glaring Omissions

In leaving out the shift to a post-industrial economic paradigm following the murder of President Kennedy, and then, ignoring the decisive shifts under Nixon, especially from August 1971 forward, and then under Carter, Ferguson introduces the fallacy of composition, which makes his documentary an outright fraud!

By beginning his story with Reagan in 1981, Ferguson leaves out two crucial features of the real story. First, he leaves out the role of the British empire. As we have already outlined, much of what was done to the U.S. had its origins in the British Imperial monetarist system, which sees the American System of physical economy as its mortal enemy. This included London’s role in promoting the ’68er “rock-sex-drug counterculture,” which paralleled the eurodollar scam run by Harold Wilson in the late 1960s, which launched warfare against the dollar, leading to the decisions of August 1971.

Further, this meant that there was no need for Ferguson to report on the role of Lord Jacob Rothschild’s Inter-Alpha Group, a London-centered group of financial institutions, which was created in 1971, to take full advantage of the dismantling of the fixed-exchange-rate system of Bretton Woods. This Inter-Alpha Group continues to be at the center of operations aimed against the United States today, as well as against efforts by any nation in Europe to assert sovereign interests against the power of the City of London-controlled European Union.

Secondly, he leaves out the role of Lyndon LaRouche, who has been unique, in his accurate economic forecasts for the last 40 years! Not only has LaRouche been accurate in his forecasts, through his development of the “LaRouche-Riemann method,” but he has achieved international stature, through his economic forecasting and his Presidential campaigns, in which he has been the only figure who has consistently identified the real fight, as being between the imperial monetary system of the British Empire, and the American System of physical economy.

At each step of the way, from his fight against the ’68ers who used the anti-war movement in the 1960s to attack the scientific and technological optimism of the

American System, his warning that Nixon's destruction of Bretton Woods was a prelude to the imposition of Schachtian-style fascist economic policies, his late 1970s opposition to deregulation *as it was beginning, under Carter*, his warnings against Greenspan, against derivatives, against globalization—LaRouche has often been the lone voice, issuing advance forecasts of the dangers ahead, combined with the alternate policies, which would avoid the disasters ahead, which were otherwise inevitable, if the City of London policies prevail.

Further, this role continues today, through LaRouche's leadership in the fight to restore Glass-Steagall, which has now been introduced into the U.S. Congress, as H.R. 1489, and his efforts to expand it to a global Glass-Steagall, as part of a return to FDR's vision for the Bretton Woods system as an anti-colonial plan for global development.

An 'Honest' Mistake?

If Ferguson made this film as a serious effort to reverse the wrong policies, which his film has exposed, why would he not have endorsed Glass-Steagall? As we reported earlier, he did identify Glass-Steagall regulations as the source of stability, prior to the late 1970s rush to deregulation.

When asked in an interview, "How do we reform the financial system?," Ferguson replied, "It's not my department. I'm actually not a political person." However, for a supposedly non-political person, Ferguson has some interesting connections which are relevant to the questions at hand. During his career, Ferguson has consulted for the White House, the Office of U.S. Trade Representative—the latter, a decided advocate of globalization—and the Defense Department. He was also a senior fellow at the Brookings Institution, is a life member of the Council on Foreign Relations (CFR), and a director of the French-American Foundation. Many of those interviewed in "Inside Job" are also members of the CFR.

The CFR is notorious for its anti-American, Anglophile proclivities. An offshoot of the British Empire's Royal Institute of International Affairs/Chatham House, it has long served as an imperial beachhead in America, and a bulwark of the British Empire's war to destroy the United States from within. Leading members of this Anglo-American abomination not only financed the rise of Hitler and Mussolini prior to World War II, but also funded an American fascist movement, the Ameri-

can Liberty League, all as part of the British Empire's drive to create a global fascist movement after World War I, just as they are doing today.

The suspicion that Ferguson is not what he appears to be grows when one looks at his role at the French-American Foundation (FAF). The FAF is a sort of Francophile CFR, devoted to serving the goals of the French-speaking elements of the British Empire. One need merely look at the board of directors to see that it is loaded with Synarchist financiers. The most notorious of the bunch is Felix Rohatyn, a man who has devoted his life to subverting America from within on behalf of his imperial masters. From his early days pushing corporatist consolidation at Lazard, to his success in imposing fascist austerity upon New York City through Big MAC, to his later roles at Rothschild and Lehman, and then his triumphalist return to Lazard, Felix the Fascist has been a devoted enemy of America and a devoted servant of the British Empire. Joining Rohatyn on the FAF board are his longtime Lazard co-conspirator Michel David-Weill, and former Rothschild Inc. vice-chairman and current senior advisor, Yves-Andre Istel. Again, not the sort of place one would expect to find the truth.

To be fair, these connections are circumstantial, and while they show that Ferguson associates with people and institutions whose actions have been tantamount to treason, it does not prove that he himself shares those proclivities. He could just be a networker, who finds it advantageous to have connections among wealthy fascist circles. Still, the evidence against an "honest" error continues to grow.

A Perfidious Message

The most compelling evidence against the "honest" error argument, however, comes from the documentary itself, in the way the interviews are structured and presented. A gaggle of American economists and regulators are shown quite clearly—and quite accurately—to be damn fools. Glenn Hubbard views questions about his role in blowing up the world as impertinent, and shies away from any responsibility whatsoever, despite his role as head of George W. Bush's Council of Economic Advisors. Scott Talbott, the lobbyist for the bankers' Financial Services Roundtable, wouldn't recognize a conflict of interest if it bit him in the posterior, and put up a laughably transparent and ineffective stonewall. Former Federal Reserve Governor Fred

Mishkin should be awarded the Alberto Gonzales Prize for his convenient failure to remember anything he did while in office. These interviews, along with several others, show the utter moral and intellectual bankruptcy of the people who were supposed to be protecting the people of the United States. It was fun watching these cowardly weasels squirm.

Where the documentary takes a decidedly wrong turn, however, is in its presentation of the British as the voice of reason in opposition to the American insanity. As *EIR*'s readers are well aware, the financial crisis originated in the British Empire. It was the imperial monetary system—of which Wall Street is a subsidiary—which blew up. This is a crisis which was made in, and steered from, the City of London, through Lord Jacob Rothschild's Inter-Alpha Group, and its co-conspirators in places such as Lazard, Goldman Sachs, and JP Morgan Chase, and international bodies such as the IMF and the World Bank.

Some seven minutes into the documentary, after a decent introduction, this duplicity strikes. It begins with the appearances of IMF chief Dominique Strauss-Kahn and mega-speculator George Soros, who return repeatedly throughout the film. Furthering the imperial presence are the *Financial Times*' Gillian Tett and Martin Wolf, former Bank of England Monetary Policy Committee member Willem Buiter, former IMF economists Raghuram Rajan, Simon Johnson, and Ken Rogoff, and former World Bank economist Joe Stiglitz. Much of what these individuals say in the film is reasonable, within the context of what has been presented. It is what

WALL STREET'S HIT MEN: Fed chairman Alan Greenspan insisted, “derivatives regulation is unnecessary,” and actively supported the repeal of Glass-Steagall; Banksters’ thug Felix Rohatyn pushed Big MAC fascist austerity on New York City; their role in the takedown of FDR’s Bretton Woods system swung open the door to George Soros’s mega-speculation; his “Open Society” has produced the nightmare of globalization.



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is *not* said, that is the tipoff that something funny is going on.

To be effective, propaganda often includes a bit of the truth as a hook, as a way of selling a larger lie. In this case, the truth is that this crisis was the result of an incredibly stupid policy, while the larger lie is the hiding of the role of the British Empire as the originator of that policy. The unstated message is: “You Americans screwed this up, and we Brits are here to help you fix it.” If you believe that, we have a very nice bridge for sale.

The Inter-Alpha Trap

The presence of George Soros is particularly telling. As Soros himself admitted in a “60 Minutes” interview in December 1998, he not only assisted the Nazis in looting, and then exterminating his fellow Jews in his native Hungary as a teenager during World War II, but still viewed those days of Nazi occupation as “the happiest times of my life,” and the time “when my character was made.” Today, Soros is performing a similar function, leading the world into the British Empire’s genocidal trap.

There is a significant overlap between “Inside Job” and Soros’s Institute for New Economic Thinking (INET), which held its annual conference April 8-11, 2011, at the Mount Washington Hotel in Bretton Woods, New Hampshire, the site of the 1944 conference of the same name, which established fixed exchange rates between major currencies as a post-World War II stability measure. The 1944 Bretton Woods Conference also established the IMF and World Bank, which were intended by Franklin Roosevelt to be used to end colonialism. Unfortunately, after his death, and with the collusion of his successor Harry Truman, the British Empire captured these institutions, and turned them into weapons against national sovereignty. Several of the people interviewed in “Inside Job” also spoke at Soros’s (anti-)Bretton Woods event.

Soros made his fortune as a speculator, attacking various national currencies on behalf of the British Empire. While his hedge fund predates the formation of the Inter-Alpha Group, he is very much an agent of the same Rothschild apparatus which created the group, and his role in “Inside Job,” the formation of INET, and the anti-Bretton Woods conference are all intended to further the Inter-Alpha gameplan. In fact, “Inside Job” could fairly be viewed as a successor to “I.O.U.S.A....” the movie financed by Inter-Alpha billionaire frontman Pete Peterson, which used the U.S. financial crisis as an excuse to push fascist austerity on the U.S. population. The subjects are somewhat different, but both documentaries, in their own way, advance the Inter-Alpha goal of the destruction of the nation-state.

That same goal is also pushed by Charles R. Morris, the author of *Two Trillion Dollar Meltdown*, who appeared in “Inside Job.” Morris advocates the use of “bad banks,” and calls for a Volcker-style jacking up of interest rates to force the markets to deleverage. (Former Federal Reserve chairman Paul Volcker appeared in “Inside Job,” and spoke at the Soros conference.)

Contrary to what many people may think, the British plan is not to restore the global financial system to its pre-crisis position. The plan, as overseen by the Inter-Alpha Group, was to create a giant financial bubble of fictitious assets based on the dollar, which provided cover for the dismantling of America’s industrial base. Eventually that bubble would pop, at which point the second phase of the operation would begin. That phase is the bailout, which has transferred, and continues to transfer huge losses from the books of the banks and other financial institutions to the books of the governments. The result of phase two has been to push the governments deep into debt, to the point where they appear to be hopelessly insolvent. The governments are thus transformed into “bad banks,” their books full of worthless assets. The empire then uses this as the excuse to accuse the governments of overspending, and to demand savage cuts in social programs such as Social Security and Medicare—all while demanding that the bailout continue.

The final phase of the Inter-Alpha trap is the jettisoning of these “bad banks”—the Euro system, the Federal Reserve System, and the so-called BRIC system. By this method, the empire intends to wipe out the nation-state system and replace it with global corporatist fascism. In this deadly new world, the financiers will rule the corporate cartels, and the cartels will rule the planet. This wipes out not only national sovereignty, but also the role that governments play in supporting the population of their nations. Which means that billions of people will die, as the world descends into the chaos of a new Dark Age.

We are not accusing the producers of “Inside Job” of promoting genocide, as we have no proof that they understand the implications of what they have done. The movie does not take up that subject, but it does crawl into bed with those who do. And it does, whether intentionally or not, serve as a propaganda forum for the nastiest bastards on Earth, the imperial financiers of the British Empire.

Instead of turning to Perfidious Albion for advice, we should turn to the Constitution, Alexander Hamilton, and FDR. Reinstate Glass-Steagall immediately, return to the American credit system, and launch an emergency program for rebuilding our productive base, all in cooperation with other sovereign nation states. “Inside Job” failed to do that, leaving us to wonder if the documentary was not itself an inside job.