

BEHIND THE SHUTDOWN/DEBT CEILING SWINDLE

Wall Street Orders Obama To Kill Glass-Steagall

by Jeffrey Steinberg and Nancy Spannaus

Oct. 7—*On Oct. 5, the following release was issued in the name of Lyndon LaRouche by LaRouchePAC, as part of an emergency mobilization.*

“Wall Street had demanded that President Barack Obama stop the reinstatement of Glass-Steagall at all costs, and instead move ahead with more bailouts and bail-in looting of the American people to preserve Wall Street’s thoroughly bankrupt system. The Wall Street policy means an acceleration of crippling hyperinflation, devastating austerity, and, ultimately, mass murder of the nation’s most vulnerable citizens.

“Several highly qualified Washington sources have confirmed that this was *the* ultimatum delivered by the Wall Street delegation that met privately with Obama on Wednesday afternoon, Oct. 2, at the White House. The delegation was organized by the Financial Services Forum, a coalition of the nation’s 19 biggest banks and insurance companies, and included Jamie Dimon, CEO of JPMorgan Chase; Lloyd Blankfein, CEO of Goldman Sachs; Brian Moynihan, CEO of Bank of America; Michael Corbat, CEO of Citibank; and Anshu Jain, CEO of Deutsche Bank.

“IMF Managing Director Christine Lagarde delivered the same message in an interview with the *Financial Times* on Oct. 4, in which she demanded that the Federal Reserve maintain the \$85 billion a month quantitative easing bailout of the top Wall Street and Europe banks indefinitely. And U.S. Treasury Secretary Jack

Lew, speaking for Obama, threatened that any U.S. default will trigger a financial crisis far worse than the September 2008 meltdown.

“The reality, as bluntly stated by Lyndon LaRouche today, is that the ongoing government shutdown and threatened default on U.S. sovereign debt on Oct. 17 is nothing more than an orchestrated swindle, aimed at conditioning the American people for the murderous policies that have already been accepted by Obama and by leading Congressional Republicans.”

LaRouche’s Warning

“LaRouche warned: ‘Unless Glass-Steagall is passed into law immediately, Obama and Wall Street plan to unleash the worst mass murderous austerity and looting of the American people ever. The total separation of commercial banking from all the gambling activities under Glass-Steagall is the only remedy. Bankrupt Wall Street now, before they can unleash their genocidal schemes full-force. President Obama is nothing but a tool of these Wall Street interests, as evidenced by his slavish commitment to maintain the bailout/bail-in program and stop Glass-Steagall.’

“LaRouche continued: ‘In a matter of days or weeks, Obama and his Congressional Republican cohorts, on orders from Wall Street, are going to unleash absolute Hell on the American public through even deeper, killer austerity cuts than the sequestration of the past months. The government shutdown is the biggest dog-and-pony



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A cabal of Wall Street bankers demanded the shutdown of the U.S. government, a demand that President Obama and his budget-slashing GOP cohorts were only too happy to comply with. Shown, the Lincoln Memorial, Oct. 5, 2013.

show ever, intended to prepare the population to accept more hyperinflation, more bailouts and bail-ins, and worsening conditions, so that Wall Street can survive a bit longer while honest, hard-working Americans die in ever greater numbers.’

“‘It is time for Congress to break from Wall Street and the bankers’ stooge in the White House, and do the only thing that can set the United States back on a course of genuine prosperity: Pass Glass-Steagall by a veto-proof majority this week.’

“‘By passing Glass-Steagall, the vise-grip of Wall Street is immediately broken. Once the too-big-to-fail banks are no longer kept alive by taxpayer bailouts and depositor bail-ins, they go under. Good riddance! We are then left with a viable but undercapitalized commercial banking system, and with an immediate opportunity to revive Federal government credit to launch great economic projects such as NAWAPA, and an Apollo-style crash international program for commer-

cial thermonuclear fusion energy.’

“‘The moment of truth has arrived,’ LaRouche concluded, ‘and I call on the American people to demand that Congress stop behaving like a bunch of corrupt fools, going along with the Wall Street/Obama swindle. Pass Glass-Steagall, wipe out the power of Wall Street and their European allies, and get on with the business of reviving this nation and the world around a plan of genuine development, as my colleagues and I have spelled out.’”

Murderous Austerity

Wall Street’s commitment to genocidal austerity for the American people is evident in virtually every aspect of every plan on the Congressional leadership’s and Obama’s agenda—except for the perspective which would be ushered in by Glass-Steagall. Unless Glass-Steagall is reinstated, the demands for austerity of both the liberal and conservative stripe will prevail. Only when freed of the burden of support for the gambling Wall Street banks, and its monetarist rationale, will the U.S. government be free to turn its attention to generating credit for actual economic growth, and thus provide a perspective for returning to economic progress—in an almost identical way to what FDR did in 1933.

Without such a reorganization, the unsustainable debt bubble will definitely burst—with the bankers still in power. It’s at that point, known by top bankers worldwide to be imminent, that, as LaRouche has warned, Wall Street, at the behest of the British financial empire, will drastically downsize even its own operations, at the same time that it carries out a massive “bail-in” operation à la Cyprus, stealing every bank account and asset in sight. Pensions, businesses, savings—these will be wiped out, along with the people who depend upon them. Contrary to what even many members of Congress realize, a provision for that kind of theft is already included in the 850-page Dodd-Frank law.

Take the content of the Continuing Resolution which the Obama Administration insists that Congress pass. It is set at a level 10% lower than the original one, which Rep. Paul Ryan, (R-Wisc.), known as a budget superhawk, called for, and includes a continuation of the sequester, slashing food stamps and other social programs, and continuing the strangulation of remaining crucial supports for agriculture, science, health, and infrastructure.

The Shutdown

Without the Continuing Resolution, the budget knife has simply taken a different life-threatening form under the partial shutdown.

One of the major life-sustaining programs on the line is the Special Supplemental Nutrition Program for Women, Infants and Children, known as WIC, which provides low-income women with children under five years of age with the means to obtain nutritional support, such as formula for their babies. An estimated 8.9 million mothers and young children are currently enrolled in WIC.

When the government shut down, the USDA warned that states could run out of WIC money after a week or so. As of Oct. 4, the agency revised its estimates to project that funds would be available until the end of October, but anxiety is spreading among the recipients. “[I]t is poor families who are positioned to bear the full weight of this latest round of Washington wrangling,” wrote theology professors Meghan J. Clark and Nichole M. Flores in a *Washington Post* op-ed, posted Oct. 4.

In an article Oct. 1, the *Los Angeles Times* enumerated some additional costs of the shutdown:

- A reduction in collective U.S. income of \$200 million a day because of the 800,000 furloughed workers;
- Communities near national parks are losing \$76 million a day;
- Domestic violence shelters in Montana and Vermont are no longer being reimbursed for their services and may close;
- Head Start funding ended on Sept. 30, and pre-schools closed in Alabama, leaving parents and staff scrambling for care for the children;
- About 70% of the 86,000 civilians employed at the 16 U.S. intelligence agencies have been furloughed;
- No IRS audits, but no tax refunds, either;
- Preparation for the late November launch of NASA’s next Mars mission has been disrupted.

Also of immediate concern to millions of Americans are weather patterns that could result in natural disasters in the next week or so. Weather forecasters in places like the National Hurricane Center are on duty, as are hundreds of FEMA workers who have been recalled from furlough ahead of Tropical Storm Karen making landfall in Louisiana; but, as an article on the Quartz news site points out, the thousands of “non-essential” government workers who are the communica-

tions and coordination links between Federal agencies responding to a disaster are not.

“Basically, the chains of accessing and passing along information between local, state, and federal officials that typify disaster preparation, response, and recovery are broken,” writes Quartz’s Eric Holthaus. One manifestation of the problem is that FEMA’s disaster-preparedness website, ready.gov, is not being updated during the shutdown.

Brad Barrett, a meteorologist and a professor at the Annapolis, Md., U.S. Naval Academy (which has been severely disrupted by the shutdown), told Holthaus that while the weather forecasters and the U.S. Air Force’s Hurricane Hunters will be on duty, he worries about the larger response.

“What will the federal response to disasters look like during a government shutdown?” he asks. “What percentage of FEMA is considered essential?” He added, “Resources and people have to come quickly in the aftermath. If there is a place where problems will arise, it’s there, not in the forecasting.”

Glass-Steagall Ready To Go

This regime of budget cuts and lack of investment must end now, by totally shifting out of the monetarist system. While some Congressmen have complained to LaRouchePAC organizers that the budget stalemate, and looming debt ceiling fight, have pushed Glass-Steagall off the agenda, just the opposite should be the case. Glass-Steagall is even more urgent, as the means to break the power of Wall Street, period.

The bills exist before Congress to do the job. Seventy-five Congressmen have joined Rep. Marcy Kaptur (D-Ohio) in sponsoring H.R. 129, the Return to Prudent Banking Act, which would re-establish Glass-Steagall. A companion bill (S. 985) is in the Senate, introduced by Tom Harkin (D-Iowa), as well as the bill for a 21st-Century Glass-Steagall (S. 1282), introduced by Elizabeth Warren (D-Mass.) and co-sponsored by nine Senators.

It is well known that many more Congressmen and Senators support Glass-Steagall, but have been dissuaded by bankers and party bosses from signing. Meanwhile, support around the country is broad and growing.

It is only the stranglehold that Wall Street and its agents have on the Congress that is preventing action. That puts the onus on patriots around the nation, to wield their power to make this change, before it’s too late.