

# Top Banker-Spokesman Discloses ‘Shutdown’ Aim: Kill Off Old Folks

by Edward Spannaus

Oct. 14—In a hearing of the Senate Banking Committee on Oct. 10, American Bankers Association (ABA) president Frank Keating laid out the agenda behind the government shutdown: Kill off the old folks. Keating’s warning to the Senate committee was blunt: Social Security and Medicare will bankrupt us, because Americans are living too long. So we have to “deal with” that problem.

There was a second, implicit message in the mere fact of Keating’s presence as the hearing’s lead-off witness: to stop the momentum for the restoration of Franklin Roosevelt’s Glass-Steagall Act. Keating personally has been a leading spokesman for Wall Street’s Stop-Glass-Steagall campaign.

## ‘Darkening’ Outlook: People Living Longer

While laying out Wall Street’s arguments on the consequences of a short-term debt default, Keating also called for long-term spending cuts to manage the problem of long-term debt. “It is impossible to address the long-term sustainability of our debt without addressing the growing costs associated with our entitlement programs,” Keating stated in his prepared remarks. Under the guise of answering Senators’ questions, Keating then laid out his Nazi-like thinking in chilling detail.

“By the year 2025, every cent of federal tax revenue will go to Social Security, Medicare, Medicaid, and interest on the debt,” Keating declared, saying that we have

to “get through the default period . . . and then sit down aggressively and in a bipartisan fashion to focus on this runaway train.”

Describing how Americans today are retiring earlier and dying later, Keating noted that in 1950, the average person retired at age 65 and died at 69. “Today,” he stated ruefully, “the average person retires at 62 and dies at 80.”

“So all the actuarial tables are off,” Keating complained. “We are mercifully living a lot longer, which is causing huge stresses in our ability to provide for the elderly in the United States, and *it will continue to deepen and darken* over the course of the next 20 years” (emphasis added).

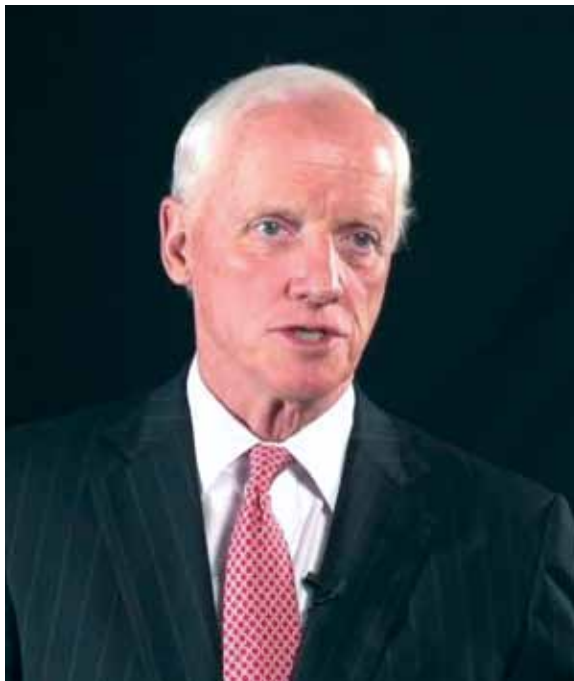
At another point, Keating insisted again that the

“actuarial tables . . . have to be addressed,” and that, “to tie in the debt ceiling increase with some kind of long-term reduction in the long-term liability of the country is the only way to do it.”

How to do it? Get everyone together, “under the leadership of the president,” and come up with a plan. “And the ideas I’ve heard from both sides of the aisle, whether it’s chained CPI or a longevity index in Social Security—all that makes abundant good sense,” Keating announced.

## Obama Agrees

Keating may be evil, but he’s no fool. In citing these two proposals, he knew they are already favored by President Obama, as well as many



YouTube

*Frank Keating, president of the American Bankers Association, and a sworn enemy of Glass-Steagall, told a Senate committee that Americans are just living too long, and costing too much.*

Congressional Republicans.

The “chained CPI”—which was recently again promoted by Obama—is just one more way of cutting Social Security benefits. Its central premise is that as the cost of living drives senior citizens to substitute cheaper products for more expensive (chicken for beef, for example, or eventually, cat food instead of any meat), their cost of living is actually declining, so the increase in the CPI (Consumer Price Index) can be adjusted downward.

Less well known, is the so-called “longevity” index. Here, the premise is that as people live longer, they consequently draw more benefits over time, so the benefits should be reduced as they age. This amounts to penalizing people for living longer, by reducing monthly Social Security payments as people get older. In other words, this is nothing but Nazi economics, cutting off support from those considered “too burdensome.”

Not surprising, a leading proponent of the “longevity index,” was also a leading architect of the Nazi cost-cutting provisions of Obamacare; that would be Peter Orszag, Obama’s first head of the Office of Management and Budget (OMB), who proposed benefit reductions indexed to increasing longevity, as early as 2003.<sup>1</sup> The Independent Payment Advisory Board (IPAB—often characterized as Obamacare’s “death panel”) was one of Orszag’s inventions. This, like the entirety of Obamacare, is based on Orszag’s insistence on “bending the cost curve,” and that, in particular, medical treatment should be subject to “comparative effectiveness research,” a system which measures effectiveness by how many “Quality Adjusted Life Years” (QALY) any particular treatment provides.

This is what LaRouche and *EIR* have, for the past four years, denounced as corresponding precisely to the Nazis’ T-4 program of saving money by prematurely terminating those “lives not worthy to be lived.”

### **ABA versus Glass-Steagall**

As Lyndon LaRouche and *EIR* have pointed out,<sup>2</sup> one of the purposes of launching the whole government-shutdown charade was to stop the momentum for

1. Peter R. Orszag and Peter A. Diamond, “Reforming Social Security: A Balanced Plan,” Brookings Institution Policy Brief No. 126 (December 2003); and “Saving Social Security: the Diamond-Orszag Plan,” *The Economists’ Voice*, Vol. 2, No. 1 (2005).

2. Jeffrey Steinberg and Nancy Spannaus, “Behind the Shutdown/Debt Ceiling Swindle: Wall Street Orders Obama To Kill Glass-Steagall,” *EIR*, Oct. 11, 2013.

the restoration of Glass-Steagall, which was sharply intensifying just before Obama and House Republicans mutually provoked the shutdown crisis.

In September, *EIR* identified how the American Bankers Association was leading the London-Wall Street mobilization to stop Glass-Steagall.<sup>3</sup> We noted that Keating was personally speaking out against Glass-Steagall, and pointed out how the ABA and the lobbyists for the biggest Wall Street banks were stalking the LaRouche Political Action Committee’s Glass-Steagall campaign in the state legislatures, tracking its results, and threatening state legislators with retaliation and loss of jobs in their states, if they endorsed the drive for Congress to restore Glass-Steagall.

On Aug. 25, the London *Financial Times* published a letter by Keating, in which he attacked FDIC vice-chairman and former Federal Reserve official Thomas Hoenig for his advocacy of Glass-Steagall. Earlier, after Sandy Weill, the Citigroup banker regarded as “the destroyer of Glass-Steagall,” came out for its restoration in the Summer of 2012, Keating issued a statement on behalf of the ABA, decrying Weill’s about-face, and ranting: “Those calling for a return to Glass-Steagall to solve the world’s economic problems simply aren’t looking at the facts. Glass-Steagall would not have prevented the financial crisis. . . . Policy decisions should be based on reason and facts, not hysteria and catchy sound bites.”

### **Keating: The Enforcer**

As we have pointed out, one of arguments made by ABA and Wall Street lobbyists, to both the Congress and state legislatures, is that the Glass-Steagall campaign is directed by, and only supported by, Lyndon LaRouche and his movement, with the implication that lawmakers who endorse Glass-Steagall will be smeared for their association with LaRouche.

Banker mouthpiece and enforcer Keating is well-suited to run such this campaign. He is, in fact, not a banker at all, but rather, has a long background in law enforcement, starting as a Special Agent of the FBI in 1969. He then became an assistant district attorney in Tulsa, Okla. After a stint in the Oklahoma State Legislature, Keating was appointed a federal prosecutor, as the U.S. Attorney for the Northern District of Oklahoma. President Reagan then appointed Keating to top

3. John Hoefle, “Bankers Anti-Glass-Steagall Campaign Is a Flim-Flam,” *EIR*, Sept. 6, 2013.

enforcement positions, first in the U.S. Treasury Department, then in the Justice Department.

As Associate U.S. Attorney General (the number three position in the DOJ), Keating was directly involved in the frame-up prosecution of LaRouche in 1988, meeting with attorneys for LaRouche and associates in October of that year, and giving the final Justice Department approval for the fraudulent indictment.

### Dirty Deal in the Works

Keating's call for flesh-and-bone cuts in entitlement spending, was well received in the Banking Committee—and undoubtedly in the White House as well. In the committee hearing, Sen. Michael Crapo (R-Id.), the senior Republican, warned of rising debt and deficits, and insisted that, "Unless we make significant reforms to entitlement programs, they will crowd out all other government spending." Speaking as a member both of the Simpson-Bowles ["Catfood"] Commission, and the "Gang of Six," Crapo said that the current debt-ceiling crisis "creates an opening for real progress" in getting the debt under control by implementing entitlement and tax "reform."

And, it wasn't just Republicans. Many Democrats,

transfixed by the Administration's hysteria-mongering over a default, agree on the idea of deficit reduction. Sen. Thomas Carper (D-Del.), for example, said in the Senate Finance Committee hearing, which immediately preceded the Banking Committee hearing, that "the problem here is pretty simple," explaining that Democrats need to support entitlement reform, and Republicans need to support tax reform that will generate some revenues.

Appearing on CBS's "Face the Nation" on Oct. 13, Sen. Charles Schumer (D-N.Y.) hinted that Obama and the Republicans could come to an agreement on these matters. "The dispute has been how to undo sequester," Schumer said. "Republicans want to do it with entitlement cuts—in other words, take entitlement cuts and then put that money into undoing at least part of sequester. Democrats want to do it with a mix of mandatory cuts, some entitlement, and revenues."

Schumer went on to say that this dilemma won't be overcome in the next day or two. But if the government were to be opened up, then discussions could take place. The issue of entitlements and tax reform, Schumer said, is "one place where the House Republicans and the President were not, you know, at total loggerheads."

## REVIVE GLASS-STEAGALL NOW!



LaRouchePAC is now leading a nationwide effort to push through legislation for Glass-Steagall ([www.larouchepac.com](http://www.larouchepac.com)).

"The point is, we need Glass-Steagall immediately. We need it because that's our only insurance to save the nation... Get Glass-Steagall in, and we can work our way to solve the other things that need to be cleaned up. If we don't get Glass-Steagall in first, we're in a mess!"

—Lyndon LaRouche, Feb. 11, 2013



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**'Glass-Steagall: Signing a Revolution'**

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