

Panic Flight Into Corporatism As System Breaks Down

by John Hoefle

Oct. 24—As the global financial system breaks apart, the bankers, their regulators, and governments are also breaking down, psychologically, and lashing out with statements and actions which have no substance, Lyndon LaRouche warned today. Unable to come to grips with reality, they are rushing headlong down the path of Weimar Germany-style hyperinflation and Mussolini-style corporatist fascism.

The dominant themes from this dysfunctional crowd of bozos are escalating bailouts and global financial dictatorship, as they push ever crazier schemes in a desperate effort to save what cannot be saved. What they will get is not success, but deadly hyperinflation, and the collapse into a dark age, a process which has already begun.

Typical of this insanity is the scheme announced by the Fed this week to pump some \$540 billion into money-market mutual funds via a new Money Market Investor Funding Facility, or MMIFF, which will lend the funds to five private special purpose vehicles, or PSPVs, to be managed by J.P. Morgan Chase. These PSPVs, which will also raise funds by selling asset-backed commercial paper, will act as a secondary market to buy assets from money-market mutual funds and other money-market players. Less than a month ago, on Sept. 29, the U.S. Treasury announced a Temporary Guarantee Program for Money Market Funds, with funds provided via the \$50 billion Exchange Stabilization Fund; the new Fed action creates a fund more than ten times larger, reflect-

ing the speed with which the system is disintegrating. Some \$500 billion has been withdrawn from money-market funds since August.

“This is actually Weimar Germany-style hyperinflation,” LaRouche declared.

Meanwhile, most of the Fed money being pumped into the financial system is going not to additional lending as Treasury Secretary Henry Paulson would have us believe, but instead, is going to build up war chests for takeovers, and to cover known, but as yet unreported losses. The big banks are planning to take over the smaller banks in droves, using taxpayer money to fund a dangerous concentration of the banking system into a small number of giant banks. The Oct. 21 *New York Times* quoted an unnamed Treasury official as explicitly admitting that “Treasury doesn’t want to prop up weak banks. One purpose of this plan is to drive consolidation.”

Of the \$125 billion to be provided to the top banks in the first round of equity injections, \$5 billion is going to help fund Wells Fargo’s acquisition of Wachovia, and Bank of America is getting \$5 billion to aid its takeover of Merrill Lynch. All of this conveniently overlooks the fact that the biggest banks are the most bankrupt of all, yet the smaller banks will be fed to them, in a desperate attempt to save the zombie giants.

This intent was demonstrated Oct. 24, with the announcement that PNC Financial would buy National City Corp. for \$5.6 billion. While National City was told it would not get any of the Federal equity injections

and should seek a buyer, Treasury will give PNC \$7.7 billion to finance the takeover.

Corporatism

“You’re talking about corporatism,” LaRouche observed, “and we should call it that. This is Mussolini; this is Fascism. It’s what is called corporatism; this is fascism.”

At the same time, the controllers of the Anglo-Dutch Liberal system are pushing for a system of global banking regulation, to replace national control. There is discussion of using the IMF for this purpose, but in this case the devil is not in the details, but in the intent, which is to create a global bankers’ dictatorship run by the forces which control the British Empire, with the intent of destroying the nation-state system, including the United States.

“But what happens if China, India, and Russia, and some others don’t join?” LaRouche asked. “I can almost guarantee that would be the case,” he added.

“We’re seeing a breakdown of the system which is now a psychological breakdown,” LaRouche summed it up. “A lack of confidence, lashing out with wild meaningless desperation, with no substance addressing the actual situation.

“These idiots are in a panicked flight forward, with no idea what they’re doing, no coherence, and are turning toward corporatism,” LaRouche warned. “This is corporatism, Mussolini-style fascism, and the government is funding it. People should study the history of Mussolini, how his corporatist system was created, and how it functioned.”

Dark Age

To fund all these bailout schemes, the Federal government will have to make severe cuts across a wide spectrum of programs, ranging from infrastructure projects to social programs, many of which serve as a lifeline to the most vulnerable portions of society. People are being sacrificed on the altar of the bailout—a bailout which is supposedly being done for the benefit of the people. Right now we are still in the “promise” period, as President George Bush seeks to preserve what remains of his tattered reputation and both major Presidential candidates tout their alleged solutions to the crisis; but the tone should begin to change after the election, as the empty promises give way to the harsh realities.

The bailout process, with its unlimited demand for money to pump into the dead system, will only acceler-

ate the devastation of the productive sector of the economy, further destroying our ability to pull out of this depression. We were already bankrupt, but the bailout will kill us.

LaRouche has repeatedly warned that this bailout scheme, the attempt to save the cancer at the expense of the patient, will lead to a new Dark Age, and that Dark Age has already begun. The British Empire has explicitly stated that it wants to reduce the world’s population from the current 6.5 billion people to 1 billion or less, preferably within a generation. That process is well under way, as the population-carrying capacity of the planet has already been significantly reduced through genocidal policies. As the carrying capacity—expressed as relative potential population density—declines below the level of the population, the population will shrink, through decreased life spans, starvation, wars, and disease. Entire nations and peoples will effectively disappear, LaRouche warned.

This will not be accidental, but will occur as the result of deliberate policy decisions. The new Dark Age will be even worse than the Dark Age of the 14th Century, LaRouche added.

The Only Solution

There is only one way to stop this new Dark Age, and that is through the American System policies developed by LaRouche and his predecessors. The solution begins with the admission that the financial system is bankrupt, and that the solution depends upon a global effort to rebuild the world’s productive capacity.

Step one is the passage in the U.S., of LaRouche’s Homeowners and Bank Protection Act, to stop home foreclosures, put the financial system through bankruptcy, and reorganize the banking system into one dominated by highly regulated local banks. No more derivatives, no more speculative nonsense like CDOs; just real, honest banking, tightly regulated.

Step two is a two-tier credit system designed to funnel low-interest-rate credit into basic infrastructure and science-driver projects, to increase the productive power of our economy, upon which our lives depend.

Step three is to orchestrate similar policies among other major nations, beginning with Russia, China, and India. Together, we can fund a series of Great Projects around the world to lift mankind into a bright new future, and relegate the Anglo-Dutch Liberal slimeballs to the dustbin of history, where they belong.

johnhoe@larouchepub.com