EIR National

Pelosi Is Covering Up for 'Money-Changers in the Temple'

by Nancy Spannaus

Upon taking office in 1933, President Franklin D. Roosevelt promised to use the Constitutional prerogatives of government to drive the "money-changers" out of the temple, those who had put the pursuit of profit and speculation before the welfare of the people of the United States. Roosevelt delivered on that promise during his three full terms in office, not only in saving people from eviction and destitution in the short term, but also establishing the institutions and laws which would keep the greedy profiteers under control. Having allowed the free-marketeers, starting in the early 1970s, to dismantle FDR's protections, and now faced with the hyperinflationary explosion of food and fuel prices, the Congress and the public have now finally woken up to the need to put protective regulations back into place.

During the week of July 7, Congress held no fewer than three hearings in a row, to delve into the role of speculation in the skyrocketing price of fuel. However, at the insistence of Speaker of the House Nancy Pelosi, responsibility for this issue was put under the House Agricultural Committee, which is chaired by Rep. Colin Peterson (D-Minn.). His mission? Suppress all legislative initiatives which would go against the interests of the speculators.

Briefed on this spectacle, Lyndon LaRouche reiterated his demand for Pelosi's immediate ouster as Speaker. "Pelosi has run a fraudulent side-show, to protect the speculators, and this is more than reason can tolerate," LaRouche charged. "She should be sent back to housekeeping, to defend the honor of all women."

Roll Up the Speculators

Over the month of June, a number of legislators, mostly Democratic Senators, put forward legislation which would force the Commodity Futures Trading Commission (CFTC) to regulate all trading by U.S. firms in the oil futures market, closing the "London loophole," and make the CFTC designate the banks and hedge funds as "speculators" in oil futures. The CFTC could then subject these purchasers to position limits, much greater margin requirements, and to strict regulation. In the House of Representatives, some Democrats, like Rep. Bart Stupak of Michigan, have also aggressively gone after the speculators, and solicited the advice of "experts" on how to bring down the price of oil—by as much as 50%—within 30 days.

On July 10, a coalition of airlines, acting under the auspices of a coalition called Stop Oil Speculation (SOS) Now, issued an extraordinary letter which blasted the excuses of the speculators, and their apologists in the banking community and Congress. The letter read, in part:

"Twenty years ago, 21 percent of oil contracts were purchased by speculators who trade oil on paper with no intention of ever taking delivery. Today, oil speculators purchase 66 percent of all oil future contracts, and that reflects just the transactions that are known. Speculators buy up large amounts of oil and then sell it to each other again and again. A barrel of oil may trade 20-plus times before it is delivered and used; the price goes up with each trade, and consumers pick up the final tab. Some market experts estimate that current prices reflect as much as \$30 to \$60 per barrel in unnecessary speculative costs."

The letter then explicitly referenced the measures taken by Franklin Roosevelt: "Over seventy years ago, Congress established regulations to control excessive, largely unchecked market speculation and manipulation. However, over the past two decades, these regulatory limits have been weakened or removed. We believe that restoring and enforcing these limits, along with several other modest measures, will

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The outrageous rise in the price of gasoline in the U.S. is directly attributable to control of the market by speculators—who are being protected by Nancy Pelosi.

provide more disclosure, transparency, and sound market oversight."

"The airline statement is correct," LaRouche said, noting that this just adds fuel to his demand for Pelosi's immediate ouster. Pelosi, LaRouche charged, has become a "tool of the very speculators" targeted by the airline executives. LaRouche cited the June 30 LaRouche PAC press release, exposing Pelosi's deep ties to mega-speculator George Soros, in addition to her well-documented, longstanding ties to Felix Rohatyn. Immediately following her election as Speaker of the House, in January 2007, Pelosi hired Soros operative Joseph Onek as her general counsel. Onek had been the chief policy advisor for Soros's Open Society Institute and its affiliated Open Society Policy Center, before being hired by Pelosi.

"With the entire financial system coming apart, rapidly," LaRouche concluded, "the kind of treachery that we have seen coming from Pelosi, on behalf of Rohatyn, Soros, and their ilk, has just reached the point where it is no longer tolerable. If this nation is to survive, Pelosi must be dumped now."

And on the European Front

A heated battle is being led on the other side of the Atlantic by Italian Treasury and Finance Minister Giulio Tremonti, to impose FDR-style restrictions on speculators in food and fuel. Tremonti is a leading proponent of a New Bretton Woods and a supporter of LaRouche's Eurasian Land-Bridge program,

At the July 7-8 Brussels meeting of the European economic and finance ministers (Ecofin), Tremonti presented a proposal to use Article 81 of the European Treaty against commodity speculators, a proposal that has given his monetarist opponents conniptions, in London and Switzerland, as well as Italy. For two hours, Tremonti discussed the issue.

Tremonti "will explain why, in his view, it is possible to use European laws against those who buy and sell paper oil barrels, i.e., contracts and instruments decoupled from the real possession of commodities, but able to steer the price-amplifying tendencies dictated by 'demand and supply,'" reported the Rome daily *Il Messaggero* July 7.

The Italian initiative against speculation received prominent support July 6, when Pope Benedict XVI issued a call for emergency action in favor of the poor during his Sunday Angelus. "I address myself, then, to the participants in the meeting in Hokkaido Tokayo, Japan, that they may focus their deliberations on the needs of the weakest and poorest people, whose vulnerability is greater today because of speculation and financial turbulence and their perverse effects on the cost of food and energy," the Pope said. "Probably Giulio Tremonti did not expect to be able to present his plan against oil price increases in Brussels, the day after a papal statement that uses the same terminology," *Il Messaggero* reported.

More surprising was the fact that Italian Prime Minister Silvio Berlusconi also pushed Tremonti's proposals against financial and commodity speculation at the Group of Eight summit in Japan.

"I made some proposals," Berlusconi told Italian journalists July 7. "We should intervene on the exchange markets, where margin requirements on futures, currently at 5%, should increase—some countries propose up to 50%—and intervene through the European and the American antitrust authorities against speculation." Berlusconi stressed that the European Treaty provides the EU Commission with the authority to act through Article I, which says, "the market should determine the well being of the citizens, but this does not occur; articles 81 and 82 outlaw the abuse of dominant [market] position, and Article 208 establishes rules on violation procedures."

On the opposite side of the issue in Europe, are the Swiss and London banking establishments, which have made their displeasure known. The July 7 *Neue Zürcher Zeitung*, mouthpiece of the Swiss bankers, accused Tremonti of simply using his fight against speculation and globalization as a diversion; but, the paper was forced, for the first time, to give his campaign prominent, accurate coverage. The Swiss paper wrote,"The Italian economy minister, a legal expert by education, is already well known for his interventionist suggestions.... The self-declared admirer of French mercantilist Colbert has already called for a new Bretton Woods and protective tariffs to bring globalization under control, and accused the Financial Stability Forum, led by Italian Central Banker Mario Draghi, of proposing measures that are not effective enough, against the international financial crisis. The FSF has only prescribed an aspirin, Tremonti impertinently once said."

Not surprisingly, it is these very same London-based international financial circles who, through Soros and Rohatyn, control Pelosi, and others fighting to stop the restoration of FDR-style regulation in the United States. It is high time they were removed from positions of influence.