

## To Hide Collapse, Obama Pushes Phony Recovery

by John Hoefle

Aug. 14—Barack Obama rode into Washington on a wave of anti-establishment rage. He promised change, and change he has delivered—all of it in the wrong direction. He escalated the sellout of the nation to the global financier parasites, sticking the taxpayers with the tab for the bailout—the biggest criminal swindle in history—and he brought in a bunch of behavioral “economists” to try to brainwash us into believing that lower living standards are good for us. Worst of all, he sought to balance his bailout-swelled budget by cutting health care, threatening cutbacks, and even euthanasia for millions of Americans already struggling under the burden of a collapsing economy.

Obama has filled the airways with grandiose promises, but he has failed to deliver. The U.S. economy is in a death spiral, its financial institutions loaded with worthless toxic assets, governments at all levels increasingly bankrupt, unemployment at disastrous levels, and our standard of living plunging to the point where many among us are rapidly approaching their doom. And it is getting worse.

This is a global phenomenon, a breakdown of the entire global financial system. But even that understates it, because what we are witnessing is the breakdown of everything—economic, political, cultural—the breakdown of civilization itself. Worse yet, nothing is being done to reverse this ominous process.

Why, then, are Obama, members of his administration, legions of economists and financiers, and the pros-

titutes of the media cartel talking about recovery? Are they nuts? Yes, but that’s just a part of it.

### The Bailout Has failed

The bailout has worked well as the largest transfer of wealth in history—from public to private hands. As a criminal scam, it has been an unparalleled success. As an economic policy, however, it has been an abysmal failure. The bailout has, as Lyndon LaRouche warned it would, only made things worse.

Despite the trillions of dollars spent, lent, promised, or guaranteed by the Treasury and the Federal Reserve, the losses at the banks have continued to grow. The profits the banks are reporting are frauds; their books are cooked to hide losses so vast that any honest reporting would immediately cause their demise. These losses are growing, as the economy declines. Credit card and mortgage losses are growing. Consumer spending is falling. Businesses are failing, triggering further losses, on both the debts themselves and on the derivatives backing those debts. The commercial real estate collapse has only begun, threatening a tidal wave of failures among regional and local banks. On top of all these losses, we have the bailout itself, which the Special Inspector General of the TARP program, Neil Barofsky, recently projected had a worst-case cost to the Federal government of \$24 trillion dollars.

What do we have to show for that \$24 trillion? Has it improved the living standards for the ordinary citi-

zen? Are our jobs returning, our debts being reduced? No, except for a few Wall Street types. For the rest of us, conditions continue to deteriorate. Even for the Wall Street types, the respite is only temporary. Nothing has been fixed. More bailouts will be required as the losses grow, swamping Mr. Barofsky's projections. In reality, Obama has written a blank check, and done so without the funds to back it up.

### **Hyperinflation Panics Creditors**

The effect of all this money-pumping has been to put extraordinary hyperinflationary pressure on the dollar. There is nothing mysterious about this process—it is actually quite simple. We are pumping huge amounts of money into an economy that is shrinking. Since the value of the currency ultimately depends upon the productivity of the economy which supports it, the effect of a growing money supply and a shrinking economy is to make each unit of the currency worth less. The faster you pump in the money, the quicker it loses its value, so the more you pump. That is a classic hyperinflationary pattern, and it is precisely what the Obama Administration and the Federal Reserve have been doing. It is incompetent, insane, and incredibly dangerous.

This policy has made our creditors extremely worried, and given the way we depend upon the rest of the world to fund our growing Federal budget deficits, it should worry everyone. What would happen to the U.S. were China, Japan, and other nations to decide that the risk was too great, that they should no longer buy our Treasury bonds? Suppose a Treasury auction failed because of a lack of willing buyers? The Fed could step in and buy, but that would mean electronically “printing” even more dollars, escalating the hyperinflationary pressures, and making the situation worse. Such foolishness may relieve the pressure for a brief moment, but it will just make the problem worse—an apt description of the entire bailout process.

China, the largest holder of U.S. Treasury debt, has been quite open in expressing its concern over the effect of this policy on its portfolio. Chinese officials have repeatedly expressed their worries, and continue to do so despite the promises of administration officials that the U.S. will get its fiscal house in order. China is hardly alone in this fear, and the U.S. Government has lied too many times to be believed.

If the U.S. cannot sell its debt on the world market, we are finished. Period. The whole house of cards comes crashing down.

### **Collapse, Not Recovery**

The need to calm the worries of U.S. creditors is a major part of the recovery talk we are being fed today. If Treasury, the Fed, and Wall Street can convince them that the crisis is past, that we are earning profits again, and that government spending is under control, then, perhaps, they will keep buying our debt, and the game can continue.

Another reason for the recovery talk lies much closer to home, in the process reflected in the explosion of protest at the Congressional town hall meetings. After many years of lies, of promises of a prosperity that never materialized, after an economic collapse that stripped them of their delusions, and after the failure of the Obama Administration to do anything to help them, the people's rage has reached the boiling point. We no longer believe our government, no longer trust a self-absorbed President and a useless Congress. We will no longer accept promises. We demand solutions, we demand action now!

Instead, we are being fed the same old carrot-and-stick crap: The recovery is here, just around the corner! Things are improving, so go back to sleep and leave us alone!

We are being treated like naughty children who have forgotten their manners. Our legitimate anger at the treatment we have received is arrogantly dismissed. We are told we are but puppets of some special interest group, that we have no minds of our own. Such a response shows clearly what this administration really thinks of its citizens, but that was already clear when Obama launched his Nazi “useless eaters” health-care plan. What's next, Mr. Killer President: euthanizing the protestors, the unemployed?

The stench of death is in the air, the death of our nation, the death of the world. We have a leadership which has gone Nazi, captives of the British Empire, the same empire which imposed Hitler and Mussolini, and intends to do the same to America, as part of its scheme for a global financial dictatorship. We have been betrayed by our President, betrayed by our Congress, betrayed by Wall Street. We know it, and we are beyond mad as hell. America will tolerate no more of this fascism.

We demand a return to the Constitution, and a system which puts the general welfare of the population first, a system which protects the weakest among us as a matter of principle. If the Obama Administration wants to win back the people, it should start by doing its job.

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