

Obama Reappoints 'Bailout Ben': America Will Pay the Price

by John Hoefle

Aug. 28—Civilization lost another opportunity to reverse its disastrous course this week, when President Obama nominated Ben Bernanke for a second term as chairman of the Federal Reserve Board. The move makes it clear that Obama is determined to continue the policy of bailing out the Anglo-Dutch Liberal monetary system, while bankrupting the United States.

The sudden announcement reeked of desperation. Obama was on a politically expedient "vacation," during the popular revolt against his Nazi health-care program, and Bernanke still has five months to go in his first term. The move appeared to be an attempt to offset the damage caused by the announcement, scheduled for later the same day, of a whopping \$9 trillion Federal budget deficit. Whatever the motive, the effect was two disasters in one day.

Lyndon LaRouche was quick to denounce the move as yet another indication of the level of insanity in Washington.

"In reappointing 'Bailout' Ben, Obama is committing himself to the continuing collapse of the dollar and the removal of the dollar as the world reserve currency," LaRouche said. "These moves will quickly and inevitably lead to the complete breakdown of the global monetary system, and of civilization itself. The Fed is already bankrupt, due to the actions of Greenspan and Bernanke, and must immediately be put into bankruptcy protection. We should stop all the bailout programs, take back the bailout money already issued, and put the banks

into bankruptcy protection. Without such steps, we face a complete disintegration of the system within weeks."

Bankrupt!

In his nomination announcement, Obama praised Bernanke for approaching "a financial system on the verge of collapse with calm and wisdom, with bold action and outside-the-box thinking," that has "brought our economy back from the brink." That's an odd description of what was actually a classic central bankers' response of bailing out the lords of finance and sticking the peasants with the bill. Far from being "outside the box," Bernanke was smack dead in the parasitic middle of it, pushing the panic button and flooding the market with nation-killing quantities of money.

One result of that policy was evident in the Administration's second press conference of the day, where Office of Management and Budget (OMB) director Peter Orszag released his Mid-Session Budget Review. Orszag is one of the Administration's ranking behaviorist kooks, and a champion of its fascist policies.

Orszag confirmed one of the worst-kept secrets in Washington—that the Federal budget deficit is completely out of control—when he admitted that OMB's projection for the Federal deficit over the next ten years had risen to \$9 trillion, up from the \$7 trillion projected in February—a nearly 30% increase in six months. Orszag blamed the sharp decline in the nation's fiscal condition on "a deeper-than-expected recession." How-

ever, even that \$9 trillion deficit is based upon the non-existent “economic recovery” the Administration keeps promising; the OMB budget says its projections are based upon a 2% growth in 2010, followed by a 3.8% growth in 2011, and then, two years of over 4% growth.

Orszag made it explicit that slashing health care is an integral part of the Administration’s fiscal plans.

“To avoiding making the problem any worse, we need to address the key driver of our long-term deficits: health care costs” Orszag said. “The federal government simply cannot be put on a fiscally sustainable path without slowing the rate of health care cost growth in the long run.”

The combination of the renomination of Bernanke and Orszag’s statements show plainly that the Administration’s loyalties lie with the money, not with we the people. Are our fiscal problems the result of the largest bailout in history? No, they are the result of the American people receiving too much health care!

Obama’s plans protect the insurance and pharmaceutical companies, just as they do the big banks and other corporate interests, while sticking the public with the costs. This is corporatism, pure and simple. What he is implementing, are the same policies that were implemented in Italy under Mussolini, and in Germany under Hitler. And just as in those two cases, what is pulling the puppet strings is the British Empire. Obama’s big “change,” is fascism.

Corporatism

Under the bailout scheme, there has been an unprecedented consolidation of the U.S. banking system. The three largest banks hold about one-third of the assets of the entire banking system, and the top ten account for nearly half. All of these banks have received extraordinary benefits from the Federal bailout swindle, and two of them, Citigroup and Bank of America, required special bailouts on top of that. Without the bailout, none of these banks—not a single one—would have survived.

It is in this light, that the 84 bank failures thus far this year must be measured. The largest bank which has officially failed this year is Colonial Bank, of Montgomery, Ala., with \$25 billion in assets and \$20 billion in deposits. A significant bank to be sure, but only about number 60 ranked by assets. The second-largest bank to fail this year is Guaranty Bank, of Austin, Tex. Guaranty’s \$13 billion in assets and \$12 billion in deposits barely make the top 100. By comparison, JP Morgan Chase, Bank of America, and Citibank all have over \$1

trillion in assets, and Wells Fargo’s two main banks, Wachovia and Wells Fargo, have a trillion combined.

The consolidation is even more clearly shown in the bank holding companies, where Bank of America Corp. and JP Morgan Chase & Co. each top \$2 trillion in assets, and Citigroup, and Wells Fargo & Co. each top \$1 trillion. The conversion to bank holding companies to take advantage of the bailout has dramatically restructured the holding company rankings, with Goldman Sachs, Morgan Stanley, and MetLife joining the top ten, followed by U.S. units of three foreign banks, HSBC, Deutsche Bank, and Barclays.

These big institutions are all being protected by Federal subsidies, while the smaller banks are allowed to fail. The consolidation has only begun, and every round makes the banking system more global, more interested in extracting money from local economies than in building them up.

On the Brink

This slavish capitulation to imperial monetarism by a government that was founded in opposition to those principles, has brought our nation, and the entire world, to the brink of collapse, a collapse which has already begun. Our states and cities have been thrown into bankruptcy, which will enter a new phase with the new Federal fiscal year in October; essential elements of our governments will begin to shut down, shutting down the economies in those states. We are moving from a financial crisis, to the breakdown of the nation itself.

“The collapse of the United States, as a financial institution, will be the inevitable consequence of such a development,” LaRouche said this week. “The United States, which is the chief bastion, through the U.S. debt, of the entire world system, will collapse. The collapse of the dollar, as in the case of China, will mean, *the entire world will go into an immediate breakdown crisis*; will mean, mass death, inside the United States, and outside the United States, simply from hunger, starvation, etc. And, therefore, we’re in extraordinary times.”

The battle lines are clearly drawn. On one side stand the forces of the monetarist British Empire—including leading Democrats Obama, Nancy Pelosi, and Barney Frank, along with George Soros and Felix Rohatyn, who are dedicated to ruling the world. On the other side, stand the LaRouche movement and its allies, and the American System, with its commitment to improving the standards of living for all mankind. It is time to choose.

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