# Editorial

## *Sell Off Fed's Toxic Assets*

Lyndon LaRouche on Dec. 17 called for the Federal Reserve to be forced to sell off its mass of toxic assets, which have been accumulated since the launching of its quantitative easing bailout of the trans-Atlantic too-big-to-fail banks.

"Since the 2008 blowout and the Federal Reserve's massive bailout," he said, "the Federal Reserve has been turned into a 'bad bank,' accumulating almost worthless asset-backed securities from the six Wall Street big banks and their European counterparts, as part of the so-called quantitative easing. As the result of this policy, these banks have grown in size by 40%, while starving the real economy of any investment capital for real growth and job creation.

"The Fed has been turned into a bankrupt holding pen for worthless paper as millions of Americans have been robbed and pauperized, and now face actual death. It is time to force the reality of the situation: The Fed, along with all of the too-big-to-fail banks on Wall Street, in London, and in continental Europe, are hopelessly bankrupt and a cancer on the real economy. We need Glass-Steagall reinstated immediately, and the Fed should be forced to sell off its worthless assets to end the cycle of bailout, hyperinflationary QE, and the death spiral of the real economy."

As Paul Gallagher reports in this issue, since the end of 2008, all of the $2.2 trillion increase in deposits in the biggest Wall Street banks have resulted from the Fed's money-printing, while all of the Fed's QE "money" went to the biggest U.S. and European banks, and *none* of it to the real economy. None of it was loaned to farmers, factory owners, or other such businesses. The TBTF banks simply use it for "investments" in speculative paper: financial derivatives, securities, swaps, repo loans to other banks, and financial companies and funds. JPMorgan alone has $1.5 trillion in such speculative activity, dwarfing the bank's total lending to businesses and households.

While this temporarily masks the inflationary impact of the money-pumping, it creates a house of cards that is far larger than that which nearly vaporized the world financial system in the 2007-08 crash.

LaRouche noted that the Federal Open Market Committee was meeting Dec. 17-18 and will be under enormous pressure to extend the QE policy of pumping $85 billion a month in fake money into the banks, to use for gambling on derivatives.

He counterposed this madness with the decision by Russian President Vladimir Putin, in his meeting with his Ukrainian counterpart Viktor Yanukovych, to invest $15 billion in the real economy of Ukraine, and to reduce the price of Russian natural gas to its neighbor by 33%.

"Russia has acted responsibly and given Ukraine a clear alternative to the death sentence being proposed by the European Union," LaRouche elaborated. "Eurasia is looking to escape the death-sentence of the hyperinflationary policies of the Troika and the U.S. Fed, and any sane nation in Europe will jump at the opportunity to get out of the trap. In both the United States and Western Europe, the Glass-Steagall option is the only path to survival.

"It is time to put the Fed through a long-overdue bankruptcy reorganization, starting with the sell-off of its portfolio of worthless gambling debt purchased from Wall Street since the start of the quantitative easing hyperinflationary bailouts, which have now surpassed $4 trillion."