EDITORIALS

No Party Will Touch The City and Wall Street: The LaRouche Movement Will

by Paul Gallagher

May 31—No political leader or force in the United States or Europe is any longer challenging the biggest banks in the world, which have been unbelievably enriched during this pandemic by the central banks, while millions have died and hundreds of millions have lost their work and their subsistence. President Trump called their CEOs "Wall Street geniuses." The European Union has the likes of Morgan and BlackRock plan its alleged "recovery programs." The World Economic Forum club of finance billionaires, who gather with the British royals at Davos, have put themselves in charge of the supposedly all-important global "Green New Deal" and have been seizing control of government spending policies from governments. In the U.S. Congress, the erstwhile anti-megabank champions like Sen. Elizabeth Warren no longer dare to mention the Glass-Steagall principle of bank separation when the biggest banksters sit in hearings before them.

"At our upcoming conference it is very, very urgent that we resume the fight for the Glass-Steagall Act. There are clear signs of a hyperinflationary blowout," declared Schiller Institute President Helga Zepp-LaRouche today in discussion with activists all over the United States and Canada. It is those banks, bulked up to incredible size by the Federal Reserve during this economic and human crisis, who are driving that hyperinflation now threatening us. The four largest U.S. banks—JPMorgan Chase, Bank of America, Wells Fargo, and Citigroup—now have half of all deposits in the banking system: $7.5 trillion of $15 trillion—but have made only $4 trillion in loans! The seven biggest have three-quarters of all the assets, $13 trillion out of $17.5 trillion. These are giant engines of speculation. Since 1999 when Glass-Steagall was eliminated they can speculate on *anything* from oil tankers to stock and bond indices; and their speculation with the Fed's flood of money printing—while no *productive* employment or investments are created—is driving the rising tide of inflation.

The worst danger is the power these banks now wield, above all, in imposing the global technological great leap backward of the Green New Deal. It will send advanced economies into chaos and subject developing countries to genocidal population reduction by denying electric power, mechanized agriculture, and modern hospital care. But it promises a huge new bubble of "green finance" to those banks by the looting power of high energy prices and carbon taxes. We already have seen BlackRock and associated Wall Street and London investment firms forcing the shutdown of coal and oil power, from the United States to South Africa to the Philippines, by shutting off investment. Only today, another consortium of six of the biggest global banks combined to force "decarbonization" on the steel industry. The OECD's think-tank on "green transformations" projects world steel production to *drop by more than half* over this century.

The Only Sane Response

Helga Zepp-LaRouche has named the only sane response. These giant banks must be thoroughly broken up, both to choke off the fuel for the engines of speculation and to break their immense political power. How can we allow new classes of deca-billionaires to accumulate hundreds of thousands of times more wealth

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than working homeowners, and millions of times more than the couple of billion people in the world who have no regular work or healthcare after a year of pandemic?

Glass-Steagall must be brought back, only one of what Lyndon LaRouche called the "four new laws to save the nation" when he laid them down in 2014. National banks for productive credit are necessary in every country; and the productivity investments of that credit should be paced by crash programs of space exploration and fusion power/plasma technology development. The Schiller Institute's June 26-27 international conference, featuring experts in both economic and physical science, will be a turning point in getting the world back to economic development. (See ad in this issue.)

When Arthur Burns Burned Through Our Wealth, 'Transitorily'

May 31—The Federal Reserve governors' claims of "transitory hyperinflation" are humorous—hyperinflation, after all, can't last very long before its destruction of wealth is done—but they are dead wrong. The last Fed chair in this position, Arthur Burns, who headed the central bank in the 1970s, began the destruction of the government's price-tracking system trying to prove that the severe inflation of that decade was "transitory."

According to a May 26 op-ed in *MarketWatch,* "The Ghost of Arthur Burns Haunts a Complacent Federal Reserve that's Pouring Fuel on the Fires of Inflation," by economist Stephen Roach, who worked for Burns at the Fed during that period, sometimes called "The Great Inflation" (in American terms of reference), Burns was so determined to prove that Fed monetary policy had nothing to do with the growing inflation—rather, that it was "transitory factors"—that he demanded the removal from the price indexes of, first energy, then food, then homes, then cars, etc., until only 35% of the original Consumer Price Index was left, the "core," free of "transitory factors."

Writes Roach:

U.S. Army/Oscar Porter

Arthur Burns, Chairman of the Federal Reserve, 1970-1978.

Fast-forward to today. Evoking an eerie sense of *déjà vu,* the Fed is insisting that recent increases in the prices of food, construction materials, used cars, personal health products, gasoline, car rentals, and appliances reflect transitory factors that will quickly fade with post-pandemic normalization. Scattered labor shortages and surging home prices are supposedly also transitory. Sound familiar?

Roach continues:

> But the biggest parallel may be another policy blunder. The Fed poured fuel on the Great Inflation by allowing real interest rates to plunge into negative territory in the 1970s. Today, the federal funds rate is currently more than 2.5 percentage points below the inflation rate. Now, add open-ended quantitative easing—some $120 billion per month injected into frothy financial markets—and the largest fiscal stimulus in post-World War II history.... This policy gambit is in a league of its own.