

On the Edge of October; The Fuse Is Already Lit

by John Hoefle

Sept. 25—As of this writing, we are just days away from the end of the Federal fiscal year, the point at which the U.S. Federal government, must attempt to settle its accounts. That will be difficult. The Federal government is hopelessly bankrupt, having destroyed the nation through deregulation, a deregulation which opened the door to the greatest looting and pillaging the world has ever seen. What's more, that looting and pillaging has already bankrupted 49 of our 50 states, and bankrupted countless cities, counties, and other local governments, as well as a large swath of the population. Our nation, once the most productive industrial power in the world, has been reduced to a shadow, run by financier parasites with neither the slightest clue about how economies actually function, nor the slightest interest in the welfare of the citizenry.

It took us four decades to get to this point. We stand on the edge of the cliff, peering down into the abyss, poised to take a fatal step forward.

Globalization Has Failed

Nothing has been resolved. The great bailout—the biggest swindle in history—is said to have saved the day, when in fact it has only made matters worse.

Our economic problem is two-fold: We have destroyed the economic productivity that generates our wealth, and we have substituted for it the creation of history's largest debt, a debt so vast that the mere

thought of paying it all back is absurd.

The mechanism which made this possible was globalization. And globalization is really just a polite name for empire. What we have really done, is to betray the principles upon which the United States was founded, and turn our nation into a financial playground for the Brutish Empire. The U.S. became the world's leading consumer, the buyer of products produced all over the world—including many that we used to produce domestically—and in the process helped create a group of corporate cartels which now control the necessities of life for nations across the globe. To pay for our purchases, we went into debt. And to fund that debt, the Brutish Empire created a giant debt machine, based upon a dizzying array of derivative securities. Debts were magically turned into assets, and sold everywhere. It was a sight to behold, and it grew unimaginably large, before it collapsed.

But collapse it did, because under its gleaming facade, it was really a looting machine, a pyramid scheme which made its controllers and operatives seemingly rich beyond measure, by looting the rest of us.

The proper response to the collapse of this perverse system would have been a sigh of relief, and commitment to repair the damage it had done. Instead, our so-called leaders rushed to bail out the criminals, at the expense of the victims. They took a horrible situation, and made it far worse.

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TW

PRESIDENT STARTS RECOVERY PROGRAM, SIGNS BANK, RAIL AND INDUSTRY BILLS; WHEAT GROWERS WILL GET \$150,000,000

AIDS FARMERS THIS YEAR

Wheat Processing Tax,
30 Cents, to Take Effect
Soon After July 1.

ACREAGE CUTS IN 1934-35

Payments to Growers on Pro-
duction Allotments Will Also
Include This Year's Crop.

WILL PROTECT CONSUMERS

Wallace Promises No Undue
Price Rises—Will Give De-
cision on Cotton Today.

Special to The New York Times.
WASHINGTON, June 16.—Soon
after July 1, Secretary Wallace an-
nounced today, the farm relief plan
under which wheat growers agree-
ing to curtail their crops will re-
ceive approximately \$150,000,000
will become operative.
The acreage reduction and allot-
ment provisions of the Farm Relief
Act will be applied to the wheat
crops of 1934 and 1935, and the fund
of \$200,000,000 will be reduced by a
processing tax of around 30 cents a
bushel levied against milling. By
Sept. 15 two-thirds of the \$150,000-
000 will have been distributed
among wheat growers who have
complied with the government's
terms.
Eligibility to share in this dis-
tribution requires that growers
agree to reduce planting up to a
maximum of 20 per cent next year.
The exact reduction called for will
depend on the outcome of the nego-
tiations at the economic and mon-
etary conference for joint interna-
tional action to reduce world wheat
production. It is possible that no

Powers Granted to the President

Special to The New York Times.
WASHINGTON, June 16.—Extraordinary powers granted
in the first session of the Seventy-third Congress to President
Roosevelt are:

To establish control over all industry with the view to
fixing minimum wages and maximum hours of work, regulat-
ing production and otherwise to promote, encourage and re-
quire fair competition.
To set up a system of government licenses for business
if necessary to require conformance to the above.
To initiate and direct, through a Federal director of public
works, a \$3,500,000,000 public works program as a further
government contribution to re-employment.
To initiate through a Federal director of relief, expenditure
of \$500,000,000, supplied by the Reconstruction Finance Cor-
poration, for relief of destitution.
To invoke the Presidential powers of the World War to
regulate transactions in credit, currency, gold and silver, even
to embargo gold or foreign exchange; to fix restrictions on the
banking business of the Federal Reserve System irrespective
of the Federal Reserve Board.
To eliminate the old system for compensation and allow-
ances for veterans and set up an entirely new pension system,
with himself at the head.
To reduce by executive order the salaries of government
employees by an amount not to exceed 15 per cent upon the
finding of commensurate reduction in cost of living.
To transfer, eliminate, consolidate or rearrange bureaus
in the executive branch of the government in the interest of
public economy.
To repeal by executive proclamation certain new taxes
voted in Industrial Recovery Act upon showing of restoration
of business or in event of repeal of the Eighteenth Amendment.
To publish heretofore secret income tax returns to the ex-
tent he may deem in the public interest, and under such rules
and regulations as he may prescribe.
To inflate the currency either by requiring open market
operations in Federal securities, devaluing the gold dollar by
not more than 50 per cent, issuing United States notes up to
\$3,000,000,000 or accepting up to \$200,000,000 in silver in pay-
ment of the allied war debts.
To employ more than 250,000 unemployed young men
in reforestation operations as still further government con-
tributions to re-employment.
To appoint a coordinator of railroads to effect economies
among the carriers and increase service to the public.
To appoint a Tennessee Valley Authority to develop nat-
ural resources of Tennessee River basin, including completion
of Muscle Shoals project.

WIDE WORK SPREAD
ASKED BY JOHNSON
TREASURY TO ORDER
\$25,000,000 WORK

ROOSEVELT HAILS GOAL

He Calls Recovery Act
Most Sweeping Law
in Nation's History.

JOHNSON ADMINISTRATOR

Col. Sawyer Is Named to Direct
Public Works, Eastman as
Railway Coordinator.

'MILLION JOBS BY OCT. 1'

Employers Urged to Hire More
Men With Government Stop-
ping Unfair Competition.

Text of President's statement
on recovery policies, Page 3.

Special to The New York Times.
WASHINGTON, June 16.—Assum-
ing unprecedented peacetime con-
trol over the nation's economic life,
President Roosevelt placed in op-
eration today his sweeping program
for recovery from the depression.
Within two hours he signed acts
of Congress giving him control
over industry, power to coordinate
the railroads, and authority to start
work on a \$3,500,000,000 public
works program, and then began the
active administration of these and
other major measures.
In signing the National Industrial
Recovery Act the President declared
that it was "the most important
and far-reaching legislation ever
enacted by the American Congress,"
and said that it "represents a se-
rious effort to stabilize for all time
the many factors which make for
the prosperity of the nation and
the preservation of American stand-
ards."
The Glass-Steagall Banking Re-
form Act, which the President also

nation choking on its own debt. Some of this debt is legitimate, tied to real physical-economic activity, but most of it is bogus, the result of gambling in the empire's derivatives casino. And it is the bogus debt, the fictitious claims of the casino, that our government is protecting, while letting the rest of the economy collapse. It is any wonder that the nation is bankrupt?

Lyndon LaRouche recently compared this to playing with "nitroglycerine on a hot day. Because, the day that somebody decides that that fictitious debt may never be paid, and that the guy next to them may not believe it's worth buying, you have a far different condition."

The value of the derivatives and related instruments is based upon what financiers call the "greater fool theory," which says, in essence, that there will always be some fool out there willing to pay you more than the paper you sell them is worth. As it turns out, they were the greater fools, holding worthless paper after the game stopped.

Thus our commercial banks, our investment banks, our insurance companies, our mutual and money market funds, our pension funds, *ad infinitum*, are stuck with staggering amounts of worthless junk, still carried on their books at high values. They had counted on the bailout process to restart the markets so that they could unload their crap on the greater fools, but it never hap-

pened. A few institutions favored by the empire have been saved, for now, but the rest have been left hanging out to dry.

Reality Bites

As we enter the new fiscal year, the claim of the government is that the bailout has worked, the recovery has arrived, and that we must now turn our attention to putting our nation in fiscal order. The bailout mechanisms are being wound down as no longer needed, we are told.

This is pabulum for the masses, the claims of "all is

In just the reverse of the actions of the Obama Administration and other G20 governments, the administration of Franklin Roosevelt reined in the criminal financiers who had provoked the 1930s crisis, and launched programs to restart production and put people back to work. Here is the New York Times of June 17, 1933, when the enactment of the Glass-Steagall Act and other measures was announced.

Debt Reckoning

The fools tried to solve a debt crisis by creating more debt: huge, hyperinflationary amounts of debt, which they pumped into a dead system and its zombie banks. In doing so, they laid waste to much of what was left of the underlying economy. Households were thrown into turmoil as jobs were lost, access to credit curtailed, and the safety net which people thought would protect them was ripped to shreds. The faster the debt grew, the faster the capability of the economy to repay that debt shrank.

Now comes Sept. 30, the end of the fiscal year, to a

well” designed to lull them back to sleep. However, the insiders all know it is a lie. They say so openly, if in more discreet language. That is clear from the “leaders” assembled in Pittsburgh for the G-20 meeting this week: Their main message is, don’t stop the bailout!

Think about this from the position of a speculator on Wall Street, or in the City of London, or anywhere else in the world, who is sitting on a pile of this worthless paper. Without a buyer it has no value, and the only buyer in sight, the governments, are talking about scaling back. If you’re not panicked, you’re not paying attention.

The whole system is ready to blow up. The collapse of the economy means legitimate debts won’t be paid, and there are no buyers for the toxic waste. The fuse has been lit, and the explosion is imminent. It is a question of when, not if.

Glass-Steagall

The only solution at this point, LaRouche says, would be the immediate re-enactment of the Glass-Steagall law on Sept. 29, to stabilize and protect the commercial banks.

Otherwise, LaRouche said, you go into a new phase of the collapse, a different phase-space where the state of affairs is different, even if the numbers look the same. He compared this to “a man whose pulse is still functioning and he’s breathing, but he is in the process of dying. Therefore, his pulse reading, as such, and his breathing are not the decisive thing. It’s what underlies it. It’s the condition which is going to threaten his pulse and his breathing, which is what’s important. And that’s the comparison here.”

People who are waiting for “something to go wrong” have missed the point. That something has already happened. The financial system has entered its death phase, and its final gasp is imminent. It’s a dynamic process, not a chronology—causes and effects playing out in ways that are often not immediately visible.

The “cause” has already occurred, and the effect is coming, relentlessly. The debts cannot be paid. And as that scary reality dawns on the toxic waste holders, panic will set in. The runs will begin, as the parasites race each other to cash out. There will be no safe haven, as the world as we know it disintegrates in a chain-reaction collapse.

The empire is pushing austerity, letting people die to save itself. Saner heads must prevail, and quickly.

johnhoe fle@larouchepub.com