

Time To Stop Lying And Get It Right!

by John Hoefle

Jan. 22—Watching Barack Obama rail against the banks brings to mind an indulgent parent who, after giving in to his children's every demand, spoiling them rotten, suddenly decides to talk tough when the kids' actions prove embarrassing. The parent knows he's bluffing, and more importantly, so do the kids. For all the posturing, nothing will change, and the kids will still run the show.

This is Obama's third foray into anti-bank posturing. In mid-December, he railed against the "fat cats" and called the heads of the major banks into the White House for a scolding. That didn't work out so well. Several of the bankers didn't even bother to show up.

A month later, still plunging in the polls, President Mustache tried it again, doing his effete, Harvard-educated best to sound like one of the common folk.

"My commitment is to recover every single dime the American people are owed.... We want our money back, and we're going to get it," Obama promised on Jan. 14.

That blustering assertion was amplified by an e-mail, sent out under Vice President Joe Biden's name, claiming that Obama's proposed Financial Crisis Responsibility Fee would "recover every penny loaned to Wall Street during the financial crisis and stop the reckless abuses and excesses that nearly caused the collapse of our financial system." The powerful bankers are fighting back, Biden continued, but "Barack and I aren't backing down. But to win, we'll

need the American people to add their voice right away."

Do these clowns really expect us to believe, after their bending over constantly to the bankers, after their collapsing the physical economy even further costing more jobs, more foreclosures, more misery for the nation, that the Obama Administration is now going to "recover every penny"? Do they think we are so dumb that we don't realize that the financial system remains on a Federal life support system, which continues to turn private debts into government debts in the mortgage and mortgage-securities markets? That claiming to be taking the money back, while still shoveling it into the markets, is not the height of hypocrisy? Do they even *think*, or are they so impressed with their ability to spin, that they believe reality is whatever they claim it to be?

Animal Spirits

In the wake of the resounding rejection of the President and his fascist "health care" plan in the Massachusetts Senate election this week, the Obama Administration is now making its third attempt to win back the people, by talking tough against the bankers. With less than a week before the State of the Union address, the President desperately needs to at least pretend to be doing something right.

President Obama held a press conference Jan. 21, to announce, yet again, his "resolve to reform" a fi-

nancial system that “is still operating under the exact same rules that led to its near collapse.”

We suppose it would be rude to point out that he is implicitly admitting here, not only that he hasn’t done a single thing to fix the problem, but that he has actually made matters worse. Otherwise, he wouldn’t feel pressured to keep posturing.

The Administration portrayed its latest set of reforms as being in the “spirit of Glass-Steagall,” and even trotted out former Fed chief Paul Volcker to underscore that perception. But, in a background briefing for journalists before the press conference, senior officials took great pains to make it clear that the President had no intention of actually reinstating Glass-Steagall, which Volcker has called for, much less reorganizing the banking system along a Glass-Steagall standard, as Lyndon LaRouche has demanded. Apparently, someone at the White House realized that the “spirit of Glass-Steagall” was a better populist slogan than the “spirit of Hitler and Mussolini.” Corporatism with a smiley face.

“We’re about to get into a big fight with the banks,” Obama bluffed to ABC News the day before his press conference. But his legislative proposals themselves were minor, designed to sound dramatic without actually doing much. There are two major components. One would restrict any commercial bank or thrift, or any financial institution which owns a commercial bank or thrift, from owning, investing in, or sponsoring a hedge fund or private equity fund, or engaging in proprietary trading unrelated to serving its customers. The second would limit the size of financial institutions in the future, by setting limitations on percentages of market share, with the details to be worked out later.

We don’t doubt that Obama is angry with the banks, as they roll in the public-supplied dough, and he takes the political hits—but what did he expect? Just because you nurse a poisonous snake back to health, doesn’t mean it won’t bite you when it gets the chance.

Nothing’s Been Fixed

Obama is trying to have it both ways: selling out the American people to his British masters, while pretending to be the great national hero. It is true that he inherited a crisis, but it is also true that virtually every action he has taken has made the crisis worse.

If our nation is to survive, we must begin by admitting that our economy is in an accelerating collapse, and that this collapse can only be reversed by returning

to physical-economic production. All the bailout has done is to temporarily stop the panic in the financial markets through government subsidies and regulatory forbearance, sweeping the problems under the rug, and transferring prodigious losses to the taxpayers. The underlying problem remains: an increasingly non-productive economy, propped up by ever-increasing debts, made worse by all the debts incurred in the bailout. The panic remains, waiting in the wings, to break out again and again, until a real solution is implemented.

By bailing out the financial system instead of putting it into bankruptcy protection, the Federal government and the Federal Reserve have put themselves in the position of defending, and covering up, all manner of illegal activity on the part of the financiers and the regulators. The case of AIG exemplifies this problem, with the New York Fed caught red-handed covering its role in the AIG affair and interfering with AIG’s filing of legal documents.

Such crimes illustrate the need for a new Pecora Commission, with the mandate and the authority to thoroughly investigate the crimes of both the financiers and the regulators. The truth must come out, wherever it leads—including to the City of London. That is a prerequisite for making sure it never happens again.

That is not enough, of course. Exposing the corruption of the dead system does not bring about its replacement.

We must replace the monetary system with a Constitutional credit system, and reorganize the banking system along the principles of the Glass-Steagall standard. Debts related to economically useful activity will be honored, while the mountain of debt produced by the speculation among the parasites will be written off. Credit will be directed at upgrading infrastructure and productive activities.

We need nuclear power, high-speed trains, water-management projects, and the like. We don’t need Wall Street, and we don’t need the City of London and its imperial looters. We need the American System.

While he postures about taking on the banks, Obama remains a loyal servant of the British Empire and its monetary system. In addition to pushing the independent board to decide who gets health care and who does not, he is pushing a similar board for the Federal budget. He remains committed to fascist policies that benefit the imperial system at the expense of the American people. If Obama wants change, that’s the direction to go.

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