

# Say ‘No’ to Bank Nationalization and Mussolini-Style Fascism, ‘Yes’ to Humanity

by John Hoefle

Feb. 27—The debate now raging across the United States over whether or not to nationalize the banking system is largely a fraud. The idea that the U.S. government would step in and *run* the banks is ludicrous, since the government lacks the guts to *even regulate* the banks, and has been reduced to impotently throwing money at them in the hopes they will behave better. Far from being too big, our government is, in an important sense, far too little, failing repeatedly to protect the general population, in the face of the demands from the financial sector. Bending over backwards is not exactly leadership.

What the debate over nationalization really is, is a debate over how to proceed with the *bailout*. Congress is feeling the heat from the voters back home, who are overwhelmingly opposed to the bailout swindle, while the bankers are worried that the issue is becoming too “politicized,” as the politicians begin to worry about the consequences of their repeated capitulations.

Naturally, the Brutish Empire is also in the mix, trying to force the Obama Administration further down the bailout path, as a way of both bailing out their own interests, and sinking the United States. The financiers of the empire know full well that the costs of the bailout will not only bankrupt the U.S., but push us further down the path towards Mussolini-style corporatist fascism.

This descent into fascism, a feature of the Bush/Cheney years, is a virtual replay of the attempt to impose fascism in the United States in the early 1900s (see last week’s *EIR*). That attempt was defeated by President Franklin D. Roosevelt, but it remains to be seen whether President Obama will rise to that level.

It’s not just the prospect of fascism, a bankers’ police state, that we face. The real danger is a *complete breakdown of the global economy*, combined with the paralysis of governments unable to cope with the crisis. The danger is of a breakdown of civilization itself, and a descent into a new Dark Age.

## Panic, Fail, Repeat

The idea behind bank nationalization is that the government would step in and take over the banks, buying up a majority of stock, imposing a few insignificant controls, and then absorbing the banks’ losses. The government would, in effect, transfer trillions of dollars of toxic waste from the books of the banks to the backs of the taxpayers. The public would be told that this is being done to restart the economy, when, in fact, it would be a significant expansion of what is already the greatest swindle in history.

The banks, once freed from their losses, would somehow magically begin to lend again; investors would once again start buying securities; and we could go right back to what we were doing before. That is, in effect, what Fed Chairman Ben Bernanke is saying, when he talks about the need to restart the securities markets.

Does it not occur to these idiots that rewinding the clock to a point before the explosion does nothing to solve the problem? That what we were doing is what *caused* the explosion in the first place? That maybe their system blew sky high because it was nuts to begin with, and that the last thing we should do, is try it again?

Should we believe that they will learn from their mistakes, when there is no evidence to support that fantasy? Haven’t their repeated attempts to halt the collapse through monetary injections proved that they not only have no solution, but that they don’t even understand the problem? This would be funnier than the Keystone Kops, were it not so damn serious.

## The Bill Comes Due

The U.S. government and the Federal Reserve have already handed out trillions of dollars in loans, stock purchases, guarantees, and outright gifts to bankrupt financial institutions, accompanied by all sorts of opti-

mistic statements that, this time, it will work. Yet the economy continues to collapse. We are now losing over half a million jobs per month, and headed toward a million. Home foreclosures are at record highs, bankruptcies are soaring, governments at all levels are seeing unprecedented revenue shortfalls. Our whole society is breaking apart, at an accelerating rate. All of this, even before the bills for the bailout begin to come due.

How are we going to pay for these enormous obligations Washington has so criminally dumped upon us, when we're already operating at a loss? It's no secret: higher taxes and cuts in services. The recent comments by Transportation Secretary Ray LaHood about taxing drivers per mile driven are indicative of where we are headed, as the budget crises become more acute. More toll roads, higher fees for water and sewer services, fees to use public facilities that were previously free, the expansion of traffic cameras to enhance revenues from fines and jack up insurance rates—this is where we are headed. People with special health and educational needs will increasingly be abandoned, as services are cut.

Take California, as a case in point: A survey released yesterday by the University of California at Los Angeles Center for Health Policy Research reports that 47% of those over 65 years old—864,000 people—cannot afford all of their food, housing, travel, and medical expenses, and have to make daily choices whether to pay for food or utilities, rent or medicine. In upscale Silicon Valley, 48% of seniors fall below what the report calls the survival standard. Seven out of ten Latino and African-American seniors, and six out of ten Asian seniors, fall below that standard. And that was before the most recent shock of the economic crisis hit.

The California state budget passed the week of Feb. 16 will cut Social Security direct payments to hundreds of thousands of seniors by \$37 each month, with another \$20 per month to be cut beginning July.

The United States may not want to go down that path, but that is precisely where our economic policies are leading us.

To enforce such savage austerity will require policies that, as John Maynard Keynes bragged, are easier to implement in a totalitarian state. If you think that can't happen here, you didn't pay much attention to the moves Dick Cheney and George Bush were making

under the guise of the war on terror. We are already well down that path, and the fascists are salivating at their prospects.

That's bad enough, but there is an even larger danger: that the effect of all the money-pumping will spark hyperinflation of the sort that hit Weimar Germany in 1923, or Zimbabwe today. But, whereas those crises are largely confined to individual nations, hyperinflation of the dollar will be a global catastrophe. World trade, largely conducted in dollars, will grind to a halt, triggering famines and blackouts in nations dependent upon foreign supplies of food and energy. Raw materials will cease to flow, stopping manufacturing in its tracks. Fascism, the wet dream of the empire, will be but a passing phase of the descent into Hell.

## **We Can Stop It**

Such a future need not happen, and can be prevented almost immediately. The principles have already been established, in the Constitution, in the success of Alexander Hamilton in organizing the finances of the young United States, in the success of Abraham Lincoln in holding the Union together under a concerted British attack, and in the success of FDR in defeating the fascists in the 1930s, and leading the nation out of the Great Depression.

We must turn our backs on monetarism, upon the belief that economies are run through the manipulation of money, and return to the principles of physical economy. Our vast geographical expanse was transformed into a nation by a series of great projects, led by developing inland waterways as transportation corridors, by the building of the transcontinental railroad system, by improving infrastructure, generation after generation. This is the method which gave us the highest standard of living in history, and it can do it again.

We must deal with our financial problems, putting the financial system through bankruptcy, but that is just cleaning up the mess. The real solution requires rebuilding our productive base at the highest technological level, using Lyndon LaRouche's science-driver approach: large-scale building of nuclear power plants to provide the power for the recovery, maglev trains to deal with our transportation gridlock, water projects to cope with droughts, the greening of deserts. It is all possible, all feasible, all available—and, absolutely necessary.

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