Banking by Kathy Wolfe

S&Ls shutdown violates Constitution

Executive Order 12333 of the early Reagan years is the root of the fascist direction being taken in banking policy.

President Bush's banking plan, which will shut down the nation's savings and loan institutions (S&Ls) entirely, was blueprinted by the Wall Street genocide lobby to destroy population growth in America, and was likely rammed through under emergency Executive Order 12333, judging from the way it violates the U.S. Constitution. The plan also prepares for the U.S. Department of Justice to begin indicting and locking up business leaders who buck Wall Street.

Lyndon LaRouche exposed the role of E.O. 12333 in creating a "secret government," in an *EIR* cover story dated July 17, 1987.

The S&Ls were created by Congress to channel the average worker's deposits into home mortgages, and so were to be kept totally clear of the dope-money "free market" Wall Street brokerages and commercial banks. Thus they were given their own regulatory board, the Federal Home Loan Bank Board (FHLBB) and their own insurance agency, the Federal Savings and Loan Insurance Corporation (FSLIC), separated by Congress from the Executive branch and particularly the Treasury Department, which since Alexander Hamilton was shot, has been controlled by Wall Street.

Former FHLBB head Edwin Gray told *EIR* (see last week's issue) that Donald Regan and Citibank's Walter Wriston were the architects of the destruction of the S&Ls to stop Americans from building houses and having families.

The Bush plan, crafted by the Don Regan crony and Wall Street banker, Treasury Secretary Nicholas Brady, merges the FHLBB and FSLIC respectively into the Treasury and its Federal Deposit Insurance Corporation (FDIC), Wall Street's own insurance fund. This ripping up of the constitutional separation of powers is the hallmark of E.O. 12333 operations.

FSLIC director Stuart Root, who recently fended off Citibank's takeover of his Bowery Savings Bank in New York, resigned in protest over the plan Feb. 3. The merger is a "bad idea," he said, because the country needs a protected savings sector, and a national housing policy.

The plan, which shuts bankrupt S&Ls, perhaps $1 trillion worth, places the cost of the $100 billion bailout of the other $1 trillion in S&L assets on the remaining S&Ls—which will cause a run on any healthy S&Ls the minute it is implemented. "Survivor" S&Ls will have to pay huge FDIC fees, reserve fees to the Fed, and repay $50 billion in bailout bonds to be borrowed from greedy Wall Street bankers. Worse, the Brady merger of FSLIC into FDIC in particular would force S&Ls to double their capital in order to qualify for Wall Street's FDIC insurance. The only way they have to raise capital is to dump their stock and bonds on the market, causing a collapse in S&L stock. The nationwide deposit run on S&Ls, begun by Brady the first week of February, is continuing and will really escalate once S&Ls begin collapsing on the stock market.

"No, hell, no, we can't pay for it!" Bud Coch, chairman of the lobby group National Council of Savings, told the press about the Brady plan Feb. 6. "What you'd be doing is putting the S&Ls out of business!"

"Nothing is without pain," Bush responded at a press conference on the new scheme Feb. 6.

But under the Executive Order 12333 government, any capitalist who bucks this "Wall Street welfare" is due to be locked up, to destroy leaders with a national constituency (such as people who like to live in houses). President Bush said he will double the Justice Department staff prosecuting financial fraud and give it a new $50 million budget, to "seek out and punish . . . to place behind bars those who have caused losses through criminal behavior."

"The S&Ls are going to have to pay for letting lobbyists promote lax supervision all these years," one Treasury ghoul told the *Washington Post*. The *Post*'s editorial Feb. 7 calls for the former officials of the FHLBB and FSLIC such as Edwin Gray, Stuart Root, and others to be indicted and blamed for the entire mess.

Meanwhile on Wall Street, Citibank announced the grand opening of its "McMortgage" program, under which anyone who wants a home loan in America will have to crawl to Walter Wriston like a Third World country. Just as the S&Ls are being closed, Citibank has put on line a *1984*-style national computer network in the office of every real estate agent on every block in America, compared to the McDonalds fast food outlets. Here, the realtor will "check" with Citibank to see if the home-buyer deserves a mortgage. If so, the lucky serf will be issued a computer-generated "jiffy mortgage" right there in the realtor's office, using completely automated artificial intelligence with no human involved in the mortgage decision. This makes Citibank an instant nationwide megabank. Of course, if Hal the computer doesn't like your financials, you don't get a house, or children, either.