

Editorial

There's no 'circuit breaker' for a bankrupt financial system

Like the cartoon character with dollar signs on his eyeballs and a manic grin on his face, the American people continue to throw their money into the stock market, confident that "They" will pull the "circuit breaker," should anything go wrong. The Dow Jones *can't* collapse by 1,000 points, or 2,000 points, in a day, people will tell you; it simply isn't allowed.

What nonsense! The New York Stock Exchange is *not* the world financial system. The dominant part of the financial system is the international derivatives market, which goes on trading 24 hours a day, seven days a week, electronically, in a market which is totally unregulated. The total derivatives trading balance due within the next 12 months is *over \$100 trillion* of obligations. Much of this is traded off the books: There is no record of it, and Federal Reserve Chairman Alan Greenspan is trying to keep it that way. This \$100 trillion, of which one-third is incurred by U.S.-based investors, or speculators, is many times the Gross Domestic Product of all nations of the planet, combined.

In a word, the entire world's banking system is hopelessly bankrupt.

Suppose there is a run on the New York Stock Exchange: Washington pulls the circuit breakers, according to agreement. What happens? A panic breaks out in the unregulated off-shore market, the derivatives market. There is not enough reserve cash in the system, to stop a crisis from spreading. There is nobody on the planet who has any idea of what to do to stop the crash from coming. There *is* nothing that can stop it. The sooner that is recognized, the less dangerous the shock will be. But, the shock is coming; the system has come to an end.

Get out of stocks, get out of mutual funds, get out of derivatives. Get out of everything which is so-called "high-yield." If you don't, you're going to lose everything. Put your money into low-yield, long-term U.S. government securities.

When will the collapse occur? Nobody knows the exact date. But everybody in the world who knows anything, says it will be *soon*.

The question is, how can we come out of this in the long run, better and stronger? Will the President find the courage and wisdom to take the right course of action? There is no doubt that he intends to do the right thing. The question is, is he going to have the wisdom to know what the right thing is?

That's where the exoneration of Lyndon LaRouche comes in. When the crash hits, if LaRouche is in a position of influence, a position to shape things, then we shall proceed to set up a new financial system, starting on day one. We shall put this old system into bankruptcy, and start the economy up again, as Franklin Delano Roosevelt did, from the depths of the last depression. Those who were smart and took LaRouche's advice, will come out alive—if the U.S. government is smart enough to accept his proposals.

The worldwide effort to exonerate LaRouche has made important strides forward in recent months. An Open Letter to President Clinton, demanding that he "take any and all measures necessary to ensure the full and immediate exoneration of Lyndon LaRouche," has been signed by 828 American state legislators—over 10% of the state legislators in the United States—as well as 31 former congressmen, two foreign former heads of state, and many parliamentarians from around the world. The appeal has had a particularly strong response from African Americans, and more than 250 officials of the National Association for the Advancement of Colored People (NAACP) have signed. The Schiller Institute released a six-page newspaper "extra" on Sept. 3, listing some of the most prominent international signatories.

This campaign must intensify, as the financial and banking crisis deepens. LaRouche, who committed no crime, was incarcerated for five years, and is now "free" on parole. Five of his associates—all innocent—are incarcerated for unbelievably long sentences, up to 77 years. Only an overwhelming international outcry for exoneration, will break through the media black propaganda that allowed this travesty of justice to take place.