

Franklin Said: ‘A Republic, if You Can Keep It’; We Didn’t

by John Hoefle

Benjamin Franklin famously remarked that the Founding Fathers had given us “a republic, if you can keep it,” and the actions of the Bush Administration and the U.S. Congress have answered Franklin with a resounding “No!” Virtually everything about the bailout bill, from its name to the reasons given for passing it, was a lie. The “Emergency Economic Stabilization Act of 2008” is a travesty of justice, an act of economic incompetence, and a slap in the face to the American people and the Constitution.

This bill is a complete sellout of the American people, and of the principles upon which this nation was founded. What it does, is give billions of dollars—and eventually trillions of dollars—to the same global financial networks which have destroyed the industrial and productive capacity of the U.S. economy, so that they can continue that destruction. It would have been better had the government done nothing. Instead, they gave the nation away to the thieves.

Un-Constitutional

“We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of

America.” That is the Preamble to our Constitution, which establishes the principles upon which our government was created, and it *is* the law; any act by the government which violates those principles is illegal, and that includes the bailout.

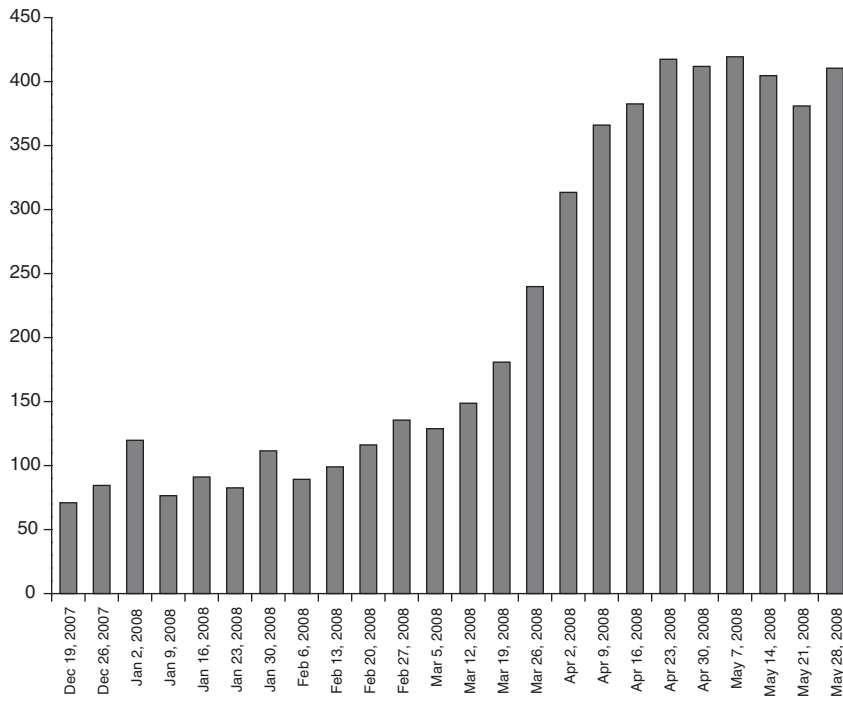
Consider the ramifications of this abominable “stabilization act.” First, it seeks to bail out the very financial system which has destroyed our economy, impoverished most of our people, and would create a virtual bankers’ dictatorship within our government. Second, it would impose upon this impoverished population a heavy tax to support this bailout of international financial institutions, a tax that the people cannot pay. Third, it will lead inevitably to a level of hyperinflation of the sort that destroyed Weimar Germany in 1923, destroying the value of our currency and wiping out what is left of our economy. Fourth, in blowing up the dollar, it will also destroy the global economic system based upon the dollar, wreaking havoc far beyond our borders.

This law was passed and signed over the vehement objections of the American people, who had made it clear to Congress that the bill should be rejected. The idiots who did this added insult to injury by claiming that they did it for “Main Street,” for “the American People,” but they really did it for the financial parasites who own them. They did it for the bankers of the Anglo-Dutch Liberal system, and the British Empire.

FIGURE 1

Fed Loans Outstanding, Weekly

(\$ Billions)



Source: Federal Reserve

Incompetent

This law would more properly be called the “New Dark Age Act of 2008,” because that is what it will bring. From the standpoint of the economy, the law merely allows “Hjalmar Hank” Paulson and his successors to transfer unpayable debts from the books of

the banks to the books of the U.S. government, and thus to the taxpayer. It does nothing, absolutely nothing, to deal with the reasons why the debt cannot be paid, and in truth merely adds more debt to the economy, leaving it worse off than before.

The fundamental problem with our economy is that it no longer produces enough wealth to support our population. We have been operating below economic breakeven for four decades, since the 1968-71 period, our productivity declining and our debt growing to compensate for the wealth no longer produced. As our industrial capacity has been shut down—dictated by the financiers we have just bailed out—the living standards of the majority of our population have declined, while the income of a small portion has soared. The “general Welfare” of the population as a whole has declined significantly, at an accelerating rate, while a small sliver of our population has gotten incredibly rich.

What the financiers have been doing is transforming our economy from a modern scientific marvel into one more resembling the imperial “lords and peasants” model, in which the elite feed off the rest of us. Such an economy is based upon looting others, not upon production, and thus, must increase its looting to survive. The bailout is that kind of looting. The plan-

TABLE 1

Federal Reserve/Treasury Monetary Interventions

(\$ Billions)

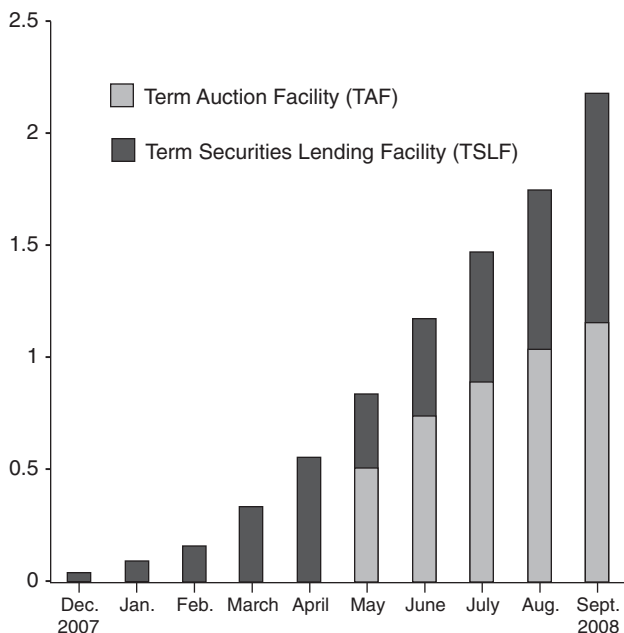
Date	Announced Lending Program/ Intervention	Initial Size	Current Size	Gross Loans
Dec. 12, 2008	Term Auction Facility	40	450	1,160
Dec. 12, 2008	Reciprocal swap lines	24	620	—
March 11, 2008	Term Securities Lending Facility	200	200	993
March 16, 2008	Primary Dealer Credit Facility	unlimited	147	—
March 16, 2008	Bear Stearns	29	29	29
Sept. 7, 2008	Fannie Mae, Freddie Mac rescue	200	—	—
Sept. 16, 2008	AIG	85	61	61
Sept. 19, 2008	Asset-Backed Commercial Paper Discount Window Facility	—	—	152
Sept. 29, 2008	Treasury Money-Market Mutual Fund Guarantee Program	—	—	—
Sept. 29, 2008	Richmond Fed ready to support Wachovia	—	—	—
Total				2,395

Sources: Federal Reserve, Department of the Treasury.

FIGURE 2

The Fed Turns Up the Money Pump

(Cumulative TAF and TSLF Loans, by Month, \$ Trillions)



Source: Federal Reserve.

tation owners are broke, and cracking the whip on the slaves.

Since the financial system died last year, the major Western central banks have pumped more than \$5 trillion in cash loans into the banking system, and over \$3 trillion of that has come from the Federal Reserve and the Treasury. The number of emergency lending facilities has proliferated as the losses have spread through the financial institutions, as huge amounts of money were pumped into banks and thrifts, investment banks, Fannie Mae and Freddie Mac, insurance giant AIG, the asset-backed commercial paper market, and the money-mutual market funds. None of this has worked, and banks in the U.S. and Europe are failing at a growing rate, as the losses spread. They are trying to bail out a bottomless pit, and it isn't working; this bailout will not be any different.

What We Need

The Founding Fathers understood that progress of mankind depends upon human creativity; the minds of the people are humanity's most precious asset, and therefore the people must be protected and nurtured. This is the opposite of the oligarchic model, which

LaRouche: Bank Bailout Atrocity Passed by Fraud!

This statement was issued by the LaRouche Political Action Committee on Oct. 3.

In response to the shameful and immoral capitulation of the U.S. House of Representatives today, in passing the Paulson bailout bill by a vote of 263 to 171, American statesman and economist Lyndon LaRouche stressed that this vote was accomplished by *fraud*.

When the Congress, including both major Presidential candidates, told their constituents that the bailout was necessary, they didn't mention that among the major institutions lining up to be bailed out are *foreign interests*, LaRouche said. British, Dutch, and Spanish banks are all lining up to demand hundreds of

billions of dollars from the U.S. taxpayers.

"They lied," charged LaRouche. "And when the average citizen confronts his Representative on this fraud, the politician will just say, 'We lied. They told us we had to do it, and we lied.'"

As LaRouche laid out in his Oct. 1 webcast, the result of the bailout will be to bring on devastating hyperinflation, and an explosion within the American population, akin to that which characterized the French Revolution. "Don't you see the hatred you are building up against Washington, in the people of the United States?" he asked.

In the wake of the Congressional vote, motivated as it was by fear, LaRouche urged citizens to rally to his leadership. We're in this devastating crisis today because people did not rally to my Homeowners and Bank Protection Act and other positive actions back in August 2007, LaRouche said. Don't be provoked into irrational actions. Rally behind the leadership which has the remedies—and force them through now.

treats people as cattle.

This concept of humanity, and of economics, is at the heart of Lyndon LaRouche's economic recovery plan. Above all else, the general Welfare of the people must be protected, which means making sure that people have homes, productive jobs, proper education, health care, and other essentials of life.

The financiers, and the politicians who serve them believe, and would have us believe, that it is their money that is the engine which drives the economy. If we go bankrupt, they insist, the economy will die, so protecting us is paramount. That argument was used to pass the bailout, but it is a total fraud.

The truth is that the financiers are the fleas feeding off the dog, parasites who feed off the economy and the population. They built a huge speculative bubble, treating the mountain of unpayable debts they created as assets to be securitized, leveraged, and traded until this scam collapsed. Good riddance.

We must return to American System economics, putting our money into rebuilding our productive base, and raising the standard of living of our population, creating the conditions to develop the minds of our children to the fullest, so that they may make the breakthroughs which will lead humanity into a bright future.

With the bailout will come savage austerity, as infrastructure and essential societal functions are cut to pay back the trillions of dollars of loans, and the disintegration of civilization itself which will follow a hyperinflationary blowout. Unless we reverse this course, we will descend into a new Dark Age.

Educate Your Emotions

Many people are enraged at what the government has done, but being mad is not enough, as the oligarchs are quite skilled at channelling popular rage into dead ends. What people have to do, is to educate themselves on the principles embodied in the Constitution, and on the principles of real economics. You must *know* what must be done, and not get sidetracked by the attempts to play upon your emotions. This is not a game, and the cost of failure is too high for us not to succeed.

One good place to begin is by making sure that all of the Representatives and Senators who voted for this travesty are defeated in the upcoming election. That's not enough, but it will send a useful message to Washington that the will of the people should not be ignored.

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'No Time' for EU Commission

Sovereign Governments Are the Order of the Day

by Helga Zepp-LaRouche

Helga Zepp-LaRouche is the chairwoman of the German Civil Rights Solidarity party (BüSo). Her article has been translated from German.

In my article dated Jan. 16 of this year, titled, "The End of 'Free' Market Economy: We Need To Save the Common Good in Germany!" (*EIR*, Jan. 18, 2008), I pointed out that the entire architecture of the European Union bureaucracy, from the Maastricht Treaty to the European Monetary Union and the European Central Bank (ECB), has a serious design flaw which, under conditions of great stress, could render the entire supranational edifice impotent, and could, once again, put national interests at the top of the agenda.

That is exactly what has come to pass. On Sept. 29, there was a run on six Irish banks, and the stock of the Anglo Irish Bank lost 46% of its value. The heads of the six banks stormed into the Prime Minister's office, sounded the alarm that their banks would be bankrupt within 24 hours, and demanded, and received, the Irish government's promise that it would henceforth guarantee these banks' deposits and obligations. The *London Times* reported that Irish officials had labored through the night to work up a credible plan, and that there had been no time to even consult with other governments, the EU Commission, or the ECB.

The same scenario was repeated in Greece with a run on banks in Athens and Thessaloniki, when panicked depositors attempted to pull out their savings, whereupon the Greek Cabinet likewise had to guarantee all assets—once again, without asking Brussels. On Thursday, Oct. 3, Finance Minister Alogoskoufis declared that the banking system was completely secure and reliable, despite the global financial crisis. And whereas on Monday, Sept. 29, the EU Commission was still threatening to "examine" the German government's decision to give government guarantees for the private action to save the Hypo Real Estate