

# Breaking Developments

---

## ***LaRouche Blasts Rohatyn: 'A Tale of Two Bozos'***

In a statement issued Dec. 13, Lyndon LaRouche exposed synarchist banker Felix Rohatyn's latest ploy, as a "silly swindle" intended to counter the positive motion of the Democratic Party Congressional leadership toward adopting a serious economic recovery program. LaRouche's statement, entitled "How Not to Build a Recovery: A Tale of Two Bozos," ripped the facade off the opinion column signed by Lazard Frères investment banker Rohatyn, and former Senator Warren Rudman, in the Dec. 13 *Washington Post*.

LaRouche identified the Rohatyn-Rudman piece as a "product of their delayed reaction to Nancy Pelosi's address" of Dec. 2, where the House Minority Leader enunciated the Democratic Party's intention to pursue a NASA-style recovery program, to save the U.S. economy.

"The Rohatyn-Rudman scheme is pure swindle," LaRouche wrote. "They have no intention that anything like their proposed NIC [National Investment Corporation—ed.] would work. They are hoping to dupe a sufficient number of suckers into believing that it might work, to prevent the U.S. Federal Government from doing the only thing, Franklin-Roosevelt style, which is, in fact, the only possible means for preventing the U.S. from collapsing soon into the worst and deepest depression ever, and that soon.

"The first line of defense of the U.S. economy against a deep and early depression is the willingness of the U.S. government, under the clear provisions of our Federal Constitution, to take the bankrupt Federal Reserve system into receivership by government, to keep the bank doors open and the banks functioning, and to reorganize a credit-system which will launch the large-scale investments in infrastructure and private industry sufficient to repeat the miracle which Franklin Roosevelt's Administration accomplished during the 1930s.

"Once the U.S. government begins to play that role, it will be sovereign governments which rule the world, not predatory loan-sharks like Rohatyn and his accomplices. . . ."

LaRouche's full statement, which was immediately circulated on Capitol Hill, can be found, along with relevant Rohatyn excerpts, at [www.larouchepub.com](http://www.larouchepub.com).

---

## ***Deutsche Bank Is Shaken By Real-Estate Crisis***

For the first time ever in post-war Germany, a so-called "open-ended property fund" was closed on the night of Dec. 13 due to an imminent liquidity crisis, the financial daily *Handelsblatt* reported Dec. 15. The Grundbesitz Invest fund counts 300,000 investors and belongs to DB Real Estate, Deutsche Bank's real-estate subsidiary. Its total capital amounts to 6.7 billion euros, invested mostly in office buildings, of which two-thirds are located in Germany.

On Dec. 9, DB Real Estate announced that due to the need for an overall re-evaluation of the real estate owned by Grundbesitz Invest, the fund would no longer accept any new investors. By the end of the day Dec. 13, the fund was running out of cash.

The Deutsche Bank crisis reflects the situation of banks internationally, which have been propping up their books and the system with hyperinflated real-estate "investments."

---

## ***Argentina Fights Against IMF Dictates***

On Dec. 15, Argentine President Néstor Kirchner announced his decision to pay off the entirety of Argentina's debt to the International Monetary Fund. Kirchner brought together provincial governors, mayors, labor leaders, legislators, the heads of the Armed Forces, and business leaders at the Presidential palace, to be present for his announcement that Argentina would pay the \$9.8 billion owed to the Fund, using reserves, and explained his decision.

The debt to be paid to the Fund, Kirchner said, "has been a constant vehicle for interference, because it is subject to periodic review and is a source of demands and more demands. . . . The International Monetary Fund has acted toward our country as a pro-

motor of, and vehicle for, policies which caused poverty and pain among the Argentine people." The relationship with the IMF has led to a "real addiction to indebtedness, in which our creditors increasingly raised interest rates, toughened their auditing, control, and demands." With this \$9.8 billion payment, President Kirchner emphasized, "we are burying a good portion of the ominous past, that of infinite indebtedness and eternal adjustment."

Not surprisingly, Kirchner's decision has made the international bankers nervous, since they anticipate he will now feel even more emboldened to challenge the IMF's diktats.

---

## ***Standard and Poor's Acting for Kerkorian?***

The rating agency Standard and Poor's has been caught red-handed, playing the game of thieves—in this case, the thief being Kirk Kerkorian, the asset-stripper who has his sights set on the cadaver of General Motors. On Dec. 12, S&P downgraded GM bonds, once again, to far, far below junk grade. This came just days after the GM board, in the first sign of sanity in a long while, refused to allow a Kerkorian flunky to be placed on the GM board (Kerkorian has a 9.9% stake in GM), on the grounds that he would be privy to inside information that Kerkorian would be likely to use to profiteer from a GM collapse. Lyndon LaRouche asked the obvious question: Is "Standard & Whores" working on behalf of Kerkorian?

More of the behind-the-scenes manipulation by Standard and Poor's came out Dec. 13, in Bloomberg's London columnist's story, "GM, GMAC Derivatives Bet May Unravel." He pointed out that, with no buyer for GMAC on the horizon—all those who came near fell out—the cost to GMAC to buy "insurance," i.e., the purchase of credit-default derivatives to hedge against losses, at \$200,000 in October, is now back up to \$500,000. The rise in GM's "premium" payments occurred, in part, because there were no buyers for GMAC, so traders stretched out the odds against loss or default.